

**UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

J.P. MORGAN SECURITIES LLC, EMC MORTGAGE, LLC, BEAR STEARNS ASSET BACKED SECURITIES I, LLC, STRUCTURED ASSET MORTGAGE INVESTMENTS II, INC., SACO I, INC., and J. P. MORGAN ACCEPTANCE CORPORATION I,

Defendants.

12-CV-1862 (RLW)

ECF Case

**NOTICE FOR DISTRIBUTION OF THE
J.P. MORGAN RMBS BULK SETTLEMENT PRACTICE FAIR FUND (“NOTICE”)**

If you purchased or otherwise acquired residential mortgage-backed securities (“RMBS”) related to RMBS Trusts effected by the Defendants’ misrepresentations and omissions in its offering materials regarding the Bulk Settlement Practice from approximately 2005 through 2007 and within 30 days of the issuance of the relevant prospectus supplement for the 156 Trusts, then per the Plan of Distribution for the Bulk Settlement Practice, you may be eligible to share in the distribution of the \$222,415,536.00 J.P. Morgan RMBS Bulk Settlement Practice Fair Fund.

This Notice is issued pursuant to the Plan of Distribution approved by a federal court. This is not a solicitation from a lawyer.

The United States Securities and Exchange Commission (“SEC”) filed a complaint against J.P. Morgan Securities LLC (“JP Morgan”), EMC Mortgage, LLC (“EMC”), Bear Stearns Asset Backed Securities I, LLC (“BSABS”), Structured Asset Mortgage Investments II, Inc. (“SAMI”), SACO I, Inc. (“SACO”), and J. P. Morgan Acceptance Corporation I (“JPMAC”) (collectively, “Defendants”) alleging that the Defendants each violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 [15 U.S.C. § 77q(a)(2) and (3)]. A Final Judgment was entered in the United States District Court for the District of Columbia on January 7, 2013, establishing a Fair Fund¹ in the amount of \$222,415,536.00 to compensate harmed investors of the bulk settlement practice. This Notice advises you of your rights and the eligibility criteria that may entitle you to participate in the distribution of the Bulk Settlement Practice Fair Fund.

YOUR LEGAL RIGHTS AND OPTIONS	
SUBMIT A PROOF OF CLAIM FORM	This is the only way to be considered for payment.
DO NOTHING	You will not be considered for payment.
DEADLINE	Proof of Claim Forms must be postmarked no later than November 28, 2017

PLEASE DIRECT ALL QUESTIONS REGARDING THIS NOTICE TO		
Call: 1-888-568-7650	Email: info@JPMorganRMBSFairFunds.com	Write: JP Morgan RMBS Fair Funds c/o Rust Consulting, Inc. Distribution Agent - 4257 P.O. Box 2599 Faribault, MN 55021-9599

¹ All capitalized terms not otherwise defined in this Notice shall have the meanings defined in the Bulk Settlement Practice Plan of Distribution that is on file with the Court and available at www.JPMorganRMBSFairFunds.com.

Please Read this Notice Carefully.

FREQUENTLY ASKED QUESTIONS

Basic Information	Page 2
1. Why did I receive this Notice?	
2. What are the details of the securities violation?	
Who is Eligible	Page 3
3. Who is eligible to receive a payment from the Bulk Settlement Practice Fair Fund?	
4. Who is excluded from receiving a payment from the Bulk Settlement Practice Fair Fund?	
How to Submit a Proof of Claim Form	Page 3
5. What do I need to do to receive a payment?	
6. When is the deadline for sending in my Proof of Claim Form?	
7. How much will I receive if my Proof of Claim Form is approved?	
8. When will I receive my payment?	
9. Do I give up any legal rights by submitting a Proof of Claim Form?	
10. Are there tax consequences for participating in the distribution?	
If You Do Nothing	Page 4
11. What happens if I do nothing at all?	
Getting More Information	Page 5
12. Are there more details about the distribution?	
Special Notice to Securities Brokers and other Nominees	Page 5
Inquiries	Page 5

BASIC INFORMATION

1. Why did I receive this Notice?

You may have purchased Residential Mortgage-Backed Securities (“RMBS”) from the Defendants. See Exhibit A to the Plan of Distribution for the Bulk Settlement Practice which identifies the securities, called Eligible Certificates.

