

SUPREME COURT OF THE STATE OF NEW YORK

COUNTY OF NEW YORK

BLACKROCK ALLOCATION TARGET SHARES: SERIES S PORTFOLIO; BLACKROCK CORE ACTIVE BOND FUND B; BLACKROCK CORE ACTIVE LIBOR FUND B; BLACKROCK CORE BOND PORTFOLIO; BLACKROCK COREALPHA BOND FUND E; BLACKROCK COREALPHA BOND MASTER PORTFOLIO; BLACKROCK COREPLUS BOND FUND B; BLACKROCK ENHANCED GOVERNMENT FUND, INC.; BLACKROCK FIXED INCOME GLOBALALPHA MASTER FUND LTD.; BLACKROCK FIXED INCOME VALUE OPPORTUNITIES; BLACKROCK INCOME TRUST, INC.; BLACKROCK LONG DURATION ALPHAPLUS BOND FUND; BLACKROCK MULTI-ASSET INCOME – NON-AGENCY MBS PORTFOLIO; BLACKROCK MULTI-SECTOR INCOME TRUST; BLACKROCK STRATEGIC INCOME OPPORTUNITIES PORTFOLIO; BLACKROCK TOTAL RETURN PORTFOLIO (INS – SERIES); BLACKROCK US MORTGAGE; FIXED INCOME SHARES (SERIES R); FIXED INCOME SHARES: SERIES C; FIXED INCOME SHARES: SERIES M; LVS I LLC; LVS II LLC; PACIFIC BAY CDO, LTD.; PARS ASPIRE FUND; PCM FUND, INC.; PIMCO ABSOLUTE RETURN STRATEGY 3D OFFSHORE FUND LTD.; PIMCO ABSOLUTE RETURN STRATEGY II MASTER FUND LDC; PIMCO ABSOLUTE RETURN STRATEGY III MASTER FUND LDC; PIMCO ABSOLUTE RETURN STRATEGY IV IDF LLC; PIMCO ABSOLUTE RETURN STRATEGY IV

Index No. 651867/2014

AMENDED DERIVATIVE COMPLAINT AGAINST WELLS FARGO BANK, NATIONAL ASSOCIATION FOR BREACH OF CONTRACT; VIOLATION OF THE TRUST INDENTURE ACT OF 1939; BREACH OF FIDUCIARY DUTY; BREACH OF DUTY OF INDEPENDENCE; AND NEGLIGENCE

MASTER FUND LDC; PIMCO
ABSOLUTE RETURN STRATEGY V
MASTER FUND LDC; PIMCO CANADA
CANADIAN COREPLUS BOND TRUST;
PIMCO CAYMAN SPC LIMITED:
PIMCO CAYMAN JAPAN COREPLUS
STRATEGY SEGREGATED
PORTFOLIO; PIMCO CAYMAN TRUST:
PIMCO CAYMAN GLOBAL
AGGREGATE BOND FUND; PIMCO
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PIMCO CAYMAN TRUST: PIMCO
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CREDIT OPPORTUNITIES FUND II,
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INCOME FUND; PIMCO DYNAMIC
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PIMCO ENHANCED SHORT
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TRADED FUND; PIMCO ETF TRUST:
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Plaintiffs,

-against-

WELLS FARGO BANK, NATIONAL
ASSOCIATION,

Defendant,

-and-

the Trusts Identified in Exhibit 1,

Nominal Defendants.

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Plaintiffs BlackRock Funds (as defined herein); Brookfield (as defined herein); Deutsche Zentral-Genossenschaftsbank AG, New York Branch, d/b/a DZ Bank AG, New York Branch (“DZ Bank”); Kore Advisors, L.P. (as defined herein); PIMCO (as defined herein); Prudential (as defined herein); Sealink Funding Limited (“Sealink”); and TIAA (as defined herein) (collectively, “Plaintiffs”) by and through their undersigned attorneys, hereby bring this amended derivative complaint (the “Amended Complaint”) on behalf of and for the benefit of the residential mortgage-backed securities (“RMBS”) Trusts listed in Exhibit 1 (“Trusts”), against Wells Fargo Bank, National Association (“Wells Fargo” or the “Trustee”), the Trustee for the Trusts.

