

Buchwald P.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE AMBAC FINANCIAL GROUP,
INC. SECURITIES LITIGATION

Case No. 08-cv-00411-NRB

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~~PROPOSED~~ **ORDER APPROVING DISTRIBUTION PLAN**

Lead Plaintiffs, on notice to Defendants' Counsel, moved this Court for an order approving a distribution plan for the Net Settlement Funds in the above-captioned class action (the "Action"), and the Court having considered all the materials and arguments submitted in support of the motion, including the Declaration of Eric Schachter in Support of Lead Plaintiffs' Motion for Approval of Distribution Plan (the "Schachter Declaration"), the Joint Declaration of Steven B. Singer and Frederic S. Fox in Support of Reimbursement of Additional Litigation Expenses, and Lead Plaintiffs' Memorandum in Support of Motion for Approval of Distribution Plan, submitted therewith;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order incorporates by reference the definitions in the Stipulation of Settlement with Ambac and the Individual Defendants dated May 4, 2011 (ECF No. 123-1) (the "Ambac Stipulation"), the Stipulation of Settlement with the Underwriters Defendants dated May 4, 2011 (ECF No. 126-1) (the "Underwriters Stipulation" and, together with the Ambac Stipulation, the "Stipulations"), and the Schachter Declaration and all terms used herein shall have the same meanings as set forth in the Stipulations or in the Schachter Declaration.

2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all Class Members.

3. Lead Plaintiffs' plan for distribution of the Net Settlement Funds to Authorized Claimants is **APPROVED**. Accordingly,

(a) The administrative recommendations of the Court-approved Claims Administrator, Rust Consulting, Inc. ("Rust"), to accept the Timely Eligible Claims set forth in Exhibit D-1 to the Schachter Declaration and the Late but Otherwise Eligible Claims set forth in Exhibit D-2 to the Schachter Declaration, are adopted;

(b) The Claims Administrator's administrative recommendations to reject wholly ineligible Claims, as set forth in Exhibit D-3 to the Schachter Declaration, including the Disputed Claims discussed in paragraph 28 of the Schachter Declaration, are adopted;

(c) Rust is directed to distribute 100% of the available balance of the Net Settlement Funds, after deducting the payments previously allowed and approved herein, and after deducting payment of any estimated taxes, the costs of preparing appropriate tax returns, and any escrow fees, to the Authorized Claimants whose *pro rata* share of the Net Settlement Funds, as set forth in the Court-approved Plan of Allocation, is at least \$20.00, as further detailed in paragraphs 37 and 39(a) of the Schachter Declaration (the "Initial Distribution");

(d) In order to encourage Authorized Claimants to promptly cash their payments, all Initial Distribution checks shall bear the following notation: "CASH PROMPTLY. VOID AND SUBJECT TO RE-DISTRIBUTION IF NOT CASHED BY [DATE 120 DAYS AFTER ISSUE DATE]." Lead Counsel and Rust are authorized to take appropriate action to locate and/or contact any Authorized Claimant who has not cashed his, her, or its check within said time as detailed in footnote 9 of the Schachter Declaration;

(e) Authorized Claimants who do not cash their Initial Distribution checks within the time allotted or on the conditions set forth in footnote 9 of the Schachter Declaration shall irrevocably forfeit all recovery from the Settlements, and the funds allocated to all such stale-dated checks shall be available to be distributed to other Authorized Claimants in the Second Distribution. Similarly, Authorized Claimants who do not cash subsequent distributions within the time allotted or on the conditions set forth in footnote 9 of the Schachter Declaration will irrevocably forfeit any further recovery from the Net Settlement Funds;

(f) After Rust has made reasonable and diligent efforts to have Authorized Claimants cash their Initial Distribution checks (as set forth in footnote 9 of the Schachter Declaration), but no earlier than one (1) year after the Initial Distribution, Rust shall conduct a second distribution of the Net Settlement Funds (the "Second Distribution"), pursuant to which any amounts remaining in the Net Settlement Funds after the Initial Distribution, after deducting Rust's fees and expenses incurred in connection with administering the Settlements for which it has not yet been paid (including the estimated costs of such Second Distribution), and after the payment of any estimated taxes, the costs of preparing appropriate tax returns, and any escrow fees, shall be redistributed to all Authorized Claimants from the Initial Distribution who (1) cashed their distribution payment and (2) are entitled to at least \$20.00 from the redistribution based on their *pro rata* share of the remaining funds;

