



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

January 8, 2013

Gail S. Ennis, Esq.  
Wilmer Cutler Pickering Hale and Dorr LLP  
1875 Pennsylvania Avenue, NW  
Washington, DC 20006

**Re: SEC v. J.P. Morgan Securities LLC, et al.  
Civ. Action No. 1862 (D.D.C. Jan. 8, 2013)  
Waiver Request under Regulation A and Rule 505 of Regulation D**

Dear Ms. Ennis:

This responds to your letter dated today, written on behalf of 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 (together the "Defendants"), and constituting an application for waiver relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933.

You requested a waiver from disqualifications from exemptions available under Regulation A and Rule 505 that arose by reason of the Final Judgment as to the Defendants entered on January 8, 2012 by the United States District Court for the District of Columbia in SEC v. J.P. Morgan Securities LLC, et al., Civil Action No. 1862 (the "Judgment"). The Judgment, among other things, permanently enjoins the Defendants from committing violations of sections 17(a)(2) and (3) of the Securities Act of 1933 in the offer or sale of any security.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Judgment. We also have assumed that the Defendants will comply with the Judgment.

On the basis of your letter, I have determined that you have made showings of good cause under Rule 262 and Rule 505 that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 by reason of entry of the Judgment against the Defendants. Accordingly, pursuant to delegated authority, on behalf of the Division of Corporation Finance, I hereby grant a waiver of any disqualifications from exemptions otherwise available under Regulation A and Rule 505 that may have arisen by reason of entry of the Judgment against the Defendants.

Very truly yours,

  
Gerald J. Laporte  
Chief, Office of Small Business Policy

January 8, 2013

Gail S. Ennis

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Gerald J. Laporte, Esq.  
Chief, Office of Small Business Policy  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
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Re: *Securities and Exchange Commission 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*, Civ. Action No. 1:12-cv-01862 (D.D.C. Jan. 8, 2013)

Dear Mr. Laporte:

This letter is submitted on behalf of our clients, 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 (together the "Defendants"), the settling defendants in the above-captioned injunctive action brought by the Securities and Exchange Commission (the "Commission"). The Defendants hereby request, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Commission promulgated under the Securities Act of 1933 (the "Securities Act"), waivers of any disqualifications from relying on exemptions under Regulation A and Rule 505 of Regulation D that may be applicable as a result of the entry of a Final Judgment as to Defendants 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 (the "Final Judgment") entered on January 8, 2013, which is described below.<sup>1</sup> The Defendants request that these waivers be granted effective upon the entry of the Final Judgment. The staff of the Division of Enforcement has informed the Defendants that it does not object to the Commission providing the requested waivers.

### BACKGROUND

The staff of the Commission engaged in settlement discussions with the Defendants in connection with the above-captioned civil action. As a result of these discussions, the Defendants submitted a Consent to entry of Final Judgment (the "Consent") that was presented by the staff of the Commission to the United States District Court for the District of Columbia (the "Court") when the Commission filed its complaint (the "Complaint") against the Defendants

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<sup>1</sup> *Securities and Exchange Commission 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*, Civ. Action No. 1:12-cv-01862 (D.D.C. Jan. 8, 2013).

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in a civil action captioned *Securities and Exchange Commission 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*, Civ. Action No. 1:12-cv-01862 (D.D.C. Nov. 16, 2012).

In the Consent, solely for the purpose of proceedings brought by or on behalf of the Commission or to which the Commission is a party, the Defendants agreed to consent to the entry of the Final Judgment without admitting or denying the matters set forth therein (other than those relating to the jurisdiction of the district court over it and the subject matter solely for purposes of that action). The Final Judgment, which was entered on January 8, 2013, resolved the Complaint's allegations that the Defendants violated Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C § 77q(a)(2), (3)] in connection with their alleged conduct related to certain offerings of residential mortgage-backed securities. The Final Judgment requires that the Defendants pay disgorgement in the amount of \$177,700,000, prejudgment interest in the amount of \$38,865,536, and a civil monetary penalty of \$84,350,000 pursuant to Section 20(d) of the Securities Act.