I. NATURE AND SUMMARY OF THE ACTION

1. Defendant Wells Fargo is a nationally chartered banking association and is the Trustee for hundreds of residential mortgage-backed securities (“RMBS”) trusts issued between 2004 and 2008 originally securitized by over \$400 billion of residential mortgage loans. Among them are the Trusts at issue in this action: 284 private-label RMBS Trusts securitized between 2004 and 2008 collateralized with loans worth more than \$315 billion at the time of securitization. Wells Fargo, as Trustee, is the sole gatekeeper for the protection of the Trusts and their beneficial certificateholders (the “Certificateholders”), and must at all times act in the best interests of the Trusts. As alleged herein, Wells Fargo wholly failed to discharge its duties and obligations to protect the Trusts. Instead, to protect its own business interests, Wells Fargo ignored pervasive and systemic deficiencies in the underlying loan pools and the servicing of

those loans and unreasonably refused to take any action. This derivative action seeks to recover billions of dollars in damages to the Trusts caused by Wells Fargo's abdication of responsibility.¹

2. RMBS trusts are created to facilitate the securitization and sale of residential mortgage loans to investors. The trust's assets consist entirely of the underlying loans, and the principal and interest payments on the loans are "passed through" to the certificateholders. Between 2004 and 2008, a handful of large banks – including Wells Fargo – dominated the RMBS market and controlled the process from beginning to end. These banks act as "sponsors" of the RMBS, acquiring the mortgage loans from originators, who often were affiliates of the sponsors, or beholden to them through warehouse lending or other financial arrangements. Once the loans are originated, acquired and selected for securitization, the sponsor creates a trust where the loans are deposited for the benefit of the Certificateholders. The sponsor also hand-picks the servicer, often an affiliate of the sponsor or originator, to collect payments on the loans. Finally, a select number of these same banks that originate, securitize and service RMBS also act as trustees on other sponsor's deals.

3. To ensure the quality of the RMBS and the underlying loans, the Trust documents generally include representations and warranties from the loan sellers attesting to the quality and characteristics of the mortgages as well as an agreement to cure, substitute, or repurchase mortgages that do not comply with those representations and warranties. Because the risk of non-payment or default on the loans is "passed through" to investors, other than these representations and warranties, the large investment banks and other players in the mortgage

¹ This complaint does not allege in any way that the Trustees were or are burdened by conflicts in connection with their negotiation, evaluation, or acceptance of any RMBS settlement, including the \$8.5 billion settlement with Bank of America/Countrywide, the \$4.5 billion settlement with JPMorgan, or the \$1.125 billion settlement with Citibank.

securitization industry have no “skin” in the game once the RMBS are sold to certificateholders. Instead, their profits are principally derived from the spread between the cost to originate or purchase loans, how much they can sell them to investors once packaged as securities, as well as various servicing-related income. Accordingly, volume became the focus, and the quality of the loans was disregarded.

4. The fundamental role of a trustee in an RMBS securitization is to ensure that there is at least one independent party, free from any conflicting self-interest, to protect the trust corpus. Certificateholders have no access to the underlying loan files and other documents necessary to confirm compliance with the representations and warranties, cannot monitor the servicers’ conduct and performance, cannot act independently to enforce the trusts’ contractual rights, and must rely on the trustee to protect their interests. Wells Fargo, as Trustee, was the sole contractual party in the Trusts’ securitization process intended to be independent of the investment banks that sponsored the securitization, the lenders that originated the loans, and the servicers that were often affiliated with either the sponsors or lenders, or both. Certificateholders must rely on the Trustee to protect the rights and interests of the trusts.

5. Wells Fargo knew that the pools of loans backing the Trusts were filled with defective mortgage loans. The abysmal performance of the Trust collateral – including spiraling defaults, delinquencies and foreclosures – is outlined on monthly remittance reports that Wells Fargo, as Trustee, publishes and publicly files with the government. The monthly remittance reports detail how, by January 1, 2009, the Trusts had suffered collateral losses exceeding \$8.3 billion. On average, one in every four loans in the Trusts was delinquent. Moreover, 102 Trusts had delinquency rates exceeding 33%, and 29 Trusts had delinquency rates of over 50%. By January 2011, the Trusts’ total losses had more than *doubled* to \$19.4 billion. By the start of

2010, virtually all of the securities issued by the Trusts had experienced multiple downgrades, with most reduced to “junk” status.

