



Confluence Wealth Services, Inc.

732 E. McMurray Road

McMurray, PA 15317

T 724.271.8801

TF 844.500.4655

F 724.271.8814

<https://www.confluencefp.com/>

March 2022

This Brochure provides information about the qualifications and business practices of Confluence Wealth Services, Inc. d/b/a Confluence Financial Partners. If you have any questions about the contents of this brochure, please contact us at (412-391-0377). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Confluence Wealth Services, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Since the last filing of the Brochure for Confluence Wealth Services, Inc. on August 3, 2021, the following material changes were made:

- Direct Owners, Indirect Owners, and Executive Officers were updated in Schedule A and Schedule B of Form ADV Part 1 as follows:
 - Confluence Wealth Services, Inc. is now directly owned by Confluence Financial Partners, Inc, which is owned by Gregory Weimer, Gregory Weimer II, and Jim Wilding.
 - Gregory J. Weimer II is now the Chief Operating Officer for Confluence Wealth Services, Inc.

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of Form ADV Part 2A (“Brochure”).

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	7
Item 6: Performance-Based Fees and Side-By-Side Management	9
Item 7: Types of Clients	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9: Disciplinary Information.....	12
Item 10: Other Financial Industry Activities and Affiliations	12
Item 11: Code of Ethics	12
Item 12: Brokerage Practices	13
Item 13: Review of Accounts.....	15
Item 14: Client Referrals and Other Compensation.....	15
Item 15: Custody	15
Item 16: Investment Discretion.....	16
Item 17: Voting Client Securities	16
Item 18: Financial Information	16

Item 4: Advisory Business

Confluence Wealth Services, Inc. d/b/a Confluence Financial Partners (“Confluence”) was established in 2021. The Adviser is principally owned by Confluence Financial Partners, Inc. (the “holding company”). The owners of the holding company are Gregory J. Weimer and James A. Wilding. They have been providing comprehensive financial planning and wealth management services to individuals, professionals, business owners, corporate executives, retirement plans and businesses since 2013.

As a registered investment adviser subject to Section 206 of the Advisers Act, Confluence acts as a Fiduciary related to the conduct of its investment advisory services. As such, Confluence has an obligation to act in the best interest of its clients guided by the core fiduciary duties of loyalty and care.

Advisory Services

Wealth Management

Confluence provides discretionary and non-discretionary wealth management services to a broad range of clients. Wealth management services primarily include investing client assets in proprietary investment strategies advised by the Adviser. Confluence determines the investment objectives and risk tolerance for each wealth management client during the account opening process and reassesses periodically thereafter. Once the client’s risk tolerance, time horizon and investment objective are established, Confluence will recommend a proprietary investment strategy/ies or individually design a portfolio of investments which include one or a combination of stocks, bonds, mutual funds, ETFs, options, allocation models, and other securities and/or contracts relating to the same, including investing assets in short-term money market instruments.

We encourage clients to inform us in the event of any significant life changes, such as setting a retirement date, having a child, etc., so that we can perform an assessment to determine the proper investment strategy from that point forward. Typically, we review accounts internally and no less than annually with our clients, which should be sufficient given our long-term strategic approach to money management. Each client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by Confluence.

Confluence’s investment strategies are primarily long-term focused, but we may buy, sell, or reallocate positions that have been held less than one year to meet the objectives of a particular strategy or due to market conditions.

Retirement Plan Services

Confluence provides retirement plan consulting services to sponsors of qualified retirement plans as defined by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The services provided by Confluence vary from client to client and will be tailored to the specific needs of the plan sponsor. Although not intended to be all inclusive, the retirement plan services provided may include plan design consulting, fiduciary best practices assessment, basic compliance reviews, investment policy development, fund menu design, fund manager search and selection, fund replacements, asset allocation modeling, investment monitoring and review, plan committee meetings, provider fee and service reviews, provider management, provider search and selection, transition services to a new provider, Section 404(c) consulting, education program strategy, and employee meetings.

IRA Rollovers

Effective December 20, 2021 (or such later date as the US Department of Labor (“DOL”) Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL’s Prohibited Transaction Exemption 2020-02 (“PTE 2020-02”) where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Investors considering rolling over assets from a qualified employer-sponsored retirement plan ("Employer Plan") to an Individual Retirement Account ("IRA") should review and consider the advantages and disadvantages of an IRA rollover from their Employer Plan. A plan participant leaving an employer typically has four options (and can engage in a combination of these options):

- (1) Leave the money in the former employer's plan, if permitted;
- (2) Rollover the assets to a new employer's plan (if available and rollovers are permitted);
- (3) Rollover Employer Plan assets to an IRA; or,
- (4) Cash out the Employer Plan assets and pay the required taxes on the distribution.