This Notice package describes the SEC’s enforcement action, your legal rights, what benefits are available, who is eligible for them, and how to get them.

This Notice summarizes the distribution of the Bulk Settlement Practice Fair Fund. For detailed information, please visit the website at www.JPMorganRMBSFairFunds.com where you can obtain copies of the Plan of Distribution and other relevant documents.

2. What are the details of the securities violation?

In November 2012, the SEC filed a complaint against J.P. Morgan Securities LLC (“JP Morgan”), EMC Mortgage, LLC (“EMC”), Bear Stearns Asset Backed Securities I, LLC (“BSABS”), Structured Asset Mortgage Investments II, Inc. (“SAMI”), SACO I, Inc. (“SACO”), and J. P. Morgan Acceptance Corporation I (“JPMAC”) (collectively, “Defendants”) alleging violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 [15 U.S.C. § 77q(a)(2) and (3)].

The SEC alleged that Bear Stearns-affiliated entities engaged in a bulk settlement practice that covered loans collateralizing 156 different RMBS offerings issued from 2005 to 2007.² The originators of loans owned by the RMBS trusts were usually required by contract to buy back loans that suffered early payment defaults or had other defects. However, Bear Stearns frequently negotiated discounted cash settlements with these loan originators in lieu of a repurchase on loans that were owned by the RMBS trusts (“Bulk Settlement Practice”). Defendants typically kept the proceeds of those settlements without notifying the RMBS trusts that owned the defaulting loans or passing the proceeds onto the RMBS trusts. Certain disclosures in the Bear Stearns RMBS offering documents led investors to believe that Bear Stearns would repurchase loans from the trusts to enforce rights against originators with respect to the loans it was selling to the RMBS trusts. These disclosures were rendered misleading by the failure to disclose the Bulk Settlement Practice in offering documents and other public documents.

² JP Morgan Chase & Co. acquired the Bear Stearns Companies, Inc. in May 2008.

On January 7, 2013, the United States District Court for the District of Columbia (the “Court”) entered the Court’s Final Judgment, pursuant to which Defendants were required to pay a disgorgement of \$137,800,000 relating to the Bulk Settlement Practice, together with prejudgment interest of \$24,265,536 and a civil penalty in the amount of \$60,350,000 pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. § 77t(d)]. The total amount paid by Defendants is \$222,415,536.00. On January 17, 2013, the funds paid by Defendants were deposited into an interest bearing account held by the Commission at the U.S. Treasury. On March 11, 2014, the Court established a fair fund in accordance with Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Act of 2010 [15 U.S.C. § 7246]. These funds, together with any interest and income earned thereon less deductions for taxes (the “Net Available Fair Fund”), will be distributed in accordance with the Plan of Allocation explained below in the Answer to Question No. 7.

WHO IS ELIGIBLE

3. Who is eligible to receive a payment from the Bulk Settlement Practice Fair Fund?

In order to determine whether you will receive a distribution from the Bulk Settlement Practice Fair Fund, you first must determine whether you are a Potentially Eligible Claimant. A Potentially Eligible Claimant is any individuals and entities, subject to certain exceptions (*see* Question No. 4),

who purchased securities listed on Exhibit A to the Plan of Distribution for the Bulk Settlement Practice.

Exhibit A is posted on the Bulk Settlement Practice Fair Fund website at www.JPMorganRMBSFairFunds.com. Exhibit A is a complete list of the Harmed Trusts including Eligible Certificates (securities) for each Trust and Eligible Purchase Dates.

