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*Bankruptcy Counsel for Lead Plaintiff, Named Plaintiffs,
and the Certified Class*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

RESIDENTIAL CAPITAL, LLC, *et al.*,

Debtors.

RESIDENTIAL CAPITAL, LLC; DITECH, LLC;
DOA HOLDING PROPERTIES, LLC; DOA
PROPERTIES IX (LOTS-OTHER), LLC; EPRE
LLC; EQUITY INVESTMENTS I, LLC; ETS OF
VIRGINIA, INC.; ETS OF WASHINGTON, INC.;
EXECUTIVE TRUSTEE SERVICES LLC; GMAC
– RFC HOLDING COMPANY, LLC; GMAC
MODEL HOME FINANCE I, LLC; GMAC
MORTGAGE USA CORPORATION; GMAC
MORTGAGE, LLC; GMAC RESIDENTIAL
HOLDING COMPANY, LLC; GMAC RH
SETTLEMENT SERVICE, LLC; GMACM
BORROWER LLC; GMACM REO LLC; GMACR
MORTGAGE PRODUCTS, LLC; HFN REO SUB
II, LLC; HOME CONNECTS LENDING
SERVICES, LLC; HOMECOMINGS FINANCIAL
REAL ESTATE HOLDINGS, LLC;
HOMECOMINGS FINANCIAL, LLC; LADUE
ASSOCIATES, INC.; PASSIVE ASSET

Chapter 11

Case No. 12-12020 (MG)

Jointly Administered

Adv. Pro. No. 12-AP-01671 (MG)



TRANSACTIONS, LLC; PATI A, LLC; PATI B, LLC; PATI REAL ESTATE HOLDINGS, LLC; RAHI A, LLC; RAHI B, LLC; RAHI REAL ESTATE HOLDINGS, LLC; RCSFJV2004, LLC; RESIDENTIAL ACCREDIT LOANS, INC.; RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.; RESIDENTIAL ASSET SECURITIES CORPORATION; RESIDENTIAL CONSUMER SERVICES OF ALABAMA, LLC; RESIDENTIAL CONSUMER SERVICES OF OHIO, LLC; RESIDENTIAL CONSUMER SERVICES OF TEXAS, LLC; RESIDENTIAL CONSUMER SERVICES, LLC; RESIDENTIAL FUNDING COMPANY, LLC; RESIDENTIAL FUNDING MORTGAGE EXCHANGE, LLC; RESIDENTIAL FUNDING MORTGAGE SECURITIES I, INC.; RESIDENTIAL FUNDING MORTGAGE SECURITIES II, INC.; RESIDENTIAL FUNDING REAL ESTATE HOLDINGS, LLC; RESIDENTIAL MORTGAGE REAL ESTATE HOLDINGS, LLC; RFC – GSAP SERVICER ADVANCE, LLC; RFC ASSET HOLDINGS II, LLC; RFC ASSET MANAGEMENT, LLC; RFC BORROWER LLC; RFC CONSTRUCTION FUNDING, LLC; RFC REO LLC; RFC SFJV-2002, LLC,

Plaintiffs,

v.

ALLSTATE INSURANCE COMPANY;
ALLSTATE LIFE INSURANCE COMPANY;
ALLSTATE LIFE INSURANCE COMPANY OF NEW YORK; ALLSTATE NEW JERSEY INSURANCE COMPANY; ALLSTATE BANK, f/k/a ALLSTATE FEDERAL SAVINGS BANK; ALLSTATE RETIREMENT PLAN; AMERICAN HERITAGE LIFE INSURANCE COMPANY; FIRST COLONIAL INSURANCE COMPANY; KENNETT CAPITAL, INC.; CAMBRIDGE PLACE INVESTMENT MANAGEMENT, INC.; FEDERAL HOME LOAN BANK OF BOSTON; FEDERAL HOME LOAN BANK OF CHICAGO; FEDERAL HOME LOAN BANK OF INDIANAPOLIS; HUNTINGTON

