

**In The Matter Of:**

*US BANK v.*

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*January 22, 2016*

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*Original File 012216 USBANK.txt*

*Min-U-Script® with Word Index*

1 SUPREME COURT OF THE STATE OF NEW YORK  
 2 COUNTY OF NEW YORK CIVIL TERM PART 60  
 3 -----X  
 4 In the Matter of the Application of,  
 5  
 6 US BANK NATIONAL ASSOCIATION, THE BANK OF NEW YORK  
 7 MELLON, THE BANK OF NEW YORK MELLON TRUST COMPANY,  
 8 NA, WILMINGTON TRUST, NATIONAL ASSOCIATION, LAW  
 9 DEBENTURE TRUST COMPANY OF NEW YORK, WELLS FARGO  
 10 BANK, NATIONAL ASSOCIATION, HSBC BANK USA, NA, and  
 11 DEUTSCHE BANK NATIONAL TRUST (as Trustees under  
 12 Various Pooling and Servicing Agreements and  
 13 Indenture Trustees under various Indentures),  
 14 AEGON USA Investment Management, LLC (Intervenor),  
 15 BAYERISCHE LANDESBANK (Intervenor), Blackrock  
 16 Financial Management, Inc., (Intervenor), CASCADE  
 17 INVESTMENT, LLC, (Intervenor), the Federal Home  
 18 Loan Bank of Atlanta (Intervenor), The Federal Home  
 19 Mortgage Corporation (Freddie Mac)(Intervenor), the  
 20 Federal National Mortgage Association (Fannie  
 21 Mae)(Intervenor), GOLDMAN SACHS ASSET MANAGEMENT,  
 22 LP, (Intervenor), VOYA INVESTMENT MANAGEMENT, LLC,  
 23 (F/k/a ING Investment)(Intervenor), INVESCO ADVISORS,  
 24 INC., (Intervenor), Kore Advisors, LP, (Intervenor),  
 25 LANDESBANK BADEN-WURTEMBERG, (Intervenor),  
 METROPOLITAN LIFE INSURANCE COMPANY (Intervenor),  
 PACIFIC INVESTMENT MANAGEMENT COMPANY, LLC,  
 (Intervenor), SEALINK FUNDING LIMITED (Intervenor),  
 TEACHERS INSURANCE and ANNUITY ASSOCIATION of AMERICA,  
 (Intervenor), The Prudential Insurance Company of  
 America, (Intervenor), The TCW Group, Inc,  
 (Intervenor), Thrivent Financial for Lutherans  
 (Intervenor), and WESTERN ASSET MANAGEMENT COMPANY  
 (Intervenor),

Petitioners,

- against -

TRIAXX PRIME CDO 2006-1, LTD., TRIAXX PRIME CDO  
 2006-2, LTD., TRIAXX PRIME CDO 2007-1, LTD.,  
 (Intervenors), QVT FUND V LP, QVT FUND IV LP,  
 QUINTESSENCE FUND, LP, QVT FINANCIAL LP,  
 (Intervenors), AMBAC ASSURANCE CORPORATION,

CONTINUED ON NEXT PAGE...

January 22, 2016

1 (Intervenor), INVESCO ADVISERS, INC., (Intervenor), KORE  
 2 ADVISORS, LP, (Intervenor), LANDESBANK BADEN-WURTEMBERG  
 3 (Intervenor), METROPOLITAN LIFE INSURANCE COMPANY  
 4 (Intervenor), PACIFIC INVESTMENT MANAGEMENT COMPANY, LLC  
 5 (Intervenor), SEALINK FUNDING LIMITED (Intervenor),  
 6 TEACHERS INSURANCE and ANNUITY ASSOCIATION of AMERICA  
 7 (Intervenor), THE PRUDENTIAL INSURANCE COMPANY OF  
 8 AMERICA (Intervenor), THE TCW GROUP, INC., (Intervenor),  
 9 THRIVENT FINANCIAL FOR LUTHERANS (Intervenor), WESTERN  
 10 ASSET MANAGEMENT COMPANY (Intervenor)

FOR THE RESPONDENTS:  
 11 FEDERAL HOME LOAN BANK of BOSTON, (Intervenor  
 12 Respondent), TRIAXX PRIME CDO 2006-1, LTD., TRIAXX PRIME  
 13 CDO 2006-2, LTD., TRIAXX PRIME CDO 2007-1, LTD. BY DAVID  
 14 KO, DEREK W. LESTER, JOHN G. MOON, AMANDA F. PARSELS,  
 15 CHARLES R. JACOB.

16 QVT FUND V LP, QVT FUND IV LP, QUINTESSENTIAL FUND, LP,  
 17 QVT FINANCIAL LP & AMBAC BY DAVID WOLLMUTH, DANIELLE  
 18 D'AQUILA, NIRAJ PAREKH.

