

NewsRelease

For Immediate Release:

Cadwalader Scores Second Litigation Victory for AIG

New York, NY, October 4, 2016, Cadwalader, Wickersham & Taft LLP, a leading international law firm to global corporations and financial institutions, successfully represented American General Life Insurance Company, an AIG company, in a dispute between senior noteholders over the proceeds of a distressed CDO, Northlake CDO I, Ltd.

The dispute, which was governed by English law, concerned whether AGL, as Class I-MM Noteholder, was entitled to priority of principal payments over the Class I-A Noteholders, represented by their controlling holder Serengeti Opportunities MM, Ltd. a trader in distressed debt. Deutsche Bank, as Trustee, initiated an interpleader action in the United States District Court for the Southern District of New York, and Deutsche Bank and AGL obtained court approval for a unique accordion interpleader bond (issued by AIG's National Union) to cover the \$20 million in controversy without Deutsche Bank or AIG having to deposit the disputed funds into escrow in increased amounts each payment date. This allowed AGL the benefit of use of the funds through two years of litigation.

AGL and Serengeti both moved for judgment on the pleadings, and on September 30, 2016, Judge Gregory Wood, in a 28-page opinion, ruled that the CDO's Trust Deed, Security Agreement, and form of Notes "unambiguously, and expressly, prioritize principal payments" to AGL upon failure of certain collateral coverage tests, rejecting Serengeti's claim that the offering documents appeared to state that such funds would be paid pro rata. The Court concluded that because the language of the contracts was clear, the Court need not turn to the offering documents and other extrinsic evidence to support its judgment. The case is the second CDO waterfall dispute Cadwalader has recently won for the AIG companies, see *Bank of America NA v. AIG Financial Products*, No. 11-1189 (2d Cir. Jan. 29, 2013).

The Cadwalader team included Litigation Senior Counsel Howard Hawkins and Special Counsel Ellen Halstead and Associate Josh Arnold, and Financial Services Partner Richard Schetman in New York, and Capital Markets Special Counsel Assia Damianova in London.

Cadwalader's Litigation Group handles disputes for financial institutions, major corporations, and their officers and directors in state and federal courts, as well as in proceedings before administrative and regulatory agencies and international tribunals. In addition to antitrust, business fraud and intellectual property, the practice focuses on commercial, complex financial products, insurance, international and securities disputes.

About Cadwalader, Wickersham & Taft LLP

Cadwalader, Wickersham & Taft LLP, established in 1792, serves a diverse client base, including many of the world's leading financial institutions and corporations in more than 50 countries. With offices in New York, London, Charlotte, Washington, Houston, Beijing, Hong Kong and Brussels, Cadwalader offers legal expertise in antitrust, banking, corporate finance, corporate governance, energy, environmental, executive compensation, financial restructuring, health care, intellectual property, litigation, mergers and acquisitions, private equity, private wealth, real estate, regulation, securitization, structured finance, tax and white collar defense. For more information, visit www.cadwalader.com.