Joseph T. Baio Mary Eaton Emma J. James Willkie Farr & Gallagher LLP 787 Seventh Avenue New York, NY 10019 Telephone: (212) 728-8000 Facsimile: (212) 728-8111

Attorneys for Monarch Alternative Capital LP, Stonehill Capital Management LLC, and Bayview Fund Management LLC, each in its capacity as investment advisor to certain funds, and for CQS ABS Master Fund Limited and CQS ABS Alpha Master Fund Limited.

# UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

		)	
In re:		į (	Chapter 11
Residential Capital, LLC, et a	<i>l.</i> ,	)	Case No. 12-12020 (MG)
	Debtors.	)	Jointly Administered
		)	

NOTICE OF FILING OF MONARCH ALTERNATIVE CAPITAL LP, STONEHILL CAPITAL MANAGEMENT LLC, CQS ABS ALPHA MASTER FUND LIMITED, CQS ABS MASTER FUND LIMITED, AND BAYVIEW FUND MANAGEMENT LLC'S MOTION IN LIMINE TO PRECLUDE THE TRUSTEES FROM OFFERING ANY EVIDENCE OF THEIR RELIANCE ON COUNSEL IN SUPPORT OF DEBTORS' 9019 MOTION (IN LIMINE MOTION FOUR)

PLEASE TAKE NOTICE that, pursuant to the Scheduling Order [ECF No.], dated August, 2013, entered by the Bankruptcy Court in connection with the Debtors' Motion Pursuant to Fed. R. Bankr. P. 9019 for Approval of the Settlement Agreement Among the Debtors, FGIC, the FGIC Trustees, and Certain Individual Investors [ECF No. 3929] (the "9019 Motion"), Monarch Alternative Capital LP, Stonehill Capital Management LLC, and Bayview Fund Management LLC, each in its capacity as investment advisor to certain funds, and CQS

ABS Alpha Master Fund Limited and CQS ABS Master Fund Limited (collectively, the "Investors") hereby file the Investors' Motion in Limine to Preclude the Trustees from Offering Any Evidence of Their Reliance on Counsel in Support of Debtors' 9019 Motion (In Limine Motion Four).

PLEASE TAKE FURTHER NOTICE that, pursuant to the *Order Regarding Exchange of Confidential Information* [ECF No. 4249] (the "Confidentiality Order"), dated July 16, 2013, entered by the Bankruptcy Court in connection with the 9019 Motion, certain portions of the Motion in Limine are hereby filed in redacted form and under seal. Unredacted copies of the Motion in Limine will be provided to the Bankruptcy Court and served on parties to the Confidentiality Order.

Dated: August 7, 2013 New York, New York

## WILLKIE FARR & GALLAGHER LLP

By: /s/ Joseph T. Baio Joseph T. Baio

Mary Eaton Emma J. James 787 Seventh Avenue New York, New York 10019 (212) 728-8000

Attorneys for Monarch Alternative Capital LP, Stonehill Capital Management LLC, and Bayview Fund Management LLC, each in its capacity as investment advisor to certain funds, and for CQS ABS Master Fund Limited and CQS ABS Alpha Master Fund Limited. Joseph T. Baio Mary Eaton Emma J. James Willkie Farr & Gallagher LLP 787 Seventh Avenue New York, NY 10019 Telephone: (212) 728-8000 Facsimile: (212) 728-8111

Attorneys for Monarch Alternative Capital LP, Stonehill Capital Management LLC, and Bayview Fund Management LLC, each in its capacity as investment advisor to certain funds, and for CQS ABS Master Fund Limited and CQS ABS Alpha Master Fund Limited.

# UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

In re:		)	Chapter 11
Residential Capital, LLC,	et al.,	)	Case No. 12-12020 (MG)
• (	Debtors.	) ) )	Jointly Administered

MONARCH ALTERNATIVE CAPITAL LP, STONEHILL CAPITAL MANAGEMENT LLC, CQS ABS ALPHA MASTER FUND LIMITED, CQS ABS MASTER FUND LIMITED, AND BAYVIEW FUND MANAGEMENT LLC'S MOTION IN LIMINE TO PRECLUDE THE TRUSTEES FROM OFFERING ANY EVIDENCE OF THEIR RELIANCE ON COUNSEL IN SUPPORT OF DEBTORS' 9019 MOTION (IN LIMINE MOTION FOUR)

TO THE HONORABLE MARTIN GLENN, UNITED STATES BANKRUPTCY JUDGE:

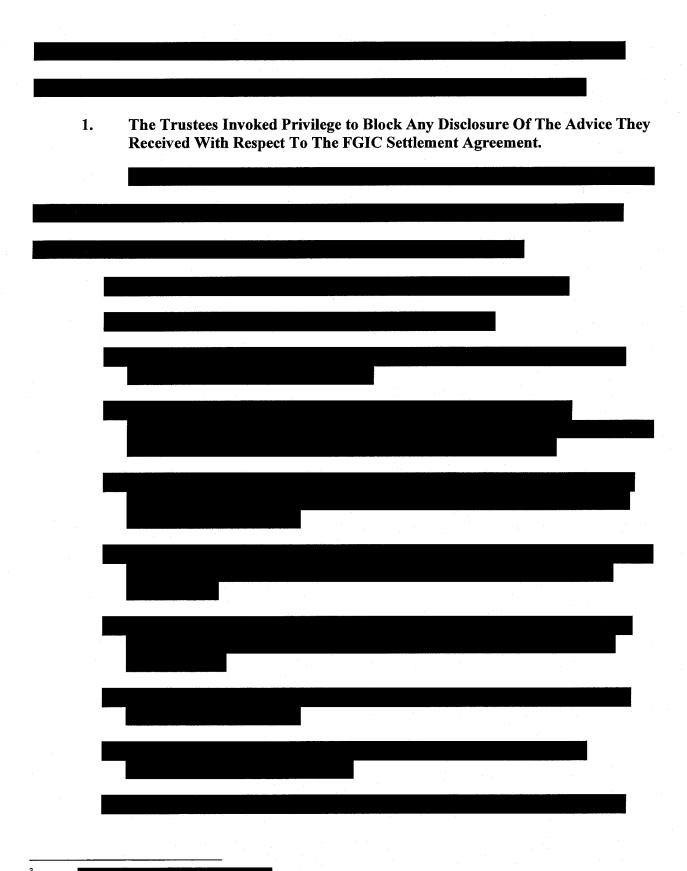
Monarch Alternative Capital LP, Stonehill Capital Management LLC, and
Bayview Fund Management LLC, each in its capacity as investment advisor to certain funds, and
CQS ABS Alpha Master Fund Limited and CQS ABS Master Fund Limited (collectively, the
"Investors") hereby file this motion in limine to preclude the FGIC Trustees (the "Trustees")
from offering any evidence of their reliance on counsel in support of the Debtors' Motion
Pursuant to Fed. R. Bankr. P. 9019 for Approval of the Settlement Agreement (the "Settlement
Agreement" or "Settlement") Among the Debtors, FGIC, the FGIC Trustees and Certain
Institutional Investors (the "9019 Motion") and the findings (the "Findings" or the
"Exculpatory Findings") contained in the Proposed Order filed with that motion (the
"Proposed Order").