BANCSHARES INC.; MASSACHUSETTS
MUTUAL LIFE INS. CO.; NEW JERSEY
CARPENTERS HEALTH FUND; NEW JERSEY
CARPENTERS VACATION FUND;
BOILERMAKER BLACKSMITH NATIONAL
PENSION TRUST; SEALINK FUNDING LTD.;
STICHTING PENSIOENFONDS ABP;
THRIVENT FINANCIAL FOR LUTHERANS;
THRIVENT BALANCED FUND; THRIVENT
CORE BOND FUND; THRIVENT INCOME
FUND; THRIVENT LIMITED MATURITY
BOND FUND; THRIVENT BALANCED
PORTFOLIO; THRIVENT BOND INDEX
PORTFOLIO; THRIVENT LIMITED MATURITY
BOND PORTFOLIO; THRIVENT FINANCIAL
DEFINED BENEFITS PLAN TRUST; UNION
CENTRAL LIFE INSURANCE COMPANY;
AMERITAS LIFE INSURANCE CORP.; ACACIA
LIFE INSURANCE COMPANY; THE WESTERN
AND SOUTHERN LIFE INSURANCE
COMPANY; WESTERNSOUTHERN LIFE
ASSURANCE COMPANY; COLUMBUS LIFE
INSURANCE COMPANY; INTEGRITY LIFE
INSURANCE COMPANY; NATIONAL
INTEGRITY LIFE INSURANCE COMPANY;
FORT WASHINGTON INVESTMENT
ADVISORS, INC.; FINANCIAL GUARANTY
INSURANCE CO.; ASSURED GUARANTY
MUNICIPAL CORP.; FEDERAL HOUSING
FINANCE AGENCY, AS CONSERVATOR FOR
THE FEDERAL HOME LOAN MORTGAGE
CORPORATION; FEDERAL DEPOSIT
INSURANCE CORP. AS RECEIVER FOR
CITIZENS NATIONAL BANK AND
STRATEGIC CAPITAL BANK; JOHN DOES 1-
1000,

Defendants.

ANSWER

New Jersey Carpenters Health Fund (the “Lead Plaintiff”), for itself and on behalf of the class of persons and entities (the “Certified Class”) certified and defined in the consolidated securities class action styled as *New Jersey Carpenters Health Fund, et al., on Behalf of Themselves and All Others Similarly Situated v. Residential Capital, LLC et al.*, pending in the United States District Court for the Southern District of New York, Case No. 08-CV-8781 (HB) (the “Class Action”), and New Jersey Carpenters Vacation Fund and Boilermaker Blacksmith National Pension Trust, named plaintiffs in the Class Action (“Named Plaintiffs” and collectively with Lead Plaintiff, the “Adversary Defendants”), each a defendant in the above-captioned adversary proceeding (the “Adversary Proceeding”), hereby answer the complaint (the “Adversary Complaint”) [D.I. 1] filed by the above-captioned debtors and debtors-in-possession (the “Debtors”) as plaintiffs in the Adversary Proceeding, and respectfully state as follows:

SUMMARY OF ACTION

1. Based solely upon the allegations set forth in the Adversary Complaint and the other pleadings the Debtors have filed in the Adversary Proceeding, the Adversary Defendants admit that the Debtors seek declaratory or injunctive as described in the allegations set forth in paragraph 1. To the extent that the allegations set forth in paragraph 1 can be construed as alleging that the Debtors are entitled to the relief sought or that such relief is warranted or justified, the Adversary Defendants deny such allegations.

2. The Adversary Defendants admit only that certain Debtors and certain Non-Debtor Affiliates¹ have been named as defendants in the Class Action and that the currently operative complaint in the Class Action (as amended from time to time, the “Class Action Complaint”) asserts, among other claims and causes of action, claims related to statements made

¹ Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Adversary Complaint.

in the offering documents associated with certain securitizations of residential mortgage-backed securities (“RMBS”). The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 2.

3. The Adversary Defendants admit only that certain of the Non-Debtor Affiliates are named as defendants in the Class Action Complaint. The Adversary Defendants deny the remaining allegations set forth in paragraph 3 with respect to the Class Action. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 3 with respect to any action or proceeding other than the Class Action.