6. A steady stream of public disclosures has linked the abject performance of the Trusts to systemic abandonment of underwriting guidelines, and the deficient and often fraudulent securitization practices of the sponsors. Highly publicized government investigations, reports and enforcement actions; high-profile RMBS litigation by government agencies, federal banks, and institutional investors; and claims and litigation instituted by monoline insurers have repeatedly noted the “pervasive disregard” and “systemic abandonment” of underwriting guidelines in the years leading up to the financial crisis. Voluminous complaints in these proceedings detail gross misstatements in the Trust documents of key metrics concerning the quality of the underlying loan pools, including loan-to-value ratios (“LTVs”), owner occupancy status, and borrower credit scores – as well as the completeness of the loan files themselves.

7. Numerous forensic and loan level reviews conducted in extensive RMBS litigation have demonstrated staggering levels of breaches of representations and warranties by the sellers of the securitized mortgage loans. In particular, forensic reviews performed by RMBS trustees in at least forty-two lawsuits against loan sellers in connection with RMBS trusts to which Wells Fargo serves either as servicer or custodian, have found pervasive and systemic breaches of representations and warranties by major originators and sponsors to the Trusts (such as Option One Mortgage Corporation (“Option One”), UBS, Credit Suisse, Morgan Stanley and WMC Mortgage Corp. (“WMC”). In one such matter, Deutsche Bank National Trust Company advised Wells Fargo that “we have determined a breach rate of **99.7 percent.**”

8. Loan level reviews performed by monoline insurers have reached similar findings, including in at least ten lawsuits against loan sellers to RMBS trusts for which Wells

Fargo serves either as Trustee or servicer. For example, in a lawsuit against Bank of America, a loan level review of approximately 31,000 mortgage loans from twenty-two securitizations found that more than *two-thirds* of the loans contained at least one material defect. Similar findings of systemic and pervasive defects in the loans pools underlying the Trusts can be found in forensic reviews commissioned by government agencies and banks involving *dozens* of the Trusts here at issue, including in RMBS fraud litigation brought by the Federal Housing and Finance Agency (“FHFA”), Federal Home Loan Banks (“FHLB”), and the National Credit Union Administration (“NCUA”). Through the foregoing litigation involving the Trusts at issue in this action or the principal loan sellers to the Trusts (or both), Wells Fargo was informed of specific, systemic and pervasive deficiencies in the Trusts’ mortgage collateral.

9. Wells Fargo was further informed of pervasive and systemic deficiencies infecting the Trusts’ collateral through large-scale putback initiatives led by many of the world’s largest institutional mortgage investors. These initiatives – several of which have yielded *multi-billion dollar settlements* – have targeted Wells Fargo and five other leading sponsors of non-agency RMBS and cover wide swaths of the RMBS market, including entire labels and shelves.

10. For example, in December 2011, a group of major institutional investors asked Wells Fargo, as trustee, to investigate large numbers of ineligible mortgages in loan pools underlying dozens of JPMorgan sponsored trusts and deficient servicing of those loans. Together with similar requests provided to four other trustees, the initiative covered more than *\$95 billion* of JPMorgan-issued RMBS from 2005 to 2007. Less than two years later, Wells Fargo and the other trustees were presented with a comprehensive \$4.5 billion settlement offer covering 330 JPMorgan-sponsored trusts. In January 2012, Wells Fargo received a similar request from a group of major institutional investors in dozens of Trusts sponsored by Morgan Stanley or its

affiliates (collectively, “Morgan Stanley”), which are also at issue in this action. Together with instructions provided to two other trustees of the Morgan Stanley-sponsored Trusts, the initiative covered more than **\$25 billion** of RMBS issued from 2005 to 2007. And in yet another investor-led initiative, Wells Fargo, as trustee, gave its **approval** to an \$8.7 billion settlement covering, among other trusts, 570 RMBS trusts sponsored by Residential Capital and its affiliates (“ResCap”) largely from 2004 to 2008 with an original face amount of more than **\$320 billion**.²

11. These and other certificateholder-led initiatives sought to “putback” large quantities of loans (1) originated by many of the same lenders that also originated large quantities of the loans sold to the Trusts, including Option One (\$46.4 billion of loans sold to the Trusts) and Citibank (\$26.5 billion of loans sold to the Trusts); and (2) securitized by the same investment banks and financial institutions that sponsored the Trusts, including Morgan Stanley (\$12.2 billion of sponsored Trusts) and Citibank (\$1.6 billion of sponsored Trusts). In addition, these initiatives identified and sought recovery of losses relating to servicing deficiencies by many of the same major servicers of loans backing the Trusts, including Option One (servicer to \$48.9 billion of loans sold to the Trusts) and Bank of America (servicer to \$42.3 billion of loans sold to the Trusts).