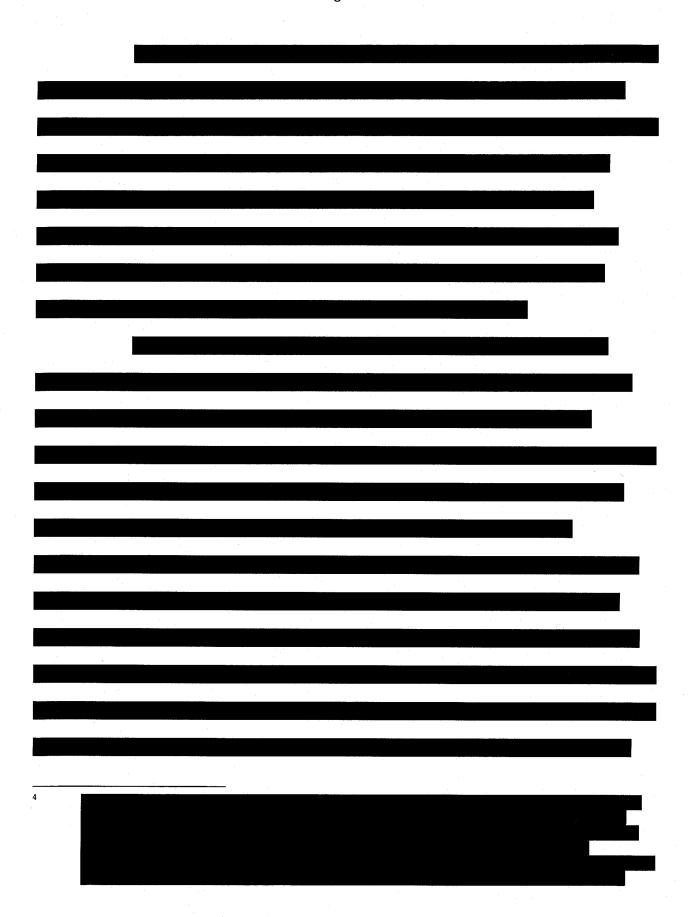
## PRELIMINARY STATEMENT

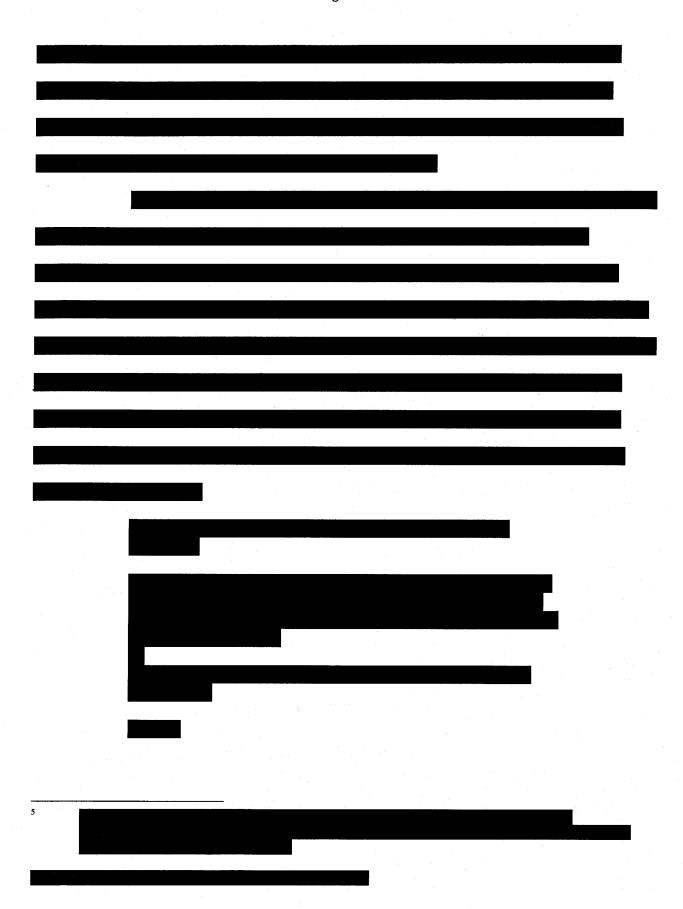
				*.	_
,			• (		
	и,	 •		-	
	 · · · · · · · · · · · · · · · · · · ·				

