

**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 (JEB)

ECF Case

**NOTICE FOR DISTRIBUTION OF THE  
J.P. MORGAN DELINQUENCY DISCLOSURE FAIR FUND (“NOTICE”)**

**If you purchased or otherwise acquired eligible Residential Mortgage-Backed Securities (“RMBS”) in the J.P. Morgan Mortgage Acquisition Trust 2006-WMC4, you may be eligible to share in the distribution of the \$74,500,000.00 J.P. Morgan Delinquency Disclosure Fair Fund.**

*This Notice is issued pursuant to the Amended 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 Modified Final Judgment was entered in the United States District Court for the District of Columbia on April 13, 2017, establishing a Fair Fund<sup>1</sup> in the amount of \$74,500,000.00 to compensate harmed investors of the delinquency disclosure conduct. This Notice advises you of your rights and of the eligibility criteria that may entitle you to participate in the distribution of the Delinquency Disclosure Fair Fund.

YOUR LEGAL RIGHTS AND OPTIONS	
<b>SUBMIT A PROOF OF CLAIM FORM</b>	This is the only way to be considered for payment.
<b>DO NOTHING</b>	You will not be considered for payment.
<b>DEADLINE</b>	Proof of Claim Forms must be postmarked no later than <b>May 16, 2018</b>

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

<sup>1</sup> All capitalized terms not otherwise defined in this Notice shall have the meanings defined in the Delinquency Disclosure Amended Plan of Distribution that is on file with the Court and available at [www.JPMorganRMBSFairFunds.com](http://www.JPMorganRMBSFairFunds.com).

Please Read this Notice Carefully.

FREQUENTLY ASKED QUESTIONS

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**BASIC INFORMATION**

**1. Why did I receive this Notice?**

You may have purchased Residential Mortgage-Backed Securities (“RMBS”) from the Defendants. See attached Exhibit A which identifies the securities, called Eligible Certificates in the J.P. Morgan Mortgage Acquisition Trust 2006-WMC4 (the “WMC4 transaction”).

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 Delinquency Disclosure Fair Fund. For detailed information, please visit the website at [www.JPMorganRMBSFairFunds.com](http://www.JPMorganRMBSFairFunds.com) where you can obtain copies of the Amended 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 the delinquency disclosure conduct involving JP Morgan and JPMAC took place in or about December 2006. JP Morgan and JPMAC structured a transaction in which a trust known as J.P. Morgan Mortgage Acquisition Trust 2006-WMC4 was created and issued RMBS that had as collateral more than 9,000 sub-prime mortgage loans that WMC Mortgage Corporation (“WMC”) had originated or acquired (the “WMC4 transaction”). JP Morgan and JPMAC offered the RMBS largely through a prospectus supplement filed with the Commission and a private placement memorandum to which the prospectus supplement was attached. In the prospectus supplement, JP Morgan and JPMAC made materially false and misleading statements concerning the amount of, and extent to which, loans were and had been delinquent. As a result of the sale of delinquent loans to J.P. Morgan Mortgage Acquisition Trust 2006-WMC4, investors in the WMC4 transaction suffered substantial losses.

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 \$39,900,000 relating to the delinquency disclosure conduct, together with prejudgment interest of \$10,600,000 and a civil penalty in the amount of \$24,000,000 pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. § 77t(d)]. The total amount paid by Defendants is \$74,500,000.00. 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 Delinquency Disclosure Fair Fund?

In order to determine whether you will receive a distribution from the Delinquency Disclosure 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 in the WMC4 transaction listed on Exhibit A.**

### 4. Who is excluded from receiving a payment from the Delinquency Disclosure 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, **May 16, 2018**. If you require additional information or forms, you may obtain them from the Delinquency Disclosure Fair Fund website at [www.JPMorganRMBSFairFunds.com](http://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, acquisitions, or sales 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 May 16, 2018** 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 in the WMC4 transaction. The Net Available Fair Fund will be allocated to each Eligible Claimant *pro rata* based upon the ratio of the Recognized Claim Amount of each Eligible Claimant to the aggregate Recognized Claim Amounts of all Eligible Claimants.

#### **Plan of Allocation of the Net Available Fair Fund**

1. Preliminary calculations will be made for each Eligible Claimant on a *pro rata* basis determined by the Eligible Claimant's investment in the WMC4 transaction divided by the sum of all Eligible Claimants' investments in the WMC4 transaction.<sup>2</sup>

<sup>2</sup> For example, if Eligible Claimant A has investments in Eligible Certificates equal to 5% of the dollar value of all the investments in Eligible Certificates by all Eligible Claimants in the WMC4 transaction, the *pro rata* share for Eligible Claimant A would be 5% of the Net Available Fair Fund.