12. Not surprisingly, in the **one** action that Wells Fargo brought to protect a financial crisis-era RMBS trust (not at issue in this litigation), Wells Fargo itself identified systemic and pervasive breaches of representations and warranties. According to Wells Fargo, loans backing that trust – which was filled with loans originated by EMC Mortgage Corporation (“EMC”) (a

² In January 2014, after a nine-week trial, New York Supreme Court Justice Barbara Kapnick largely approved an \$8.5 billion settlement resolving mortgage repurchase claims for 530 RMBS trusts issued by Countrywide Financial Corporation and its affiliates (“Countrywide”). That initiative began in October 2010 and covers more than **\$424 billion** of RMBS issued from 2004 to 2008.

subsidiary of JPMorgan Chase Company), securitized by Bear, Stearns & Co., Inc. (“Bear Stearns”), and serviced by EMC’s servicing division – suffered a “*staggeringly high breach rate*” – as high as *89%* – due to “*unscrupulous practices*” and “*scandalous conduct.*” Wells Fargo alleged the loans were “*routinely approved . . . despite clear defects*” that should have been obvious, including “*faulty appraisals that grossly exaggerated the true market value of the mortgaged properties; unreasonable and inconceivable overstatement of income . . . and pervasive failure of the originators to follow their own mandatory underwriting practices*” Consequently, Wells Fargo concluded that Bear Stearns trust was “*plagued by an alarming rate of defaults and foreclosures.*”

13. Wells Fargo also knew of industrywide abandonment of underwriting guidelines and sound securitization practices because Wells Fargo was itself a major mortgage originator, a major RMBS sponsor, and a major servicer. Indeed, Wells Fargo has been named as a defendant in significant RMBS litigation and settlements in its capacity as an underwriter of RMBS. For example, in March 2009, RMBS investors filed suit against Wells Fargo alleging that it misrepresented its underwriting guidelines and loan quality in connection with the sale of over \$36 billion in Wells Fargo-label RMBS. In denying in part a motion to dismiss, the court found that plaintiffs had adequately pled that “variance from the stated [underwriting] standards was essentially [Wells Fargo’s] norm,” and that this conduct “infected the entire underwriting process.” *In re Wells Fargo Mortgage-Backed Certificates Litig.*, 712 F. Supp. 2d 958, 972 (N.D. Cal. 2010). Wells Fargo agreed to settle the investors’ claims, which were rooted in Wells Fargo’s desire to “approve as many mortgages as possible.”

14. Moreover, Wells Fargo is the target of an ongoing investor-led putback initiative launched in October 2011 with respect to *\$45 billion* of Wells Fargo-sponsored RMBS. In that

initiative, certificateholders provided notice to Wells Fargo of specific ongoing “Events of Default” and demanded that Wells Fargo take immediate action to satisfy its obligations and substantial repurchase liability for ineligible loans securitizing over *149 RMBS trusts* issued by Wells Fargo from 2004 to 2007. Again, those trusts are filled with mortgage loans originated by many of the same lenders that sold large quantities of loans to the Trusts, including WMC (\$17 billion of loans sold to the Trusts) and Wells Fargo (\$10 billion of loans sold to the Trusts).

15. Finally, as a major player in the RMBS securitization market, Wells Fargo learned of the rampant, industrywide servicer violations by the same servicers for the Trusts. Indeed, many of the servicers to the Trusts have faced federal and state regulatory enforcement actions which have led to landmark settlements, including the \$25 billion “National Mortgage Settlement” entered into between forty-nine State Attorneys General and some of the Trusts’ servicers. Notably, without receiving Certificateholder approval, many of these settlement agreements effectively permit the servicers to use trust assets to finance their settlement payments for their own wrongdoing.