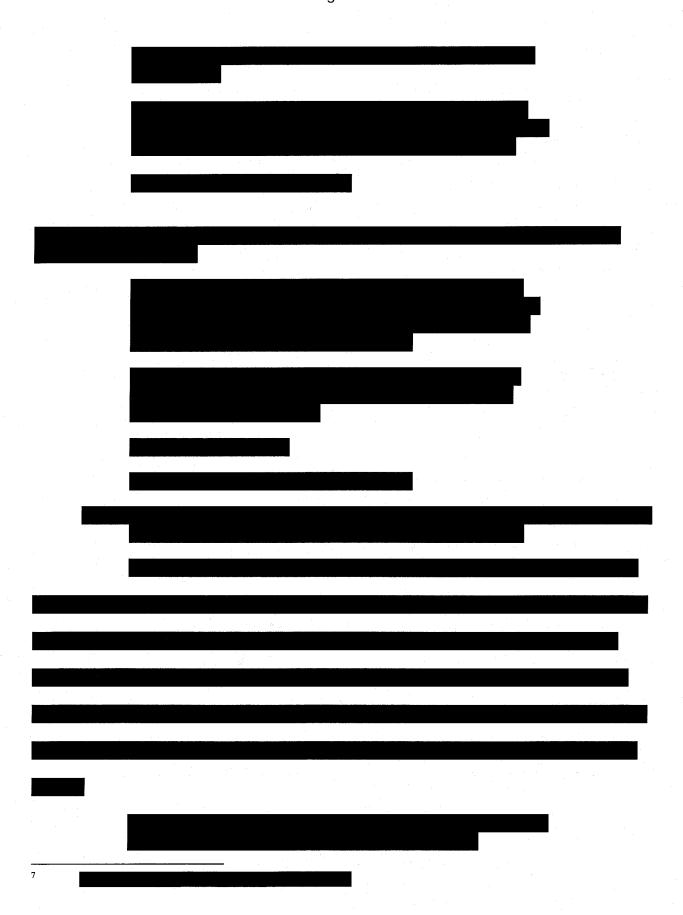
12-12020-mg Doc 4548 Filed 08/07/13 Entered 08/07/13 16:56:17 Main Document Pg 6 of 23

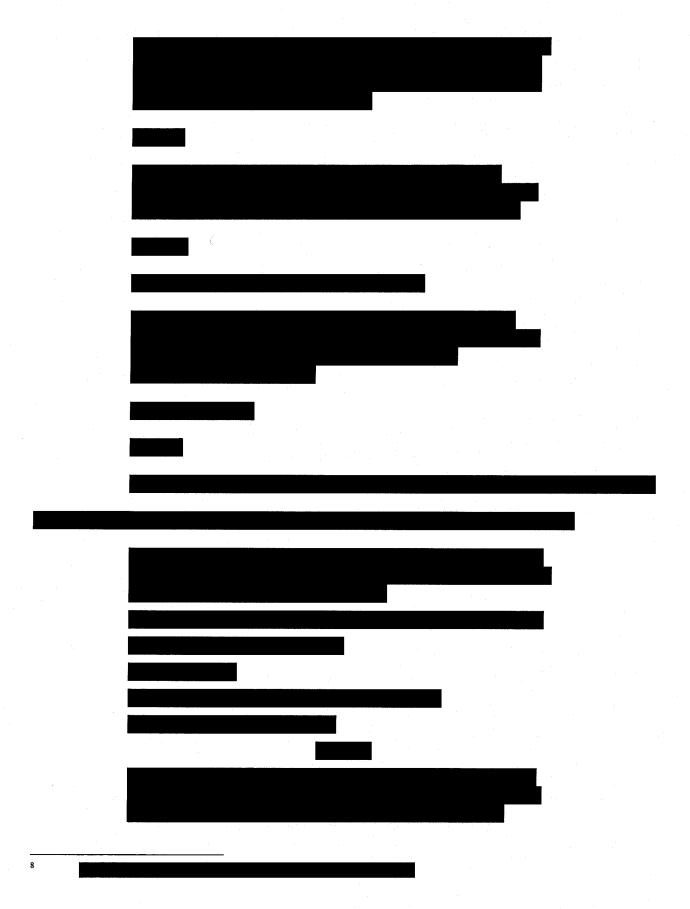
			1
			· ·
36	Mark State of the Control of the Con		
		•	
		·	
<u> </u>			- · · · · · · · · · · · · · · · · · · ·
			, , , , , , , , , , , , , , , , , , ,
			· · ·
			· · · · · ·
		5 . V	
	BACKGE	ROUND	
	· .		
2	<del></del>		,