4. Who is excluded from receiving a payment from the Bulk Settlement Practice Fair Fund?

You are not a Potentially Eligible Claimant and will be excluded from a distribution if you are:

A defendant, a current or former officer or director of a defendant or any of their past or present affiliates (or any of their affiliates, assigns, creditors (provided that such entity shall only be excluded in its capacity as such without regard to whether it may otherwise be an Eligible Claimant), heirs, distributees, spouses, parents, children, or controlled entities) who had access to the allegedly undisclosed information that is the subject of the Action.

HOW TO SUBMIT A PROOF OF CLAIM FORM

5. What do I need to do to receive a payment?

To qualify for a distribution payment, you **must** file a signed Proof of Claim Form with the Distribution Agent on or before the Filing Deadline, **November 28, 2017**. If you require additional information or forms, you may obtain them from the Bulk Settlement Practice Fair Fund website at www.JPMorganRMBSFairFunds.com, or by calling 1-888-568-7650, or you may submit a written request or email to the Distribution Agent at the address below.

Be sure to complete all information requested on the Proof of Claim Form that applies to you including your signature, and attach sufficient documentation reflecting your purchases and/or acquisitions of the securities listed on Exhibit A. If you do not provide all required information and sign the Proof of Claim Form, your claim may be rejected.

6. When is the deadline for sending in my Proof of Claim Form?

Your completed Proof of Claim Form must be postmarked no later than the Filing Deadline of November 28, 2017 and mailed to the following address:

JP Morgan RMBS Fair Funds
c/o Rust Consulting, Inc.
Distribution Agent - 4257
P.O. Box 2599
Faribault, MN 55021-9599

7. How much will I receive if my Proof of Claim Form is approved?

A Plan of Allocation, described below, has been prepared that provides a mathematical formula for the Distribution Agent to determine the Recognized Claim amount for each Eligible Claimant’s investment. The Net Available Fair Fund will be allocated to each Eligible Claimant *pro rata* based upon the ratio of the Recognized Claim of each Eligible Claimant to the aggregate Recognized Claims of all Eligible Claimants.

Plan of Allocation of the Net Available Fair Fund

The Net Available Fair Fund for the Bulk Settlement Practice will be allocated among the Harmed Trusts based on the proportion of the value of the loans subject to the Bulk Settlement Practice in each Harmed Trust relative to the total disbursement paid by Defendants. Exhibit B shows the percentage of the Net Available Fair Fund allocated to each of the Harmed Trusts.

Preliminary calculations will be made for all Eligible Claimants in each Harmed Trust on a *pro rata* basis determined by the Eligible Claimant's investment in the Harmed Trust divided by the sum of all Eligible Claimants' investments in the Harmed Trust.³

After the preliminary calculations have been made, any Eligible Claimant whose preliminary calculation amount is less than \$250.00 (the "Distribution *De Minimis* Amount"), will be removed from the pool of Eligible Claimants.

Final calculations will then be made for all remaining Eligible Claimants in the relevant Harmed Trust on a *pro rata* basis as described above, but excluding Eligible Claimants whose preliminary calculation amounts are less than \$250.00.⁴

In the event that the number of claims submitted by Eligible Claimants for a particular Harmed Trust is such that an Eligible Claimant would receive a recovery greatly in excess of his, her, or its Recognized Claim amount if all Eligible Claimants submitted claims related to investments equal to the issued amount of the Harmed Trust (the "Projected Minimum Recovery"), the Distribution Agent, with the agreement of the Commission staff, may use discretion in determining the amount of the Recognized Claims for that particular Harmed Trust. Discretion will not be applied to any Eligible Claimant's Recognized Claim such that his, her or its distribution payment will be less than the Projected Minimum Recovery.

8. When will I receive my payment?

Processing of the Proof of Claim Forms will require significant time. The Distribution Agent estimates that distributions from the Bulk Settlement Practice Fair Fund will be made approximately 8 to 10 months after the Filing Deadline, although that estimate is subject to change, depending on various factors.