16. Moreover, Wells Fargo itself was the target of government investigations and lawsuits regarding its deficient servicing operations. For example, during the fourth quarter of 2010, the Federal Reserve Board, the Office of the Comptroller of the Currency (“OCC”), the Federal Deposit Insurance Corporation (“FDIC”), and the Office of Thrift Supervision (“OTS”) conducted on-site reviews of the adequacy of controls and governance over servicers’ foreclosure processes at Wells Fargo. The reviews uncovered significant problems in foreclosure processing at Wells Fargo, including “critical weaknesses in [Wells Fargo’s] foreclosure governance processes, foreclosure document preparation processes, and oversight and monitoring of third-party vendors, including foreclosure attorneys.” Based on the deficiencies in the review and the

risk of additional issues as a result of weak controls and processes, the Federal Reserve Board initiated formal enforcement actions requiring Wells Fargo to address its pattern of misconduct and negligence related to deficient practices in residential mortgage loan servicing and foreclosure processing. Ultimately, Wells Fargo entered into a consent order with the OCC, which found that it had engaged in “unsafe or unsound practices with respect to the manner in which [Wells Fargo] handled various foreclosure and related activities.”

17. Under the governing Pooling and Servicing Agreements (“PSA”), upon Wells Fargo’s knowledge of an Event of Default by a servicer, Wells Fargo is obligated to provide written notice of the default to the servicer. Wells Fargo systematically failed, however, to provide notice to the servicers of their defaults because Wells Fargo did not want to jeopardize its close business relationships with the servicers. Moreover, Wells Fargo, which also acts as a servicer for billions of dollars of other RMBS, has itself engaged in the same improper and illicit servicing activities that plagued the Trusts. Similarly, Wells Fargo originated hundreds of billions of dollars in loans that have been securitized in other RMBS – as well as over \$10 billion of loans sold to the Trusts at issue here – and that contain pervasive breaches of representations and warranties. Many of the same entities that act as servicers for the Trusts also service these defective Wells Fargo-originated loans. Thus, Wells Fargo, acting in its own self-interest, refused to provide notice to the servicers of their defaults to avoid scrutiny of its own servicing business and evade liability for its own defective loans.

18. Further, under the PSAs, within sixty to ninety days after the occurrence of an Event of Default, Wells Fargo is obligated to transmit by mail to all Certificateholders notice of each Event of Default known to Wells Fargo, unless the Event of Default has been cured or waived. Although Events of Default occurred and were not – and have not been – cured or

waived, Wells Fargo has similarly failed to provide written notice to the Certificateholders of the Events of Default. Wells Fargo has covered up the Events of Default for several self-interested reasons. Among other things, as noted above, providing notice of the servicers' default could jeopardize Wells Fargo's close business relationships with the servicers and lead to Wells Fargo's own potential liability in its capacity as an originator, sponsor and servicer to other RMBS trusts. Moreover, as discussed in greater detail below, had Wells Fargo provided notice of an Event of Default, it would have greatly increased Wells Fargo's liabilities and duties, but Wells Fargo's compensation under the PSA would have remained the same.

19. Finally, after the Events of Default, Wells Fargo failed to exercise its rights under the governing agreements as a prudent person would, under those circumstances, in the conduct of its own affairs. Wells Fargo did nothing to protect the Trusts and Certificateholders, choosing instead to deliberately ignore the egregious Events of Default for its own benefit and to the detriment of the Trusts.

II. PARTIES

A. Plaintiffs

1. BlackRock Funds

20. The following plaintiffs are collectively referred to as "BlackRock Funds."

21. Plaintiff BlackRock Income Trust, Inc. is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock Income Trust, Inc. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Income Trust, Inc. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

22. Plaintiff BlackRock Enhanced Government Fund, Inc. is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock Enhanced Government Fund, Inc. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Enhanced Government Fund, Inc. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

23. Plaintiff BlackRock Fixed Income Value Opportunities is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock Fixed Income Value Opportunities is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Fixed Income Value Opportunities has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

24. Plaintiff BlackRock US Mortgage is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock US Mortgage is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock US Mortgage has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

25. Plaintiff BlackRock Allocation Target Shares: Series S Portfolio is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock Allocation Target Shares: Series S Portfolio is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Allocation Target Shares: Series S Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its

interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

26. Plaintiff BlackRock Core Bond Portfolio is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock Core Bond Portfolio is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Core Bond Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