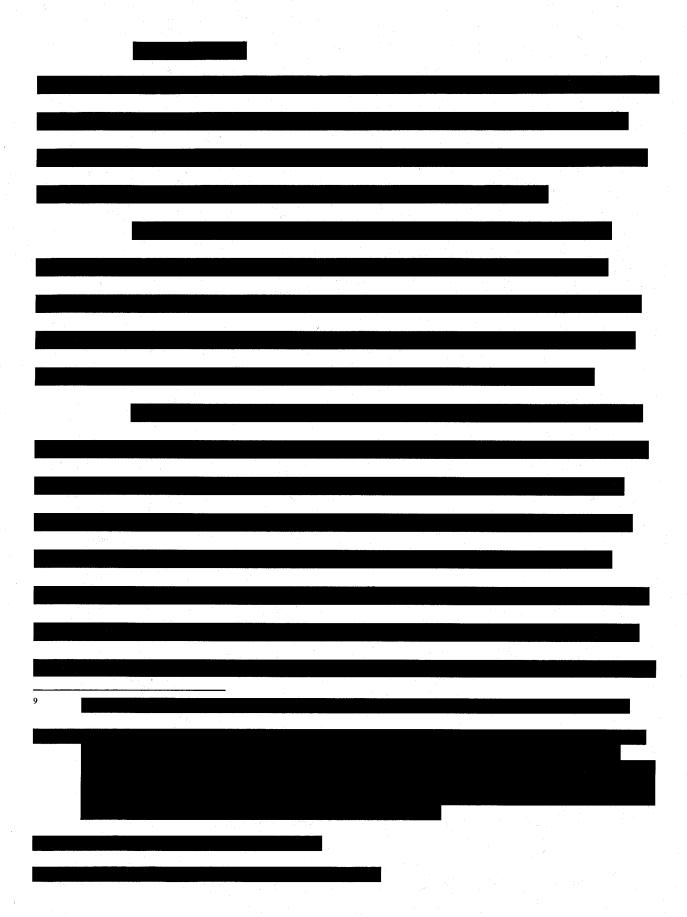


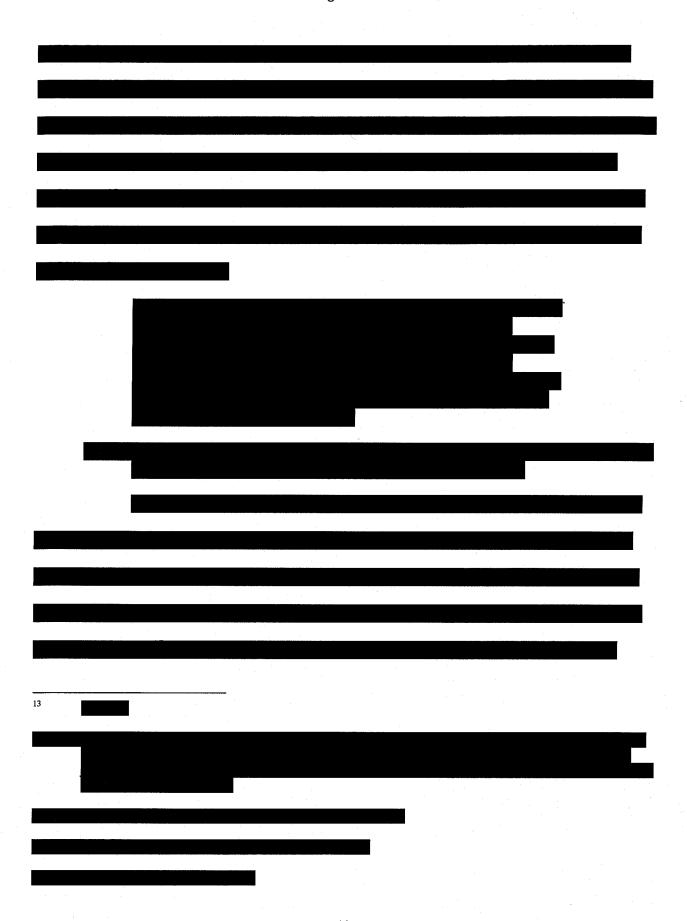


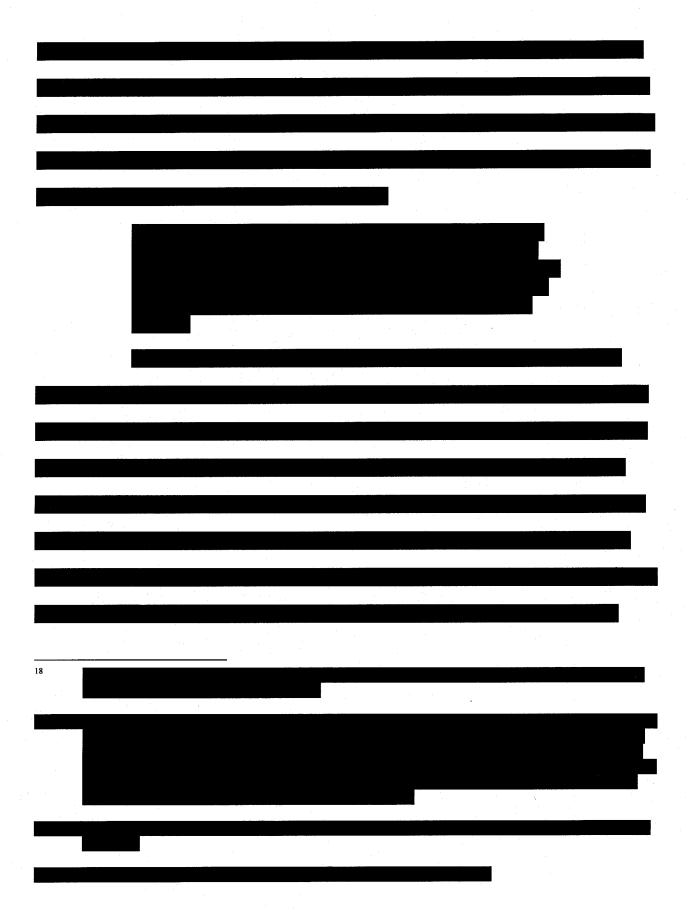






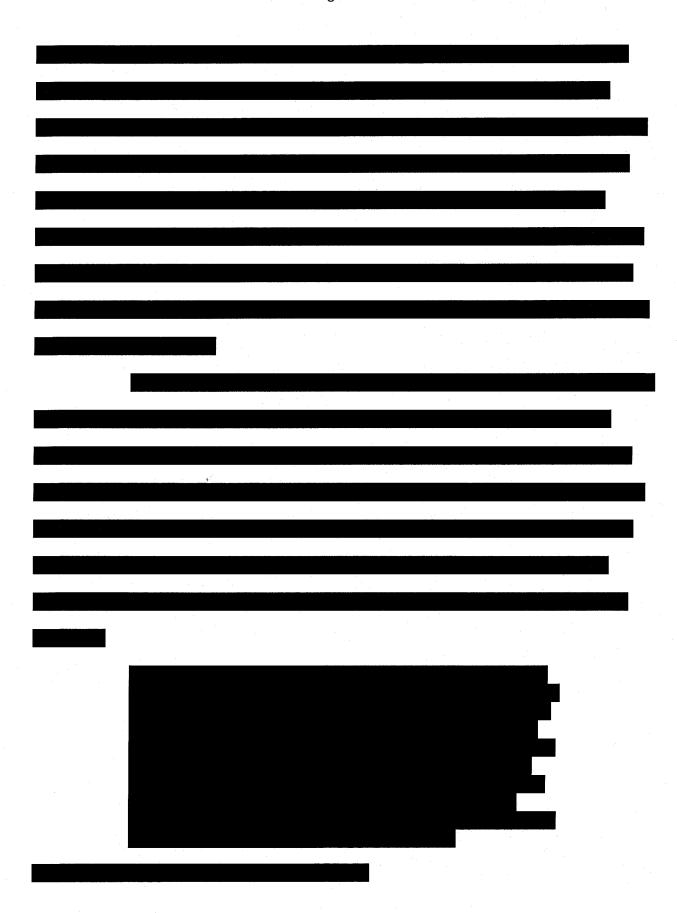






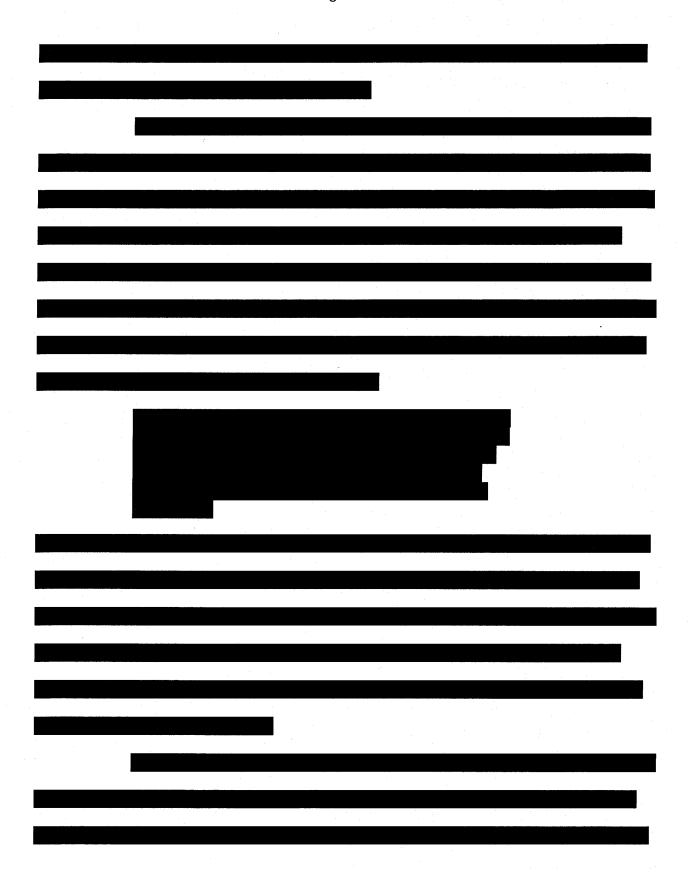
4.	Debtors Documen	Also Rely nts Coun	y on the sel Con	e Advice sidered	of