

**IN THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT**

THEODORE NICKEL,)	
)	
Plaintiff-Appellee)	
)	
v.)	No. 11-1158
)	
UNITED STATES OF AMERICA,)	
)	
Defendant-Appellant)	

UNITED STATES OF AMERICA,)	
)	
Plaintiff-Appellant)	
)	
v.)	
)	
WISCONSIN STATE CIRCUIT COURT)	
FOR DANE COUNTY;)	No. 11-1419
THEODORE NICKEL, Commissioner of)	
Insurance of the State of Wisconsin,)	
as Rehabilitator of the Segregated)	
Account of Ambac Assurance Corporation;)	
AMBAC ASSURANCE CORPORATION,)	
)	
Defendants-Appellees)	

FOURTH JOINT STATUS REPORT

In compliance with a series of Orders of this Court, the parties filed a Joint Status Report on March 5, 2012, a Second Joint Status Report on June 1, 2012, and a Third Joint Status Report on

September 4, 2012. Upon consideration of the Third, and most recent, Joint Status Report, the Court issued an Order on September 5, 2012, directing the parties to file this Fourth Joint Status Report by December 4, 2012. The above-captioned appeals have been fully briefed, but they have not been argued.

As stated in the previous three Joint Status Reports to this Court, proceedings have been suspended to allow consideration of a settlement offer (the “Offer”) submitted to counsel for the United States, on February 24, 2012, by counsel for Ambac Financial Group, Inc. (“AFGI”) and Ambac Assurance Company (“Ambac”); counsel for Ambac’s Segregated Account, its Rehabilitator, and the Wisconsin Insurance Commissioner; and counsel for the official creditors committee in the United States Bankruptcy Court for the Southern District of New York. Since the September 4, 2012 Third Joint Status Report, several additional positive developments have taken place as noted below:

1. As noted at paragraph 2 of our Third Joint Status Report, the Offer was, at that time, under consideration in the Tax Division’s Office of Review, and AFGI’s request for a private letter ruling was then still pending. Since then, the Offer received positive recommendations

from the Office of Review, and then from the Assistant Attorney General of the Tax Division, and it was forwarded to the congressional Joint Committee on Taxation in accordance with 26 U.S.C. § 6405, the final step in the evaluative process. Additionally, AFGI's private letter ruling request was approved by the Office of Chief Counsel.

2. The Rehabilitator has continued to move forward since the prior Joint Status Report with his efforts to rehabilitate Ambac's Segregated Account through various motions in the Dane County Court, all of which are posted on the court-approved website for the rehabilitation should this Court wish to monitor that proceeding more closely. See www.ambacpolicyholders.com.

3. The parties respectfully submit that the Court should continue to hold these Appeals in abeyance through not rescheduling oral argument, with the parties filing further status reports at intervals directed by the Court. The parties suggest that the intervals for future reports be set at approximately 90 days. Separate and apart from any court-specified status report, the parties will promptly advise the Court if there is a material change—positive or negative—in their settlement efforts pursuant to the Offer.

4. Counsel for the other active parties to these Appeals have reviewed this report and have authorized us to file this report on their behalf and to represent that they support the request for further adjournment of oral argument as stated herein.

/s/ Anthony T. Sheehan
ANTHONY T. SHEEHAN
Attorney – Tax Division
U.S. Department of Justice
Post Office Box 502
Washington, D.C. 20044
Telephone: (202) 514-4339
Anthony.T.Sheehan@usdoj.gov
Counsel for the United States

Dated this 30th day of November, 2012

CERTIFICATE OF SERVICE

I hereby certify that on November 30, 2012, I electronically filed the foregoing Fourth Joint Status Report with the Clerk of the Court for the United States Court of Appeals for the Seventh Circuit using the CM/ECF system. I further certify that all counsel in these appeals are registered CM/ECF users who will be served by the CM/ECF system.

/s/ Anthony T. Sheehan

ANTHONY T. SHEEHAN

Attorney