19 W&L INVESTMENTS BY MICHAEL A. ROLLIN, MARITZA BRASWELL,  
 20 DAVID S. PREMINGER, DONALD W. HAWTHORNE, MAGDALENA HALE  
 21 SPENCER.

22 JP MORGAN CHASE & CO. BY DARRELL SCOTT CAFASSO, ROBERT  
 23 A. SACHS.

24 AEGON USA INVESTMENT MANAGEMENT, LLC, BAYERISCHE  
 25 LANDESBANK, BLACKROCK FINANCIAL MANAGEMENT, INC., CASCADE  
 INVESTMENT, LLC, THE FEDERAL HOME LOAN BANK OF ATLANTA,  
 et al, BY WARNER E. KENNETH.

Kathy Jones,  
 Denise Paternoster  
 Senior Court Reporters

1 And the SEGREGATED ACCOUNT OF AMBAC ASSURANCE  
 2 CORPORATION (Intervenors), and W&L INVESTMENTS, LLC  
 3 (Intervenor),

Respondents,

4 For an order, pursuant to CPLR 7701, seeking judicial  
 5 instruction.  
 6 -----X  
 7 INDEX NUMBER 652382/14

60 Centre Street  
 New York, New York  
 January 22, 2016

8  
 9 B E F O R E:

HONORABLE MARCY S. FRIEDMAN,  
 Supreme Court Justice.

10  
 11 A P P E A R A N C E S:

12 FOR THE PETITIONERS:  
 13 US BANK ASSOCIATION, THE BANK of NEW YORK MELLON, THE  
 14 BANK OF NEW YORK MELLON TRUST COMPANY, NA, WILMINGTON  
 15 TRUST, NATIONAL ASSOCIATION, LAW DEBENTURE TRUST COMPANY  
 16 OF NEW YORK, WELLS FARGO BANK, NATIONAL ASSOCIATION,  
 17 HSBS BANK USA, NS, DEUTSCHE BANK NATIONAL TRUST COMPANY  
 18 BY: KATHY PATRICK, ROBERT SCHNELL, WILLIAM MUNNO,  
 19 ROBERT SACKS, KIRSTEN ROSE VOGEL, JOSEPH BRUSETT  
 20 SCONYERS, ROBERT C. MICHELETTO, NIDHI YADAVA,  
 21 CHRISTOPHER J. HOUPPT, HARMAN DOUGLAS RUSSELL, MATTHEW D.  
 22 INGBER, MICHAEL E. JOHNSON, CHRISTINA SPILLER, JAMES  
 23 MATTHEW TOURANGEAU, WILLIAM M. MUNNO, DALE C.  
 24 CHRISTENSEN, THOMAS R. HOOPER, MICHAEL KRAUSS, JEAN  
 25 MARIE L. ATAMAIN, JAMES ANCONE, HOAH LIBEN, MATTHEW V.  
 WARGIN, LAUREN AMBER JACOBSON, IAN JOSEPH ZACK, MICHAEL  
 S. KRAUT, KURT W. RADEMACHER.

AEGON USA INVESTMENT MANAGEMENT, LLC (Intervenor),  
 BAYERISCHE LANDESBANK (Intervenor), BLACKROCK FINANCIAL  
 MANAGEMENT, INC. (Intervenor), CASCADE INVESTMENT, LLC,  
 (Intervenor), THE FEDERAL HOME LOAN BANK OF ATLANTA  
 (Intervenor), THE FEDERAL HOME MORTGAGE CORPORATION  
 (Intervenor), THE FEDERAL HOME LOAN MORTGAGE  
 CORPORATION, FREDDIE MAC (Intervenor), THE FEDERAL  
 NATIONAL MORTGAGE ASSOCIATION, FANNIE MAE (Intervenor),  
 GOLDMAN SACHS ASSET MANAGEMENT LP (Intervenor), VOYA  
 INVESTMENT MANAGEMENT LLC (f/k/a) ING INVESTMENT LLC,

1 Proceedings

2 THE COURT: Counsel who are seated in the well

3 have given their names today to the court reporter.

4 If not, if you just state your names without

5 full appearances, that will suffice.

6 MR. WOLLMUTH: David H. Wollmuth of Wollmuth

7 Maher & Deutsch.

8 MR. LEDLEY: Michael Ledley, Wollmuth Maher &

9 Deutsch.

10 MR. CHANG: Vincent Chang, Wollmuth Maher &

11 Deutsch.

12 MS. BRASWELL: Maritza Braswell, Rollin Braswell

13 Fischer.

14 MR. INGBER: Good morning, your Honor. Matthew

15 Ingber, Mayer Brown.

16 MR. SCHNELL: Robert Schnell, Faegre Baker

17 Daniels for Wells Fargo.

18 MS. PATRICK: Kathy Patrick, Gibbs & Bruin for

19 petitioner Institutional Investors.