4. The Adversary Defendants admit only that the automatic stay under section 362(a) of the Bankruptcy Code stays the Class Action solely as against the Debtors absent relief from the stay. To the extent that the remainder of the allegations set forth in paragraph 4 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

5. To the extent that the allegations set forth in paragraph 5 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action, refer to the Class Action Complaint for a full description of the claims asserted therein against the Non-Debtor Affiliates, and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

6. To the extent that the allegations set forth in paragraph 6 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

7. To the extent that the allegations set forth in paragraph 7 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

JURISDICTION AND VENUE

8. To the extent that the allegations set forth in paragraph 8 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action. Pursuant to Bankruptcy Rule 7012(b), the Adversary Defendants state that they do not consent to the entry of final judgment by the Bankruptcy Court as to non-core matters.

9. To the extent that the allegations set forth in paragraph 9 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

10. The Adversary Defendants admit that, in the Adversary Complaint, the Debtors seek relief under sections 362(a)(1) and (3) and 105(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 7065 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). To the extent that the allegations set forth in paragraph 10 can be construed as alleging that the Debtors are entitled to the relief sought, or that any provision of the Bankruptcy Code or Bankruptcy Rules warrants or justifies such relief, and to the extent that such allegations are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

PARTIES

11. The Adversary Defendants admit the allegation set forth in paragraph 11.

12. The Adversary Defendants admit only that they are the lead or representative plaintiffs in the Class Action, that they are listed on Exhibit A to the Adversary Complaint, and that the Class Action is listed on Exhibit B to the Adversary Complaint. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 12 with respect to any action or proceeding other than the Class Action.

BACKGROUND AND FACTS

13. Based solely upon a review of the docket in the Debtors’ chapter 11 bankruptcy cases (the “Bankruptcy Cases”), the Adversary Defendants deny that an examiner has not been appointed in the Bankruptcy Cases and admit the remaining allegations set forth in paragraph 13.

14. Based solely upon a review of the docket in the Bankruptcy Cases, the Adversary Defendants admit the allegations set forth in paragraph 14.

15. The Adversary Defendants admit that the Debtors are indirectly owned by Ally Financial Inc., which is not a Debtor, and that the Whitlinger Affidavit in Support of Chapter 11 Petitions and First Day Pleadings, In re Residential Capital, LLC, Case No. 12-12020-MG (Bankr. S.D.N.Y. May 14, 2012), ECF No. 6 (the “Whitlinger Affidavit”), contains a description of the Debtors, including their business operations, their capital and debt structure, and the events leading to the filing of the Bankruptcy Cases. To the extent that the allegations in paragraph 15 can be construed to relate to the accuracy of the information contained in the Whitlinger Affidavit, and with respect to any other allegations set forth in paragraph 15, the Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of such allegations.

16. The Adversary Defendants admit only that the automatic stay under section 362(a) of the Bankruptcy Code stays the Class Action as against the Debtors absent relief from the stay, that certain of the Non-Debtor Affiliates are currently named as defendants in the Class Action Complaint, and that the Adversary Defendants intend to pursue their claims against such Non-Debtor Affiliates. The Adversary Defendants and are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 16.

17. The Adversary Defendants admit only that with respect to the Class Action, the Adversary Defendants seek damages for alleged violations of federal securities laws in connection with purchases of residential mortgage-backed securities (“RMBS”), and refer to the Class Action Complaint for an accurate description of the claims set forth therein. The

Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 17.

Rep & Warranty Cases

18. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 18.

19. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 19.

20. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 20.

21. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 21.

22. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 22.

23. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 23.

PLS Investor Cases

24. The Adversary Defendants admit only that certain Non-Debtor Affiliates are named as defendants in the Class Action Complaint. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in paragraph 24.

25. The Adversary Defendants deny the allegations set forth in paragraph 25 with respect to the Class Action, refer to the Class Action Complaint for an accurate description of the allegations and claims set forth therein, and are without knowledge or information sufficient to

form a belief as to the truth of the remaining allegations set forth in paragraph 25 with respect to any action or proceeding other than the Class Action.

26. The Adversary Defendants deny the allegations set forth in paragraph 26 with respect to the Class Action and refer to the Class Action Complaint for an accurate description of the allegations and claims set forth therein. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 26 with respect to any action or proceeding other than the Class Action.

