

---

*In the Matter of the Rehabilitation of:*

Case No. 10 CV 1576

Segregated Account of Ambac Assurance Corporation

---

**NOTICE OF MOTION AND MOTION FOR ORDER TO SHOW CAUSE**

---

**TO:** Kevin Fitzgerald, Esq.  
Attorney for the Commissioner of  
Insurance for the State of Wisconsin,  
as Court Appointed Rehabilitator of  
the Segregated Account of Ambac  
Assurance Corporation

Parties and Attorneys Listed on  
Attached Litigation Service List

Foley & Lardner LLP  
777 East Wisconsin Avenue  
Milwaukee, WI 53202-5306

**PLEASE TAKE NOTICE** that on the \_\_\_\_ day of \_\_\_\_\_, 2016, at \_\_\_\_\_.m.  
or as soon thereafter as counsel may be heard, CVI GVF (Lux) Master S.a.r.l.; CVF Lux  
Securities Trading S.a.r.l., CVI CVF II Lux Securities Trading S.a.r.l., CVI CVF III Lux  
Securities S.a.r.l., CVIC Lux Securities Trading S.a.r.l., CVIC II Lux Securities Trading S.a.r.l.,  
CVI AA Lux Securities S.a.r.l., CVI CHVF Lux Securities S.a.r.l., CarVal GCF Lux Securities  
S.a.r.l., and CVI HH Investments LP (collectively the "CarVal Holders"), by their attorneys  
listed below, will move the Dane County Circuit Court, the Honorable Richard G. Niess  
presiding in his courtroom, as follows:

**MOTION**

The CarVal Holders move the Court for an Order pursuant to Wis. Stat. § 645.72(1)  
directing the Commissioner of Insurance of the State of Wisconsin ("Commissioner"), as Court-  
appointed rehabilitator ("Rehabilitator") of the Segregated Account of Ambac Assurance

Corporation (“Ambac”) under the Amended Plan of Rehabilitation of June 12, 2014 (the “Plan”), to show cause why the “Interim Payment Percentage” set forth in the Amended Plan should not now be substantially increased and additional distributions promptly made to all those who hold obligations of Ambac’s so-called “Segregated Account” (“Holders”).

The Rehabilitator has a duty under Wis. Stat. § 645.72(1) to make prompt distributions to Holders. He is not doing so, however.

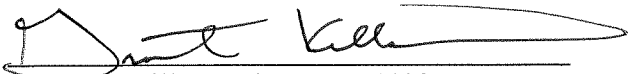
For more than 18 months, the Rehabilitator has not approved *any* distributions of *any* kind. This is particularly troubling because the Rehabilitator’s own worst-case calculations show that *there is more than \$3.847 billion of excess capital available to fund distributions to Holders*. These funds are almost *40 times* the amount of necessary surplus established by the Rehabilitator in the Amended Plan. Although the Rehabilitator in September, 2015 projected a *worst case* all-in recoveries amount of 83.6% on the relevant pool of claims, he nonetheless has limited distributions to 45%, in further violation of his duties under the Amended Plan and Wisconsin law.

The CarVal Holders file this motion for the reasons set forth herein, and in its supporting brief and materials being filed herewith.

Dated this tenth day of February, 2016.

**O'NEIL, CANNON, HOLLMAN, DeJONG &  
LAING S.C.**

Attorneys for the CarVal Holders

By: 

Grant C. Killoran, SBN 1015503

grant.killoran@wilaw.com

Gregory W. Lyons, SBN 1000492

greg.lyons@wilaw.com

Laura J. Lavey, SBN 1079346

laura.lavey@wilaw.com

**P.O. ADDRESS:**

111 East Wisconsin Avenue  
Suite 1400  
Milwaukee, Wisconsin 53202  
Phone: 414.276.5000

**OF COUNSEL:**

**MORGAN, LEWIS & BOCKIUS LLP**

Harold S. Horwich (pro hac vice pending)

harold.horwich@morganlewis.com

One State Street

Hartford, Connecticut 06103-3178

Phone: 860.240.2700

Sabin Willett (pro hac vice pending)

sabin.willett@morganlewis.com

Elizabeth G. Hays (pro hac vice pending)

liza.hays@morganlewis.com

One Federal Street

Boston, Massachusetts 02110-1901

Phone: 617.341.7700