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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, <i>et al.</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
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:)	Chapter 11
)	
Residential Capital, LLC, <i>et al.</i> ,)	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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

BACKGROUND

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2

[REDACTED]

[REDACTED]

[REDACTED]

1. The Trustees Invoked Privilege to Block Any Disclosure Of The Advice They Received With Respect To The FGIC Settlement Agreement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

4. Debtors Also Rely on the Advice of Counsel While Refusing to Produce Documents Counsel Considered In Forming His Opinion

[REDACTED]

22

[REDACTED]

[REDACTED]

ARGUMENT

- 5. The Trustees Should Be Precluded From Offering Any Argument Or Evidence That They Relied On The Recommendation Of Counsel In Determining To Approve The FGIC Settlement Agreement.**

[REDACTED]

²⁷

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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.

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

**7. For the Same Reasons, Debtors Should Be Precluded From Relying on
Counsels' Expert Testimony**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

34

[REDACTED]

[REDACTED]

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

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