2. An Eligible Claimant's *Pro Rata* Amount (as defined in paragraph 1, above) will be calculated as the Eligible Claimant's *pro rata* share multiplied by the Net Available Fair Fund.
3. An Eligible Claimant's Preliminary Claim Amount will be determined as the lesser of the Eligible Claimant's *Pro Rata* Amount and the Eligible Claimant's Recovery Cap, defined as follows.
  - a. An Eligible Claimant who sold his, her, or its Eligible Certificate(s) on or before January 25, 2007 will have a Recovery Cap equal to \$0.
  - b. An Eligible Claimant who sold his, her, or its Eligible Certificate(s) after January 25, 2007 and on or before July 20, 2017, the date of the Court's approval of the Plan, will have a Recovery Cap equal to his, her or its realized principal losses, measured as the difference between 1) the original face value of the Eligible Certificate(s), and 2) the sum of (i) principal distributions received up to and including the date of sale, and (ii) the face value of the Eligible Certificate(s) on the date of the sale, multiplied by the clean price received for the Eligible Certificate(s).<sup>3</sup>
  - c. An Eligible Claimant who held his, her, or its Eligible Certificate(s) after July 20, 2017, the date of the Court's approval of the Plan, will have a Recovery Cap equal to his, her or its principal losses, measured as the difference between 1) the original face value of the Eligible Certificate(s), and 2) the sum of (i) principal distributions received as of and including July 20, 2017, the date of the Court's approval of the Plan, and (ii) the face value of the Eligible Certificate(s) as of July 20, 2017, the date of the Court's approval of the Plan, multiplied by the closing price of the Eligible Certificate(s) on that date as determined by the Distribution Agent.<sup>4</sup>
4. Any Eligible Claimant whose Preliminary Claim Amount according to paragraph 3 is less than the Distribution *De Minimis* Amount will be removed from the pool of Eligible Claimants. For Eligible Claimants whose Preliminary Claim Amounts exceed the Distribution *De Minimis* Amount, final calculations will then be made as described in paragraphs 1- 3, above, to arrive at each Eligible Claimant's Recognized Claim Amount.
5. In the event that all persons who would qualify as Eligible Claimants do not submit claims, and as a result, an Eligible Claimant would receive a recovery greatly in excess of his, her, or its Recognized Claim Amount *if all such persons who would qualify as Eligible Claimants had submitted claims*, the Distribution Agent, with the agreement of the Commission staff, may use discretion in reducing the amount of that Eligible Claimant's Recognized Claim Amount. Such discretion will not be applied in a manner that would reduce any Eligible Claimant's Recognized Claim Amount such that his, her, or its distribution payment will be less than the Eligible Claimant's Recognized Claim Amount if all persons who would qualify as Eligible Claimants had submitted claims.

#### **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 Delinquency Disclosure 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 Delinquency Disclosure Fair Fund by visiting the website at [www.JPMorganRMBSFairFunds.com](http://www.JPMorganRMBSFairFunds.com), by calling 1-888-568-7650, by sending an email to [info@JPMorganRMBSFairFunds.com](mailto: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 Delinquency Disclosure 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 Delinquency Disclosure Fair Fund, you must consult your own tax advisor.

<sup>3</sup> The clean price shall be the transaction price excluding accrued interest, and shall be expressed in cents per dollar.

<sup>4</sup> The closing price shall exclude accrued interest, and shall be expressed in cents per dollar.

## IF YOU 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 Delinquency Disclosure Fair Fund.

## GETTING MORE INFORMATION

### 12. Are there more details about the distribution?

This Notice summarizes the distribution of the Delinquency Disclosure Fair Fund. You can visit the website at [www.JPMorganRMBSFairFunds.com](http://www.JPMorganRMBSFairFunds.com), to obtain copies of the Amended 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](mailto:info@JPMorganRMBSFairFunds.com).

## SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased securities listed on Exhibit A, 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](http://www.JPMorganRMBSFairFunds.com)

Email: [info@JPMorganRMBSFairFunds.com](mailto:info@JPMorganRMBSFairFunds.com)

**PLEASE DO NOT CONTACT THE COURT WITH YOUR QUESTIONS**

**Exhibit A**

<b>Trust</b>	<b>Eligible Purchase Dates</b>		<b>Eligible Certificates</b>	<b>Issued</b>	<b>CUSIP</b>
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	A-1A	\$376,675,000	46630BAA4
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	A-1B	\$41,853,000	46630BAB2
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	A-2	\$519,300,000	46630BAC0
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	A-3	\$218,400,000	46630BAD8
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	A-4	\$198,900,000	46630BAE6
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	A-5	\$167,774,000	46630BAF3
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-1	\$66,920,000	46630BAG1
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-2	\$56,404,000	46630BAH9
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-3	\$34,415,000	46630BAJ5
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-4	\$31,548,000	46630BAK2
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-5	\$30,592,000	46630BAL0
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-6	\$27,724,000	46630BAM8
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-7	\$27,724,000	46630BAN6
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-8	\$19,120,000	46630BAP1
JPMAC 2006 -WMC4	12/18/2006	1/25/2007	M-9	\$17,208,000	46630BAQ9