20 MR. MUNNO: William Munno, Seward & Kissel for

21 Law Debenture.

22 MR. SACKS: Robert Sacks from Sullivan &

23 Cromwell for JP Morgan.

24 THE COURT: Thank you.

25 The record will reflect that I have conferred

1 Proceedings

2 will approve to put the hearing over to Tuesday.

3 In the meantime, I will request supplemental  
4 briefing on W & L's claim that the distribution  
5 methodology is inconsistent with the governing agreements  
6 and in particular that the governing agreements require  
7 settlement payments to be distributed as repurchase  
8 proceeds as opposed to subsequent recoveries.

9 The brief, the trial brief that was submitted on  
10 that issue raises the argument in summary fashion. That  
11 argument should be addressed in detail with discussions of  
12 the provisions of the governing agreement on which W & L  
13 is relying for its contention.

14 In addition, if the PSAs or trust indentures for  
15 the two W & L trusts at issue have already been provided  
16 in the exhibit books that we have, the brief can cite the  
17 exhibits. If not, we will need complete copies of the  
18 governing agreements.

19 If there is a problem in terms of the timing,  
20 counsel can let me know but what I'm thinking is that the  
21 supplemental memorandum on this issue which should be no  
22 more than ten pages should be served so received by Monday  
23 at 9:00 a.m. and the opposing memo should be served by  
24 9:00 a.m. on Tuesday morning. Is that workable?

25 MS. PATRICK: Yes, your Honor.

26 THE COURT: The opposing papers should also be

1 Proceedings

2 ten pages and the hard copies, two hard copies of each of  
3 the briefs can be filed on Tuesday morning when you come  
4 to court.

5 Is there anything else before we recess for  
6 today?

7 MS. PATRICK: No, your Honor, I don't think so.

8 THE COURT: The record is closed for today's  
9 proceedings.

10 (Whereupon, the trial was adjourned to Tuesday,  
11 January 26, 2016)

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<b>C</b>	<b>G</b>	<b>L</b>		
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SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

In the matter of the application of

U.S. BANK NATIONAL ASSOCIATION, THE BANK OF NEW YORK MELLON, THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., WILMINGTON TRUST, NATIONAL ASSOCIATION, LAW DEBENTURE TRUST COMPANY OF NEW YORK, WELLS FARGO BANK, NATIONAL ASSOCIATION, HSBC BANK USA, N.A., and DEUTSCHE BANK NATIONAL TRUST COMPANY (as Trustees under various Pooling and Servicing Agreements and Indenture Trustees under various Indentures), AEGON USA Investment Management, LLC (intervenor), Bayerische Landesbank (intervenor), BlackRock Financial Management, Inc. (intervenor), Cascade Investment, LLC (intervenor), the Federal Home Loan Bank of Atlanta (intervenor), the Federal Home Loan Mortgage Corporation (Freddie Mac) (intervenor), the Federal National Mortgage Association (Fannie Mae) (intervenor), Goldman Sachs Asset Management L.P. (intervenor), Voya Investment Management LLC (f/k/a ING Investment LLC) (intervenor), Invesco Advisers, Inc. (intervenor), Kore Advisors, L.P. (intervenor), Landesbank Baden-Wurtemberg (intervenor), Metropolitan Life Insurance Company (intervenor), Pacific Investment Management Company LLC (intervenor), Sealink Funding Limited (intervenor), Teachers Insurance and Annuity Association of America (intervenor), The Prudential Insurance Company of America (intervenor), the TCW Group, Inc. (intervenor), Thrivent Financial for Lutherans (intervenor), and Western Asset Management Company (intervenor),

Petitioners,

-against-

AMBAC ASSURANCE CORPORATION,  
THE SEGREGATED ACCOUNT OF AMBAC  
ASSURANCE CORPORATION (intervenor), and W&L  
INVESTMENTS, LLC (intervenor)

Respondents,

for an order, pursuant to CPLR § 7701, seeking judicial instruction, and approval of a proposed settlement.

Index No. 652382/2014

Part 60

The Hon. Marcy J.  
Friedman, J.S.C.

**Joint Errata Sheet for the Transcript of the Proceedings Held on January 22, 2016**

The parties wish to make the following changes, for the following reasons:

Page	Line	Change From	Change To	Reason(s)
340	13	Fischer	Fisher	SP

Reasons: TR = Transcription Error; SP = Spelling Error; CL = Clarification

Dated: New York, New York  
February 25, 2016

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