Cou In For	insel W ming H	hile R is Opi	efusing nion	to Proc	luce
			a),			. :				
								·		
		* * **********************************								
							· · · · · · · · · · · · · · · · · · ·			
				•						
				· · · · · · · · · · · · · · · · · · ·		<i>;</i>				
	*				:			·		

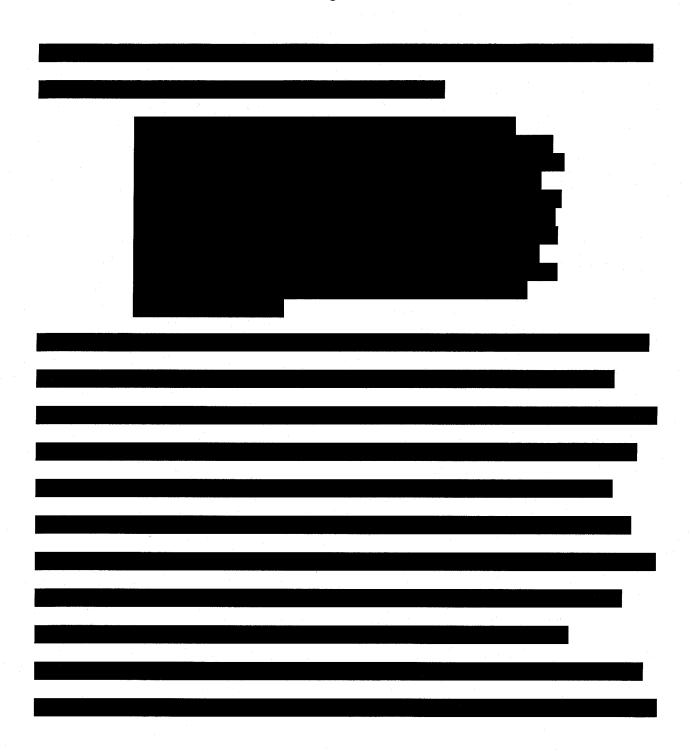
				-	
			-		
				Superior Superior Association	
				·	
	, ·		3-		
		ARG	UMENT		
5.	Evidence Tha	Should Be Precl at They Relied O To Approve The	n The Recomme	ring Any Argume ndation Of Couns nt Agreement.	nt Or el In
				· .	
	·				
* ' ' '					
					,
27				<u> </u>	



