

FORD MARRIN ESPOSITO WITMEYER & GLESER, L.L.P.

WALL STREET PLAZA
NEW YORK, N.Y. 10005-1875
212-269-4900
FACSIMILE 212-344-4294

51 UPPER MONTCLAIR PLAZA, SUITE 22
UPPER MONTCLAIR, NJ 07043
973-744-3700
FACSIMILE: 973-509-1565

May 12, 2014

VIA ECF AND HAND DELIVERY

The Honorable Martin Glenn
United States Bankruptcy Judge
United States Bankruptcy Court
Southern District of New York
Room 504
One Bowling Green
New York, NY 1004-1408

Re: *In re MF Global Holdings, Ltd*, No. 11-15059 (MG) (Bankr. S,D,N.Y.);
In re MF Global Inc., No, 11-2790 (MG) (Bankr. S.D.N.Y.).

Dear Judge Glenn:

We represent Sapere CTA Fund, L.P. ("Sapere") and write in response to the Individual Defendants' request for insurance proceeds to cover defenses costs ("Insurance Advancement Request") and pursuant to Your Honor's April 29, 2014 Order.

As Your Honor is undoubtedly aware, the actions of the individual defendants have inflicted great harm on the former commodities customers of MF Global, Inc. ("MFGI"). While commodities customers have received payment for their net equity claims in the SIPA Liquidation, commodities customers have not been made whole with respect to the injuries suffered as a result of the unprecedented collapse of MF Global. Indeed, Sapere continues to pursue damages (including among other things, interest) in civil actions pending in the Southern District of New York. As a result, we fully expect that the insurance proceeds currently at issue will be used (at least in part) to satisfy a judgment or fund a settlement of these civil actions. Sapere therefore respectfully requests that Your Honor continue to strictly scrutinize any request by the individual defendants to use the proceeds to fund their defense.

Strict controls and reporting requirements, along with an assessment of reasonableness of the costs, are necessary to prevent waste and rapid depletion of the insurance proceeds. Contrary to the assertions in Arthur H. Aufses III's April 28, 2014 letter to Your Honor, the individual defendants have not made reasonable efforts to resolve the pending civil litigations in an efficient

and practical manner. Instead, the individual defendants have taken every opportunity to engage in wasteful litigation tactics, including moving to dismiss *every single count in every single complaint* in every action brought by the victims of MF Global against them.

Judge Marrero has taken note of defendants' wasteful tactics and has observed:

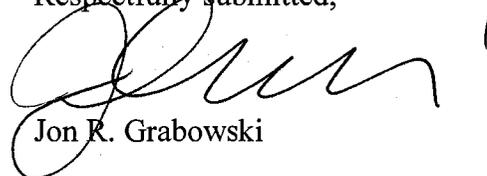
And so, before further investigation into Plaintiffs' claims as to what set in motion such an extraordinary chain of events, Defendants seem convinced that no one named in this lawsuit could possibly have done anything wrong. So confident are they of the validity of this perception that, at what must have amounted to an enormous expenditure of money, time and energy, they seek a court ruling dismissing the complaint in its entirety, thus barring any discovery that might shed light on remaining unknowns that bear momentous consequences for the victims who have suffered the losses. [Dkt. No. 567; S.D.N.Y. Case No. 11-07866]

Judge Marrero further stated:

The natural implications of . . . (defendants') extreme perspective are far-reaching. Defendants' contentions would suggest that the fall of MF Global Plaintiffs portray either never happened, or, if it did occur, that since no one associated with the Company played a causal role in the events perhaps the debacle must have been the fateful work of supernatural forces, or else that the explanation for a spectacular multi-billion dollar crash of a global corporate giant is simply that "stuff happens" instantaneously, of its own accord, without any knowledge or causal agency whatsoever by anyone of the many sophisticated business executives in charge of the company's day to day affairs. [Dkt. No. 567; S.D.N.Y. Case No. 11-07866]

If the individual defendants are permitted unfettered access to the insurance proceeds, Sapere and other commodities customers will undoubtedly be prejudiced as the insurance proceeds could provide a source of recovery for their damages. Sapere therefore respectfully requests that this Court continue to maintain a cap on the defense costs and require frequent reporting in order to carefully monitor the situation and permit defendants' only necessary defense costs as the cases move forward.

Respectfully submitted,



Jon R. Grabowski