27. The Adversary Defendants deny the allegations set forth in paragraph 27 with respect to the Class Action and refer to the Class Action Complaint for an accurate description of the allegations and claims set forth therein. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 27 with respect to any action or proceeding other than the Class Action.

28. The Adversary Defendants deny the allegations set forth in paragraph 28 with respect to the Class Action and refer to the Class Action Complaint for an accurate description of the allegations and claims set forth therein. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 28 with respect to any action or proceeding other than the Class Action.

29. The Adversary Defendants deny the allegations set forth in paragraph 29 with respect to the Class Action. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 29 with respect to any action or proceeding other than the Class Action.

FHFA Case

30. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 30.

31. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 31.

32. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 32.

33. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 33.

34. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 34.

CONTINUATION OF THE MBS ACTIONS AGAINST NON-DEBTOR AFFILIATES

35. The Adversary Defendants deny the allegations set forth in paragraph 35 with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations as to any action or proceeding other than the Class Action.

36. To the extent that the allegations set forth in paragraph 36 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

37. To the extent that the allegations set forth in paragraph 37 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient

to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

38. To the extent that the allegations set forth in paragraph 38 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

39. To the extent that the allegations set forth in paragraph 39 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action, are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action, and refer to the provisions of the insurance policies described in paragraph 39 for their true terms and conditions.

NATURE OF RELIEF REQUESTED

40. The Adversary Defendants admit that by the Adversary Complaint, the Debtors seek the relief described in paragraph 40. To the extent that the allegations set forth in paragraph 40 can be construed as alleging that the Debtors are entitled to the relief sought, or that any provision of the Bankruptcy Code or Bankruptcy Rules warrants or justifies such relief, the Adversary Defendants deny such allegations.

FIRST CLAIM FOR RELIEF **(Section 362 Declaratory Judgment)**

41. The Adversary Defendants repeat their responses to the allegations set forth in paragraphs 1 through 40 as if fully set forth herein.

42. The Adversary Defendants admit that the Debtors seek the relief described in paragraph 42. To the extent that the allegations set forth in paragraph 42 can be construed as alleging that the Debtors are entitled to the relief sought, or that any provision of the Bankruptcy Code or Bankruptcy Rules warrants or justifies such relief, the Adversary Defendants deny such allegations.

43. To the extent that the allegations set forth in paragraph 43 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

44. To the extent that the allegations set forth in paragraph 44 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

45. To the extent that the allegations set forth in paragraph 45 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

46. To the extent that the allegations set forth in paragraph 46 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient

to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

47. The Adversary Defendants deny the allegations set forth in paragraph 47 with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

48. The Adversary Defendants admit that the Debtors seek a declaratory judgment extending the automatic stay under sections 362(a)(1) and (3) of the Bankruptcy Code to the continued prosecution of the MBS Actions, including the Class Action, against the Non-Debtor Affiliates. To the extent that the allegations set forth in paragraph 48 can be construed as alleging that the Debtors are entitled to the relief sought, or that any provision of the Bankruptcy Code or Bankruptcy Rules warrants or justifies such relief, the Adversary Defendants deny such allegations.

SECOND CLAIM FOR RELIEF
(Section 105 Injunctive Relief)

49. The Adversary Defendants repeat their responses to the allegations set forth in paragraphs 1 through 48 as if fully set forth herein.

50. The Adversary Defendants admit that the Debtors seek an injunction enjoining the continued prosecution of the MBS Actions, including the Class Action, against the Non-Debtor Affiliates under section 105(a) of the Bankruptcy Code until the effective date of a restructuring plan or further order of the Court. To the extent that the allegations set forth in paragraph 50 can be construed as alleging that the Debtors are entitled to the relief sought, or that any provision of the Bankruptcy Code or Bankruptcy Rules warrants or justifies such relief, the Adversary Defendants deny such allegations.

51. The Adversary Defendants admit the allegations set forth in paragraph 51.

52. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 52, except deny that any such relief is appropriate as requested in the Adversary Proceeding.