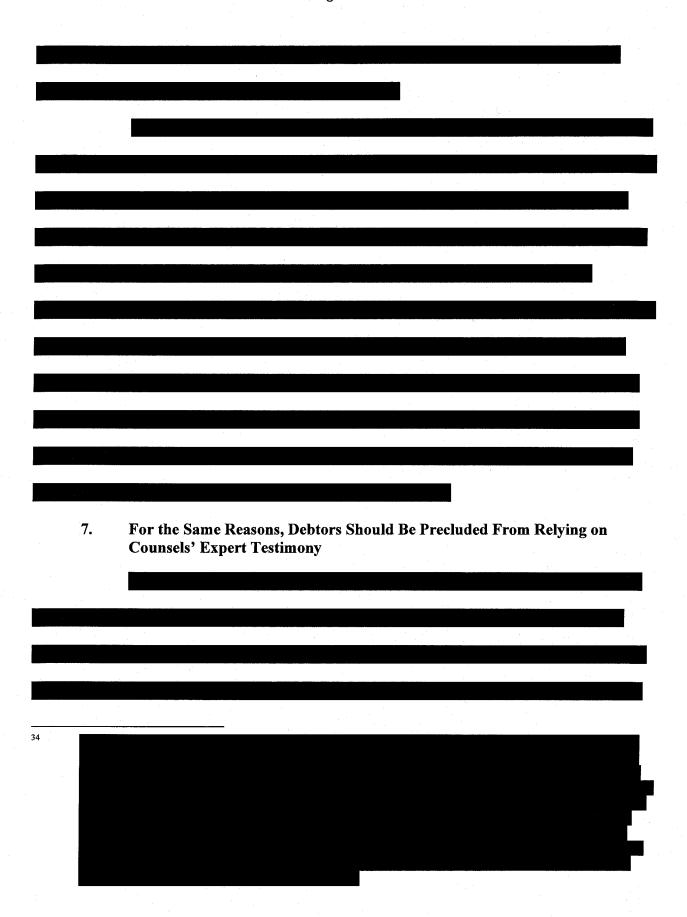


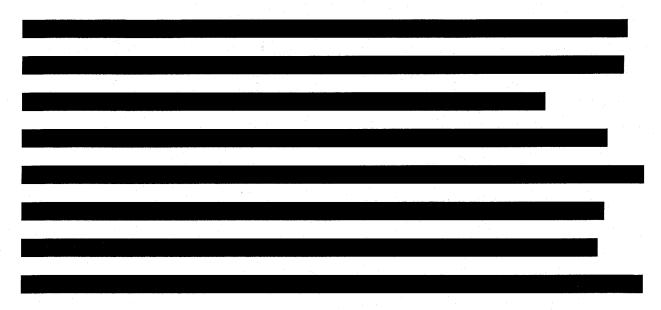
6. The Trustees Should Be Precluded From Offering Any Argument Or Evidence That They Acted In Good Faith In Determining To Approve The FGIC Settlement Agreement.





33





## **CONCLUSION**

WHEREFORE, the Investors respectfully request that the Court enter an order (1) precluding the Trustees from introducing at the hearing of the 9019 Motion any argument or evidence of (i) Trustees' reliance on the recommendations of their counsel with respect to the FGIC Settlement Agreement, (ii) the Trustees' good faith belief that the FGIC Settlement Agreement was in the best interests of the Trusts or the Investors; (iii) any testimony from Mr. Lipps or (iv) any documents considered, relied up, or prepared by Mr. Lipps.

Dated: August 7, 2013 New York, New York

## WILLKIE FARR & GALLAGHER LLP

By: /s/ Joseph T. Baio Joseph T. Baio

Mary Eaton Emma J. James 787 Seventh Avenue New York, New York 10019 (212) 728-8000

Attorneys for Monarch Alternative Capital LP, Stonehill Capital Management LLC, and Bayview Fund Management LLC, each in its capacity as investment advisor to certain funds, and for CQS ABS Master Fund Limited and CQS ABS Alpha Master Fund Limited.