At a minimum, Investors should consider fees and expenses, investment options, services, penalty-free withdrawals, protection from creditors and legal judgments, required minimum distributions, and employer stock. Confluence encourages you to discuss your options and review the above listed considerations with an accountant, third-party administrator, investment adviser to your Employer Plan (if available), or legal counsel, to the extent you consider necessary.

By recommending that you rollover your Employer Plan assets to an IRA advised by Confluence, we will earn fees as a result. In contrast, leaving assets in your Employer Plan or rolling the assets to a plan sponsored by your new employer likely results in little or no compensation to Confluence, with the exception of circumstances in which Confluence is the investment advisor to the plan that you are enrolled in, or if you hire Confluence to provide advice on your individual Employer Plan assets. Confluence has an economic incentive to encourage investors to rollover Employer Plan assets into an IRA managed by Confluence. Investors can face increased fees when they move retirement assets from an Employer Plan to a Rollover IRA account. Even if there are no costs associated with the IRA rollover itself, there will be costs associated with account administration, investment management, or both. In addition to the fees charged by Confluence, the underlying investment (mutual fund, ETF, annuity, or other investment) can also include fees. Custodial and trading fees also apply. Investing in an IRA with Confluence will typically be more expensive than an Employer Plan.

As of December 2021, Confluence has approximately \$2.3 billion in discretionary regulatory assets under management and \$168 million of non-discretionary assets under management.

Item 5: Fees and Compensation

Investment Management Fees

Clients enter into a Wealth Management Agreement (“WMA”) with Confluence that outlines the services provided and fees paid to Confluence. The Client will pay an asset management fee to Confluence based on the value of the client’s account, including cash holdings. Clients are billed in advance on a quarterly basis based on the account value on the last day of the prior quarter. Clients will be billed at the rate set forth in their agreement. Fees range from 0.25% to 1.25% annually. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the WMA is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is refunded to the client. In some circumstances, the fee will be above 1.25% depending on the services provided by Confluence.

Retirement Plan Services Fees

Confluence offers its retirement plan consulting services on a fee basis which includes an asset-based fee calculated as a percentage of the market value of the plan assets. Fees range from 0.25% to 1.00% annually. The factors considered in determining the fee include the specific services requested by the plan sponsor, plan complexity, type of plan, total value of assets in the plan, total number of eligible employees, number of active plan participants, as well as the number and location of the facilities operated by the plan sponsor. Confluence also provides retirement plan consulting services on a fixed fee basis. These services include advisory consulting services in situations where a plan sponsor prefers to pay our fee directly versus having fees debited from participants accounts or from plan assets. Additionally, there may be occasions where an employer chooses to engage Confluence Financial Partners for specific project work. These would likely be instances where Confluence is not the named Consultant/Advisor on the retirement plan and is asked to assist in project specific consulting work. These project services might include:

- Plan Sponsor Education & Fiduciary Training;
- Employee Education;
- Plan Provider Search and Request for Proposal (RFP) Support;
- Plan Services and Expense Benchmarking and Industry comparison review, and;
- Investment – Target Date Fund/QDIA Analysis

Fees typically range from \$2,500 likely not to exceed \$50,000.

Fee Discretion

Confluence, in its sole discretion, will negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, employer-employee relationship, account retention and pro bono activities. Confluence, at its own discretion, can group certain related client accounts for the purposes of determining the fee.

Direct Fee Debit

Clients generally provide Confluence with the authority to directly debit their accounts for payment of the investment advisory fees. The financial institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Confluence.

Certain Confluence Employees are Licensed Insurance Professionals

Certain financial professionals are licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with Confluence. Commissions and other related revenues from the various insurance companies whose products are sold are received by the insurance professional. The insurance professional ensures that the implementation of recommendations to the client is done in the best interest of the client. The insurance professionals are not required to offer the products of any particular insurance company. This causes a conflict of interest in recommending certain products of the insurance companies. Clients always have the right to choose whether to implement any recommendations made with any insurance professional.