## DISCUSSION

The Defendants understand that the entry of the Final Judgment may disqualify them, affiliated entities, and other issuers from relying on certain exemptions under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act. The Defendants are concerned that, should they or any of their affiliated entities be deemed to be a promoter, or the underwriter of the securities, of an "issuer" for the purposes of Securities Act Rule 262(b)(2), the Defendants, their issuer affiliates, and other issuers with which they are associated in one of those listed capacities and which rely upon or may rely upon these offering exemptions when issuing securities would be prohibited from doing so. The Commission has the authority to waive the Regulation A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

The Defendants request that the Commission waive any disqualifying effects that the Final Judgment may have under Regulation A and Rule 505 of Regulation D as a result of its entry as to the Defendants on the following grounds:

1. The Defendants' conduct addressed in the Final Judgment does not pertain to offerings under Regulation A or D.
2. The Defendants have taken steps to address the conduct alleged in the Complaint. The alleged conduct related to bulk settlements has been discontinued. In addition, the

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Defendants have taken and will be taking actions reasonably designed to prevent potential violations of Section 17(a)(2) and (3) in connection with the disclosure and offer and sale of residential mortgage-backed securities.

3. The disqualification of the Defendants and any of their affiliates from relying on the exemptions under Regulation A and Rule 505 of Regulation D would, we believe, have an adverse impact on third parties that have retained the Defendants and their affiliates in connection with transactions that rely on these exemptions.

4. The disqualification of the Defendants and their affiliates from relying on the exemptions available under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe, given (i) the lack of any relationship between the transactions that are the subject of the Staff's allegations and any activity related to either Regulation A or D conducted by the Defendants and their affiliates, and (ii) the fact that the Commission staff has negotiated a settlement with the Defendants and reached a satisfactory conclusion to this matter that resulted in the entry of a Final Judgment compelling prospective compliance with specified federal securities laws and requiring the payment of a disgorgement in the amount of \$177,700,000, prejudgment interest in the amount of \$38,865,536, and a civil monetary penalty of \$84,350,000.

In light of the grounds for relief discussed above, we believe that disqualification is not necessary under the circumstances and that the Defendants have shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, to waive, effective upon the entry of the Final Judgment, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable as a result of the entry of the Final Judgment as to the Defendants.<sup>2</sup>

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<sup>2</sup> We note in support of this request that the Commission has granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons or in similar circumstances. *See, e.g.*, H & R Block, S.E.C. No-Action Letter (pub. avail. May 2, 2012); GE Funding Capital Market Services, Inc., S.E.C. No-Action Letter (pub. avail. Jan. 23, 2012); Wachovia Bank, N.A. now know as Wells Fargo Bank. N.A., S.E.C. No-Action Letter (pub. avail. Dec. 9, 2011); J.P. Morgan Securities LLC, S.E.C. No-Action Letter (pub. avail. July 8, 2011); J.P. Morgan Securities LLC, S.E.C. No-Action Letter (pub. avail. June 29, 2011); UBS Financial Securities Inc., S.E.C. No-Action Letter (pub. avail. May 9, 2011); Charles Schwab & Co., Inc., S.E.C. No-Action Letter (pub. avail. Jan. 11, 2011); Goldman Sachs & Co., S.E.C. No-Action Letter (pub. avail. Jul. 20, 2010); In the Matter of Banc of America Investment Services, Inc. and Virginia Holliday, S.E.C. No-Action Letter (pub. avail. Oct. 23, 2009); General Electric Co., S.E.C. No-Action Letter (pub. avail. Aug. 11, 2009); Investools Inc., S.E.C. No-Action Letter (pub. avail. Dec. 16, 2009); A.G. Edwards & Sons, S.E.C. No-Action Letter (pub. avail. May 31, 2006) (waiver after Securities Act Section 17(a)(2) violation); Bear, Stearns & Co., S.E.C. No-Action Letter (pub. avail. May 31, 2006) (same); Goldman, Sachs & Co., S.E.C. No-Action Letter (pub. avail. May 31, 2006) (same).

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Please do not hesitate to call me at the number listed above if you have any questions.

Sincerely,



Gail S. Ennis