Potentially Eligible Claimants may obtain updates on the progress of the administration of the Bulk Settlement Practice Fair Fund by visiting the website at www.JPMorganRMBSFairFunds.com, by calling 1-888-568-7650, by sending an email to info@JPMorganRMBSFairFunds.com, or by writing to: JP Morgan RMBS Fair Funds, c/o Rust Consulting, Inc., Distribution Agent - 4257, P.O. Box 2599, Faribault, MN 55021-9599.

9. Do I give up any legal rights by submitting a Proof of Claim Form?

By participating in the distribution of the Bulk Settlement Practice Fair Fund, Eligible Claimants **will not** be releasing any rights or claims they may have against any party, including but not limited to any Defendant's present or former officers and directors.

10. Are there tax consequences for participating in the distribution?

No statements in this Notice or by the Distribution Agents should be considered tax advice. If you have questions about the tax consequences of participating in the Bulk Settlement Practice Fair Fund, you must consult your own tax advisor.

IFYOU DO NOTHING

11. What happens if I do nothing at all?

If you do not submit a Proof of Claim Form, you will not receive any payment in connection with the Bulk Settlement Practice Fair Fund.

³ For example, if Eligible Claimant A has investments in an Eligible Certificate in a certain Harmed Trust equal to 5% of the dollar value of all the investments in Eligible Certificates by all Eligible Claimants in that Trust, the calculation amount for Eligible Claimant A would be 5% of the Net Available Fair Fund allocated for that Trust.

⁴ For example, if after claims are eliminated for Eligible Claimants with a preliminary calculation amount of less than \$250.00, then Eligible Claimant A has investments in Eligible Certificates that are 6.5% of the total investments in Eligible Certificates made by all Eligible Claimants in that Trust, then Eligible Claimant A's Recognized Claim amount is 6.5% of the Net Available Fair Fund allocated for that Trust.

GETTING MORE INFORMATION

12. Are there more details about the distribution?

This Notice summarizes the distribution of the Bulk Settlement Practice Fair Fund. You can visit the website at www.JPMorganRMBSFairFunds.com, to obtain copies of the Plan of Distribution, the Proof of Claim Form and other relevant documents, you can also find answers to common questions about the distribution, plus other information to help you determine whether you are a Potentially Eligible Claimant and whether you are eligible for payment. You can also call 1-888-568-7650 toll-free, or write to the JP Morgan RMBS Fair Funds, c/o Rust Consulting, Inc., Distribution Agent-4257, P.O. Box 2599, Faribault, MN 55021-9599, or send an email to info@JPMorganRMBSFairFunds.com.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased securities listed on Exhibit A to the Plan of Distribution for the Bulk Settlement Practice which is posted on the Bulk Settlement Practice Fair Fund website at www.JPMorganRMBSFairFunds.com, as nominee for a beneficial owner, then within ten (10) calendar days after you receive this Notice, you must either: (a) send a copy of this Notice and the accompanying Proof of Claim Form by first class mail to all such beneficial owners; or (b) provide a list of the names and addresses of such beneficial owners to the Distribution Agent so that the Distribution Agent can provide them with a copy of this Notice and a Proof of Claim Form.

If you chose option (a) above, you may request enough forms from the Distribution Agent (at no charge) to complete your mailing. You may seek reimbursement of your reasonable expenses actually incurred in complying with these directives, subject to approval of the Commission or the Court. All communications concerning this matter should be addressed to the Distribution Agent.

INQUIRIES

All inquiries concerning this Notice, the Proof of Claim Form, or any other questions by Potentially Eligible Claimants should be directed to the Distribution Agent as follows:

JP Morgan RMBS Fair Funds
c/o Rust Consulting, Inc.
Distribution Agent - 4257
P.O. Box 2599
Faribault, MN 55021-9599
Toll-Free: 1-888-568-7650

Website: www.JPMorganRMBSFairFunds.com

Email: info@JPMorganRMBSFairFunds.com

PLEASE DO NOT CONTACT THE COURT WITH YOUR QUESTIONS