Additional Fees and Expenses

In addition to the advisory fees paid to Confluence, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include, but aren't limited to, securities brokerage commissions, transaction fees, redemption fees, short term transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

Item 6: Performance-Based Fees and Side-By-Side Management

Confluence does not charge performance-based fees.

Item 7: Types of Clients

As noted in Item 4, Confluence provides wealth management services to individuals, professionals, business owners, corporate executives, retirement plans and businesses. There are no minimum account values for the Confluence advisory program accounts.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

We strive to understand the macro-economic environment, which is the condition that exists in the economy as a whole, rather than in a particular sector or region. In general, the macro environment includes trends in the gross domestic product (GDP), inflation, employment, spending, and monetary and fiscal policy. The macro-environment is closely linked to the general business cycle as opposed to the performance of an individual business sector.

We select investment managers by understanding the culture of the entity, communicating with the firm/managers, understanding the public and private ownership of the fund company, looking for repeatable investment processes, and analyze the process in context of how it complements the other investments we advise on.

When investing in individual equities for our clients, we seek to create broadly diversified portfolios that provide exposure to companies across multiple sectors of the economy. We utilize multiple 3rd party research providers when analyzing companies and are generally looking to hold the companies in which we invest for multiple years. Ideally, we are seeking to invest in companies whose stock prices reflect a lower expectation by the market of their future success than we believe they will achieve. We attempt to understand the company's competitive strengths as well as its potential threats and weaknesses and try to gain an understanding of the executive management team's vision for the firm.

When establishing a portfolio for a client, we start by understanding exactly the client's objective(s) to ensure that the management of each portfolio is aimed at helping the client reach his/her goals. Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information,

liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We believe a diversified portfolio that is consistent with your risk tolerance, time horizon and goals and objectives is essential. Our financial professionals ensure you are educated on your choices, and we personally engage with you to keep connected and assure that your portfolio is aligned with your financial plan. Your unique circumstances and personal objectives dictate the method of investing, as well as the types of strategies chosen.

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of mutual funds, ETFs, equities, fixed income, cash, and other investments suitable to the client's investment goals and risk tolerance. Additionally, we incorporate an analysis of current market data and valuations of various market sectors and asset categories to identify investment opportunities as well as pitfalls.

Risks:

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized. Stock markets and bond markets fluctuate substantially over time. In addition, the performance of any investment is not guaranteed.

Types of Investments and Risks

- **Market Risk.** This is the risk that the value of securities owned by an investor goes up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Issuer-Specific Risk.** This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Investment Company Risk** - Investment companies include open-end and closed-end investment companies. Shares in investment companies represent interests in professionally managed portfolios. These investments involve substantially the same risks as investing directly in the underlying instruments; in addition, the return from such

an investment will be reduced by the operating expenses and fees of the investment company, including applicable advisory fees.

- **Equity Investment Risk.** Equity securities include common stocks, preferred stocks, convertible securities, and mutual funds that invest in these securities. Equity markets can be volatile. Stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments.
- **Bond Risk.** Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates can result in an issuer redeeming, calling, or refinancing a security before its stated maturity. Longer maturity debt securities are subject to greater price fluctuations than shorter maturity debt securities. Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and are subject to greater price fluctuations than higher quality debt securities.
- **Sector Risk.** To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market can be more volatile, and perform differently, than the broader market. The several industries that constitute a sector can all react in the same way to economic, political, or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries can adversely affect performance.
- **Alternative Strategy Mutual Funds.** Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies is not suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual

funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. ETFs can be closed and liquidated at the discretion of the issuing company.

It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Investing in securities involves the risk of loss that clients should be prepared to bear.

Item 9: Disciplinary Information

Confluence has no legal or disciplinary events to report that would impact the evaluation by a client or investor (or potential client or investor) of Confluence’s advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

As mentioned in “Item 5 - Fees and Compensation,” certain financial professionals of Confluence are licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one’s role with Confluence. Please See “Item 5 – Fees and Compensation” for more information including conflicts of interest that arise from these relationships.

Item 11: Code of Ethics

Confluence has adopted a Code of Ethics for all supervised persons of the Firm describing its high standards of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidelines surrounding gifts and business entertainment, personal securities trading, and conflicts of interest, among other things. All supervised persons must acknowledge the terms of the Code initially upon hire as well as annually, or as amended.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with making decisions in the best interest of advisory clients.

