

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)**

In re:)	
)	
TMST, INC., f/k/a THORNBURG)	Case Nos. 09-17787, 17790-17792
MORTGAGE, INC., <i>et al.</i>)	Chapter 11
)	(Jointly Administered Under
Debtors.)	Case No. 09-17787-NVA)
)	

**NOTICE OF TRUSTEE’S MOTION FOR APPROVAL OF SETTLEMENT AND
COMPROMISE OF CONTROVERSY BETWEEN THE TRUSTEE AND
JPMORGAN, CITIGROUP, CREDIT SUISSE, AND UBS DEFENDANTS**

PLEASE TAKE NOTICE that Joel I. Sher, the Chapter 11 Trustee (the “Trustee”) for TMST, Inc. *et al.*, (the “Debtors”), has, pursuant to 11 U.S.C. §105(a), Fed. R. Bankr. P. 9019, and Local Bankruptcy Rule 9019-1(c), filed the Trustee’s Motion for Approval of Settlement and Compromise of Controversy Between the Trustee and the JPMorgan, Citigroup, Credit Suisse, and UBS Defendants (collectively, the “Defendants”)¹ (the “Motion”).² The Motion is on file with the Clerk, United States Courthouse, United States Bankruptcy Court, 101 West Lombard Street, 8th Floor, Baltimore, Maryland 21201. As more fully set forth in the Motion, the Trustee on behalf of the Debtors seeks the approval of a Settlement Agreement (as discussed below) by and between the Trustee and the Defendants (with the Trustee, the “Parties”).

On April 30, 2011, the Trustee filed a Complaint (as thereafter amended on June 8, 2011 and October 20, 2017, respectively) against the Defendants and the RBS Defendants³ in the Bankruptcy Court, Adversary Proceeding Number 11-0340-NVA (the “Adversary Proceeding”). In the Complaint, the Trustee set forth claims for, *inter alia*, avoidance of certain transfers made to the Defendants under 11 U.S.C. § 548(a)(1)(A) and breach of contract (including the

¹ Collectively, the Defendants are (i) JPMorgan Chase Funding Inc. (as successor to Bear Stearns Investment Products Inc.) (“JPMorgan”), (ii) Citigroup Global Markets Limited (“CGML”), and Citigroup Global Markets, Inc. (“CGMI”, and collectively with CGML, “Citi”), (iii) Credit Suisse Securities (USA) LLC (“CSSU”), and Credit Suisse International (“CSI”, and collectively with CSSU, “Credit Suisse”), and (iv) UBS AG (as successor in interest to UBS Securities LLC) (“UBS”).

² Capitalized terms not defined herein shall have the meaning ascribed in the Motion or Settlement Agreement, as applicable.

³ The RBS Defendants were NatWest Markets Securities Inc. (f/k/a RBS Securities Inc., f/k/a Greenwich Capital Markets, Inc.), Greenwich Capital Derivatives Inc., and NatWest Markets Plc (f/k/a The Royal Bank of Scotland plc). On October 26, 2018, the Bankruptcy Court entered an order approving the Trustee’s settlement with the RBS Defendants, who were subsequently dismissed from the Adversary Proceeding.

Defendants' liquidation of the Debtors' MBS collateral in connection with certain of the Defendants' financing agreements).

In an effort to resolve the claims asserted against the Defendants in the Adversary Proceeding and the Proofs of Claim filed by the Defendants, the Trustee and Defendants engaged in lengthy, arms-length, good faith negotiations. As a result of those negotiations, the Parties reached an agreed-upon settlement of these matters. The settlement will now completely resolve the Adversary Proceeding and the Proofs of Claims. **A copy of the Settlement Agreement (the "Settlement Agreement") is attached as Exhibit A to the Motion. The Settlement Agreement contains the comprehensive terms of the settlement and parties in interest are urged to read the Settlement Agreement in full. However, certain of the key terms of the Settlement Agreement include⁴:**

1. The Defendants will pay to the Trustee, for the benefit of the Debtors' estates, the total sum of Thirty-Eight Million Dollars (\$38,000,000.00) (the "Total Settlement Amount"), consisting of cash payments by the Defendants in the aggregate amount of Thirty-Five Million Six Hundred and Forty-Three Thousand Five Hundred and Eighty Dollars and Nineteen Cents (\$35,643,580.19) (the "Payment") and the contribution by Credit Suisse of the \$2,356,419.81 Whole Loans Amount. Within five (5) business days after the "Effective Date" (the date the Bankruptcy Court's order approving the Settlement Agreement is final and no longer subject to appeal), the Payment will be made to the Trustee;
2. On the Effective Date, the Trustee shall be authorized to credit the Whole Loans Amount against the Total Settlement Amount and take title to the Whole Loans Amount for the benefit of the Debtors, and Credit Suisse shall relinquish any claims to the Whole Loans Amount;
3. Within three (3) business days after receipt of the Payment by the Trustee, the Parties shall file with the Bankruptcy Court a stipulation of dismissal, dismissing the Adversary Proceeding with prejudice (the "Stipulation of Dismissal");
4. Upon receipt of the Payment by the Trustee and the filing of the Stipulation of Dismissal, the Proofs of Claim and any and all claims of Defendants of any kind whatsoever against the Debtors shall be deemed automatically disallowed and expunged in the Bankruptcy Case; and
5. Upon receipt of the Payment, the Parties shall release each other from claims that (i) were asserted in, which could have been asserted in, or arise out of or relate to the allegations set forth in the Complaint or the Adversary Proceeding; (ii) arise out of or relate to the Financing Agreements; or (iii) were asserted or which could have been asserted by the Trustee or the Defendants in connection with the Debtors' bankruptcy case.

⁴ To the extent of any inconsistency between the terms of the Settlement Agreement set forth herein and the Settlement Agreement, the actual terms set forth in the Settlement Agreement shall control.

The Trustee believes, in the exercise of his business judgment, after carefully reviewing the facts and legal issues, that the proposed settlement is in the best interest of the Debtors' estates.

NOTICE IS FURTHER GIVEN that objections, if any, to the Motion and proposed settlement, must be filed within twenty-one (21) days from the date of this Notice with the Clerk, United States Bankruptcy Court for the District of Maryland, 110 West Lombard Street, 8th Floor, Baltimore, MD 21201, with copies served upon (i) the undersigned counsel to the Trustee and (ii) the Office of the United States Trustee, 101 West Lombard Street, Suite 2625, Baltimore, Maryland 21201 (Attn: Gerard R. Vetter, Esquire and Hugh Bernstein, Esquire). Any objection must contain a complete specification of factual and legal grounds upon which it is based. If no objections are timely filed, the Court may adjourn any hearing scheduled thereon and approve the proposed settlement without further notice. Parties desiring further information may contact the undersigned.

Dated: April 4, 2022

/s/ Joel I. Sher

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