53. To the extent that the allegations set forth in paragraph 43 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

54. To the extent that the allegations set forth in paragraph 54 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action, refer to section 105 and the “applicable case law” for the terms thereof, and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

55. The Adversary Defendants deny the allegations set forth in paragraph 55 with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

56. To the extent that the allegations set forth in paragraph 56 are not legal argument or legal conclusions, which do not require a response, the Adversary Defendants deny such allegations with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

57. The Adversary Defendants deny the allegations set forth in paragraph 57 with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

58. The Adversary Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 58.

59. The Adversary Defendants deny the allegations set forth in paragraph 59 with respect to the Class Action and are without knowledge or information sufficient to form a belief as to the truth of such allegations with respect to any action or proceeding other than the Class Action.

60. The Adversary Defendants admit that the Debtors seek the relief described in paragraph 60. To the extent that the allegations set forth in paragraph 60 can be construed as alleging that the Debtors are entitled to the relief sought, or that any provision of the Bankruptcy Code or Bankruptcy Rules warrants or justifies such relief, the Adversary Defendants deny such allegations.

FIRST AFFIRMATIVE DEFENSE

The Court is without subject matter jurisdiction over this matter, and the Adversary Defendants reserve their rights to move to withdraw the reference as to the Adversary Proceeding and related proceedings pursuant to 28 U.S.C. § 157(d).

SECOND AFFIRMATIVE DEFENSE

The Adversary Complaint fails to state a claim upon which relief may be granted.

THIRD AFFIRMATIVE DEFENSE

Sections 362(a)(1) and (3) of the Bankruptcy Code do not provide for a stay of prosecution of the Class Action against any party other than the Debtors.

FOURTH AFFIRMATIVE DEFENSE

The Debtors fail to plead adequately or satisfy the requirements for a declaratory judgment extending the automatic stay to the continued prosecution of the Class Action against the Non-Debtor Affiliates.

FIFTH AFFIRMATIVE DEFENSE

The Debtors fail to plead adequately or satisfy the requirements for the extraordinary remedy of injunctive relief in favor of the Non-Debtor Affiliates.

SIXTH AFFIRMATIVE DEFENSE

The Adversary Complaint fails to establish that the Debtors will be irreparably harmed if the Class Action continues against the Non-Debtor Affiliates.

SEVENTH AFFIRMATIVE DEFENSE

The indemnification obligations, if any, of the Debtors are insufficient to justify or warrant the extraordinary remedy of injunctive relief in favor of the Non-Debtor Affiliates.

EIGHTH AFFIRMATIVE DEFENSE

The risk of collateral estoppel, stare decisis, issue preclusion, and/or adverse evidentiary findings does not compel the Debtors to participate in the Class Action.

NINTH AFFIRMATIVE DEFENSE

To the extent that the Debtors assert that any insurance policies potentially providing coverage for the claims asserted by the Adversary Defendants in the Class Action, and/or the proceeds thereof, are property of the Debtors' estate and thus implicate section 362(a) of the Bankruptcy Code, the Adversary Defendants assert that such policies and proceeds are not property of the estate and that there has been no finding by this or any other court that such policies and proceeds are property of the estate.

TENTH AFFIRMATIVE DEFENSE

Enjoining the continuation of the Class Action as against the Non-Debtor Affiliates is contrary to the public interest.

ELEVENTH AFFIRMATIVE DEFENSE

The Adversary Defendants are without knowledge or information sufficient to form a belief as to whether they may have additional, as-yet unstated, defenses available, and reserve the right to assert additional defenses that may arise during the course of the Adversary Proceeding.

WHEREFORE, based upon the foregoing, the Adversary Defendants respectfully request that this Court enter judgment:

1. denying the Debtors' request for a declaratory judgment extending the automatic stay under section 362 of the Bankruptcy Code to the continued prosecution of the Class Action against non-Debtors;
2. denying injunctive relief;
3. dismissing the Adversary Complaint with prejudice; and
4. granting such other and further relief as the Court deems just and proper.

Dated: April 30, 2013
New York, New York

/s/ Michael S. Etkin

LOWENSTEIN SANDLER LLP

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