Employees are permitted to maintain personal securities accounts provided any personal investing by an employee in any accounts in which the employee has a beneficial interest is consistent with the Firm's personal trading guidelines and applicable regulatory requirements. Employees of the firm are permitted to buy or sell for their personal accounts securities similar to those recommended to or owned by clients. All reportable transactions are reported to the Compliance Officer in accordance with the reporting requirements outlined in the Code and personal trading is monitored to reasonably prevent conflicts of interest between Confluence and its clients.

We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Item 12: Brokerage Practices

Confluence generally recommends clients use as their custodian Raymond James & Associates, Inc., member New York Stock Exchange/SIPC. Confluence does not have the discretion to select a broker/dealer or commission rates.

Factors which Confluence considers in recommending Raymond James & Associates, Inc. ("Raymond James") or any other broker- dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by Raymond James may be higher or lower than those charged by other Financial Institutions.

Confluence receives support services and/or products from Raymond James, which consists of:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support

These support services are provided to Confluence based on the overall relationship between Confluence and Raymond James. It is not the result of soft dollar arrangements or any other express arrangements that involves the execution of client transactions as a condition to the receipt of services. Confluence will continue to receive the services regardless of the volume of client transactions executed with Raymond James. Clients do not pay more for services as a result of this arrangement. The receipt of these benefits from Raymond James creates a conflict of interest. The receipt of these products and services presents a financial incentive for Confluence to recommend that its clients use Raymond James' custodial platform rather than another custodian's platform.

Soft Dollar Arrangements: Confluence does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

Brokerage for Client Referrals: Confluence does not recommend broker-dealers to clients based on our interest in receiving client referrals.

Trade Allocation and Aggregation: Confluence will aggregate trades in certain circumstances. The decision to aggregate trades is made by the investment advisor representative. If trades are aggregated, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. Aggregating trades allows us to execute trades in a timelier, more equitable manner. No client or account will be favored over another.

Prior to entry of an aggregated order, a written order ticket is completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients. In the rare instances when an order cannot be executed in full, we will allocate the transaction in accordance with our random allocation method in order to not favor any one client over another.

Mutual Fund Share Class Selection: Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes. When recommending investments in mutual funds, it is our policy to review and consider available share classes. The Firm's policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense

structure, transaction charges, availability, and other factors. When considering all the appropriate factors we can select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, we consider retail, institutional or other share classes of the same mutual fund. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Clients should ask their adviser whether a lower cost share class is available instead of those selected by the Firm. We periodically review the mutual funds held in client accounts to select the most appropriate share classes in light of our duty to obtain best execution

Item 13: Review of Accounts

While the underlying securities within Wealth Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. The Confluence investment adviser representative for your account will perform the review.

Clients receive written monthly statements (or quarterly if there is no monthly activity) and confirmations of transactions directly from the custodian detailing account holdings and all activity within the account, including all contributions, withdrawals, and purchase/sell transactions.

Item 14: Client Referrals and Other Compensation

Confluence has entered into agreements to compensate third parties ("Solicitors") for client referrals. Under these arrangements, Confluence will pay a flat fee per referral. Clients referred by the Solicitors will not be charged more than similarly situated clients who were not referred. The Solicitors will not provide investment advisory services to Confluence clients. The referral arrangements are governed by a written agreement between Confluence and the Solicitor that (i) complies with Rule 206(4)-3 of the Advisers Act and applicable law and (ii) requires that clients be provided with copies of Part 2A of Confluence's Form ADV and a separate disclosure of the referral arrangement.

Item 15: Custody

Confluence is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of our firm's management fee. Our firm's agreement

requires the client to appoint a qualified custodian to receive and have possession of the assets of the Account. In accordance with applicable custody rules, custodians are required to send a statement to clients, not less than quarterly, indicating all amounts paid to our firm.

Confluence also sends periodic reports to clients. Clients are advised to carefully review the statements and confirmations sent directly by the custodian and to compare them with any reports received from our firm.

Item 16: Investment Discretion

Confluence provides management services on either a discretionary or non-discretionary basis. Discretionary basis means that we will be authorized by you to make investment decisions, and we will buy and sell the securities we have recommended to you. Non-discretionary basis means you as the investor make the ultimate decision whether to purchase or sell the securities recommended to you.

Item 17: Voting Client Securities

Confluence does not accept proxy voting authority with respect to client securities.

Item 18: Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about the firm's financial condition. Confluence does not require or solicit prepayment of fees more than six months in advance. Additionally, Confluence has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been subject to a bankruptcy proceeding.