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February 11, 2011

VIA FACSIMILE

WRITER'S DIRECT LINE
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Honorable William D. Johnston
Lafayette County Circuit Court
Lafayette County Courthouse
626 Main Street
Post Office Box 40
Darlington, Wisconsin 53530-0040

Re: *In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation*, Case No. 10 CV 1576 (Dane County Circuit Court)
February 23, 2011 Hearing

Dear Judge Johnston:

I am writing on behalf of our client, the Wisconsin Commissioner of Insurance, as the court-appointed Rehabilitator in the above proceeding, in regard the February 23, 2011 (at 1 p.m.) "Motion Hearing on . . . Rehabilitator's request for hearing on United States Internal Revenue Services' Motion to Dissolve supplemental injunction" (quoting from the Dane County court notice). This hearing Notice was dated February 8, 2011 and subsequently mailed to the parties by the Dane County Clerk on February 9 and received for the first time by us on February 10, 2011. Upon receipt of the Notice, we immediately emailed copies of it to the four lawyers from the U.S. Department of Justice who have entered appearances in the related federal proceedings. A copy of our service on the four IRS lawyers and the hearing notice and post-marked envelope from the clerk are attached for the convenience of your review.

As you likely are now aware, the IRS commenced a new lawsuit in the United States District Court for the Western District of Wisconsin on February 9th, the day after the existence of your hearing Notice was posted on CCAP, but the day before the parties received copies of the Notice or knew the content of the Notice. In connection with the new federal court action against the Dane County Circuit Court, the Wisconsin Commissioner of Insurance and Ambac Assurance Corporation, the IRS moved for a preliminary injunction and asked the federal court for an expedited ruling by February 17, 2011 on the grounds that they wanted the federal court to rule on their new action for injunctive relief prior to the February 23rd hearing in your court referenced in the Notice. Our interpretation of the Notice is that the February 23rd hearing date was set to address the Rehabilitator's request that you set a hearing on the IRS's motion (e.g. a hearing to set a hearing), not that the court would actually address the merits of the IRS's motion on the 23rd.

Before filing its purportedly emergency motion to expedite in the federal court, the IRS never contacted us to inquire as to our understanding of the hearing on the 23rd or whether we

Honorable William D. Johnston
Lafayette County Circuit Court
February 11, 2011
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would adjourn the hearing so as to avoid any purported time “emergency” before the district court. To the best of our knowledge, the IRS also made no such request of you or the Dane County clerk, nor did the IRS withdraw the motion which prompted the hearing request. A simple call to us would have rectified that situation because we would have been happy to adjourn the February 23rd hearing to a later date to avoid needless time pressures. This letter will confirm my telephonic request today to Ms. Baux at the clerk’s office that the Court take the February 23rd scheduling hearing off the calendar at this time and adjourn it indefinitely to such later date as may be appropriate and requested after Judge Crabb addresses the IRS’s new filing. I also spoke with the Dane County Corporation Counsel, Ms. Mackenzie, and she supported this approach. Absent other direction from the Court, we will proceed on the understanding that the hearing on February 23rd is off the calendar.

Thank you for your attention to this matter.

Very truly yours,

FOLEY & LARDNER LLP



Michael B. Van Sicklen

Enclosures

cc: Hilarie Snyder (via email with enclosures)
Robert J. Kovacev (via email with enclosures)
Anthony T. Sheehan (via email with enclosures)
Robert W. Metzler (via email with enclosures)
Henry Ricardo (via email with enclosures)
All other Counsel of Record (via email with enclosures)
Jody Baux, Dane County Assistant Clerk (via first-class mail with enclosures)
Marcia Mackenzie, Dane County Corporation Counsel (via email with enclosures)
Carlo Esqueda, Dane County Clerk of Circuit Court (via email with enclosures)

Van Sicklen, Michael B.

From: Bedner, Joan M. on behalf of Van Sicklen, Michael B.
Sent: Thursday, February 10, 2011 12:25 PM
To: robert.w.metzler@usdoj.gov'; 'anthony.t.sheehan@usdoj.gov'; 'Robert.J.Kovacev@usdoj.gov'; 'Hilarie.E.Snyder@usdoj.gov'
Subject: FW: In the Matter of the Rehabilitation of Segregated Account of Ambac Assurance Corporation; Dane County Circuit Court Case No. 10 CV 1576

Attachments: Notice of Hearing Before Judge Johnston 2-23-11.pdf



Notice of Hearing
Before Judge...

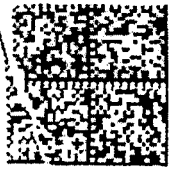
Please also note this Notice of the February 23 motion hearing was received by us in today's mail.

Michael B. Van Sicklen
Foley & Lardner LLP
Telephone: (608) 258-4206



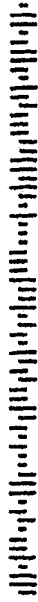
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In the Matter of the Rehabilitation of Segregated Account
of Ambac Assurance Corporation

Notice of Hearing

Case No. 2010CV001576

MICHAEL B VAN SICKLEN
FOLEY & LARDNER
150 E GILMAN ST
PO BOX 1497
MADISON WI 53701-1497

This case is scheduled for: **Motion hearing**

Date 02-23-2011	Time 01:00 pm	Location (Include Room Number) LaFayette County Courthouse LaFayette County Courthouse-Room to be set 626 Main St Darlington WI 53530
Court Official William D. Johnston, Judge		
Re Unclassified		

This matter will not be adjourned by the court except upon formal motion for good cause or with the specific approval of the court upon stipulation by all parties.

Motion Hearing on Attorney Van Sicklen's Rehabilitator's request for hearing on United States Internal Revenue Service's Motion to dissolve supplemental injunction.

If you wish to appear by telephone we will once again be using Tele-Court please call (800) 924-5680 to make your own arrangements to appear by telephone.

If you require reasonable accommodations due to a disability, in order to participate in the court process, please call 608-266-4311 TTY 608-266-4625 at least 10 working days prior to the scheduled court date. Please note that the court does not provide transportation.

Dane County Circuit Court
Date: February 8, 2011

Distribution:

Court Original
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In the Matter of the Rehabilitation of Segregated Account
of Ambac Assurance Corporation

Notice of Hearing

Case No. 2010CV001576

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