27. Plaintiff BlackRock Multi-Asset Income – Non-Agency MBS Portfolio is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock Multi-Asset Income – Non-Agency MBS Portfolio is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Multi-Asset Income – Non-Agency MBS Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

28. Plaintiff BlackRock Multi-Sector Income Trust is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock Multi-Sector Income Trust is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Multi-Sector Income Trust has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

29. Plaintiff BlackRock Strategic Income Opportunities Portfolio is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock

Strategic Income Opportunities Portfolio is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Strategic Income Opportunities Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

30. Plaintiff BlackRock Total Return Portfolio (Ins – Series) is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock Total Return Portfolio (Ins – Series) is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Total Return Portfolio (Ins – Series) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

31. Plaintiff BlackRock CoreAlpha Bond Master Portfolio is a registered investment company with its principal place of business in Wilmington, Delaware. BlackRock CoreAlpha Bond Master Portfolio is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock CoreAlpha Bond Master Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

32. Plaintiff BlackRock CoreAlpha Bond Fund E is a collective trust fund with its principal place of business in San Francisco, California. BlackRock CoreAlpha Bond Fund E is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock CoreAlpha Bond Fund E has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

33. Plaintiff BlackRock CorePlus Bond Fund B is a collective trust fund with its principal place of business in San Francisco, California. BlackRock CorePlus Bond Fund B is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock CorePlus Bond Fund B has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

34. Plaintiff BlackRock Core Active Bond Fund B is a collective trust fund with its principal place of business in San Francisco, California. BlackRock Core Active Bond Fund B is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Core Active Bond Fund B has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

35. Plaintiff BlackRock Core Active LIBOR Fund B is a collective trust fund with its principal place of business in San Francisco, California. BlackRock Core Active LIBOR Fund B is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Core Active LIBOR Fund B has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

36. Plaintiff BlackRock Fixed Income GlobalAlpha Master Fund Ltd. is a collective trust fund with its principal place of business in San Francisco, California. BlackRock Fixed Income GlobalAlpha Master Fund Ltd. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Fixed Income GlobalAlpha Master Fund Ltd. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its

interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

37. Plaintiff BlackRock Long Duration AlphaPlus Bond Fund is a collective trust fund with its principal place of business in San Francisco, California. BlackRock Long Duration AlphaPlus Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. BlackRock Long Duration AlphaPlus Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

2. Brookfield

38. The following plaintiffs are collectively referred to as “Brookfield.”

39. Plaintiff Brookfield Mortgage Opportunity Income Fund Inc. is a corporation organized under the laws of the State of Maryland. Brookfield Mortgage Opportunity Income Fund Inc. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Brookfield Mortgage Opportunity Income Fund Inc. has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

40. Plaintiff Brookfield Total Return Fund Inc. is a corporation organized under the laws of the State of Maryland. Brookfield Total Return Fund Inc. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Brookfield Total Return Fund Inc. has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

41. Plaintiff Millerton ABS CDO Ltd. is a Cayman exempted company with limited liability. Millerton ABS CDO Ltd. is a Certificateholder in the Trusts identified in Exhibit 1

attached hereto. Millerton ABS CDO Ltd. has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

3. DZ Bank

42. Plaintiff DZ Bank is a commercial bank incorporated in Germany. DZ Bank maintains an office at 609 Fifth Avenue, New York, New York, 10017. DZ Bank is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. DZ Bank has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

4. Kore

43. Plaintiff Kore is a Delaware Limited Partnership with its principal place of business located at 1501 Corporate Drive, Suite 230, Boynton Beach, Florida 33426. Kore is the investment manager to Kore Fixed Income Fund Ltd., a private fund formed under the laws of the Cayman Islands and Sunrise Partners Limited Partnership, a private fund formed under the laws of Delaware (collectively, the “Private Funds”). Kore, through the Private Funds, is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Kore, through the Private Funds, has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

5. PIMCO

44. The following plaintiffs are collectively referred to as “PIMCO.”

45. Plaintiff Fixed Income SHares (Series R) is a Massachusetts business trust. Plaintiff Fixed Income SHares (Series R) is a Certificateholder in the Trusts identified in Exhibit

1 attached hereto. Plaintiff Fixed Income SHares (Series R) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