(g) In order to allow a final distribution of any funds remaining in the Net Settlement Funds after completion of the Second Distribution, whether by reason of returned funds, tax refunds, interest, uncashed checks, or otherwise:

(1) If cost effective, not less than six (6) months after the Second Distribution is conducted, Rust shall conduct a further distribution of the Net Settlement Funds, pursuant to which all funds remaining in the Net Settlement Funds, after deducting Rust's unpaid fees and expenses incurred or to be incurred in connection with administering the Net Settlement Funds (including the estimated costs of such distribution), and after the payment of any estimated taxes, the costs of preparing appropriate tax returns, and any escrow fees, shall be distributed to Authorized Claimants who cashed their most recent distribution checks and who would receive at least \$20.00 in such further distribution. Additional redistributions, after deduction of costs and expenses as described above and subject to the same conditions, may occur thereafter in six-month intervals until Lead Counsel, in consultation with Rust, determine that further redistribution is not cost-effective.

(2) At such time as Lead Counsel, in consultation with Rust, determine that further redistribution of the funds remaining in the Net Settlement Funds is not cost-effective, any otherwise valid Claims received after September 26, 2013 or adjusted after October 24, 2013 will be paid in accordance with subparagraph (h) below. If any funds shall remain in the Net Settlement Funds after payment of such late or late adjusted Claims, the remaining balance of the Net Settlement Funds, after payment of any unpaid fees or expenses incurred in connection with administering the Net Settlement Funds and after the payment of any estimated taxes, the costs of preparing appropriate tax returns, and any escrow fees, shall be donated to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Lead Counsel subject to approval by the Court.

(h) No further Claims may be accepted for payment after September 26, 2013, and no further adjustments to Claims may be made for any reason after October 24, 2013, subject to the following exception. If Claims are received or modified after those dates that would have been eligible for payment or additional payment under the Court-approved Plan of Allocation if timely received, then, at the time that Lead Counsel, in consultation with Rust, determine that a redistribution is not cost effective as provided in subparagraph (g)(2) above, such Claimants, at the discretion of Lead Counsel, may be paid their distribution amounts or additional distribution amounts on a *pro rata* basis that would bring them into parity with other Authorized Claimants who have cashed all their prior distribution checks to the extent possible;

(i) All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the Proofs of Claim submitted herein, or otherwise involved in the administration or taxation of the Settlement Funds or the Net Settlement Funds, are hereby released and discharged from any and all claims arising out of such involvement, and all Class Members, whether or not they receive payment from the Net Settlement Funds, are hereby barred from making any further claims against the Net Settlement Funds, Lead Plaintiffs, Lead Counsel, the Claims Administrator, the Escrow Agent or any other agent retained by Lead Plaintiffs or Lead Counsel in connection with the administration or taxation of the Settlement Funds or the Net Settlement Funds beyond the amount allocated to Authorized Claimants;

(j) All of Rust's fees and expenses incurred in connection with the administration of the Settlements and estimated to be incurred in connection with the Initial Distribution as set forth in Exhibit E to the Schachter Declaration are approved, and Lead Counsel are

authorized to direct payment of \$804,295.91 out of the Settlement Funds to Rust for the unpaid balance of such fees and expenses; and

(k) Unless otherwise ordered by the Court, one year after the Second Distribution, Rust shall destroy the paper copies of the Proofs of Claim and all supporting documentation, and one year after all funds have been distributed, Rust shall destroy electronic copies of the same.

4. Lead Counsel are hereby awarded \$45,196.60 in reimbursement of additional Litigation Expenses;

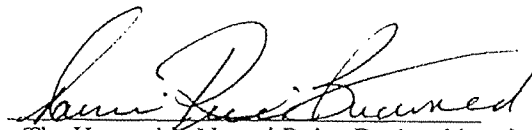
5. The Court orders that, if there is any recovery received in connection with the resolution of the Class's proof of claim filed in the Lehman Brothers, Inc. SIPC proceeding pending in the Bankruptcy Court in New York, the balance due to Lowenstein Sandler LLP of \$16,524.83 and any additional reasonable fees and expenses incurred by Lowenstein Sandler LLP and approved by Lead Counsel with respect to the prosecution and settlement of that claim in the Bankruptcy Court shall be paid out that recovery; and

6. This Court retains jurisdiction to consider any further applications concerning the administration of the Settlement, and such other and further relief as this Court deems appropriate.

SO ORDERED:

Dated: New York, New York

November 15, 2013


The Honorable Naomi Reice Buchwald *NR*
United States District Judge