46. Plaintiff Fixed Income SHares: Series C is a Massachusetts business trust. Plaintiff Fixed Income SHares: Series C is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Plaintiff Fixed Income SHares: Series C has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

47. Plaintiff Fixed Income SHares: Series M is a Massachusetts business trust. Plaintiff Fixed Income SHares: Series M is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Plaintiff Fixed Income SHares: Series M has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

48. Plaintiff LVS I LLC is a Delaware limited liability company. LVS I LLC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. LVS I LLC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

49. Plaintiff LVS II LLC is a Delaware limited liability company. LVS II LLC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. LVS II LLC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

50. Plaintiff Pacific Bay CDO, Ltd. is a Cayman Islands exempted company. Plaintiff Pacific Bay CDO, Ltd. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Plaintiff Pacific Bay CDO, Ltd. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

51. Plaintiff PARS Aspire Fund is a Société à responsabilité limitée, or private limited liability corporate entity, existing under the laws of Luxembourg. Plaintiff PARS Aspire Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PARS Aspire Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

52. Plaintiff PCM Fund, Inc. is a corporation existing under the laws of Maryland, with its principal place of business located at 1345 Avenue of the Americas, New York, New York. PCM Fund, Inc. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PCM Fund, Inc. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

53. Plaintiff PIMCO Absolute Return Strategy 3D Offshore Fund Ltd. is a limited partnership existing under the laws of the Cayman Islands. PIMCO Absolute Return Strategy 3D Offshore Fund Ltd. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Absolute Return Strategy 3D Offshore Fund Ltd. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

54. Plaintiff PIMCO Absolute Return Strategy II Master Fund LDC is a limited duration company existing under the laws of the Cayman Islands. PIMCO Absolute Return Strategy II Master Fund LDC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Absolute Return Strategy II Master Fund LDC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

55. Plaintiff PIMCO Absolute Return Strategy III Master Fund LDC is a limited duration company existing under the laws of the Cayman Islands. PIMCO Absolute Return Strategy III Master Fund LDC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Absolute Return Strategy III Master Fund LDC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

56. Plaintiff PIMCO Absolute Return Strategy IV IDF LLC is a limited liability company existing under the laws of Delaware. PIMCO Absolute Return Strategy IV IDF LLC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto Plaintiff PIMCO Absolute Return Strategy IV IDF LLC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

57. Plaintiff PIMCO Absolute Return Strategy IV Master Fund LDC is a limited duration company existing under the laws of the Cayman Islands. PIMCO Absolute Return Strategy IV Master Fund LDC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Absolute Return Strategy IV Master Fund LDC has been a Certificateholder of

these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

58. Plaintiff PIMCO Absolute Return Strategy V Master Fund LDC is a limited duration company existing under the laws of the Cayman Islands. PIMCO Absolute Return Strategy V Master Fund LDC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Absolute Return Strategy V Master Fund LDC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

59. Plaintiff PIMCO Canada Canadian CorePLUS Bond Trust is a trust existing under the laws of Canada, which is managed by PIMCO Canada. PIMCO Canada Canadian CorePLUS Bond Trust is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Canada Canadian CorePLUS Bond Trust has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

60. Plaintiff PIMCO Cayman SPC Limited: PIMCO Cayman Japan CorePLUS Strategy Segregated Portfolio is a Cayman Islands exempted company. Plaintiff PIMCO Cayman SPC Limited: PIMCO Cayman Japan CorePLUS Strategy Segregated Portfolio is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Plaintiff PIMCO Cayman SPC Limited: PIMCO Cayman Japan CorePLUS Strategy Segregated Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

61. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Bond Fund is a Cayman Islands business trust. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

62. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Ex-Japan (Yen-Hedged) Bond Fund II is a Cayman Islands business trust. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Ex-Japan (Yen-Hedged) Bond Fund II is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Ex-Japan (Yen-Hedged) Bond Fund II has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

63. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Ex-Japan Bond Fund is a Cayman Islands business trust. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Ex-Japan Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Plaintiff PIMCO Cayman Trust: PIMCO Cayman Global Aggregate Ex-Japan Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

64. Plaintiff PIMCO Combined Alpha Strategies Master Fund LDC is a limited duration company existing under the laws of the Cayman Islands. PIMCO Combined Alpha

Strategies Master Fund LDC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Combined Alpha Strategies Master Fund LDC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

65. Plaintiff PIMCO Corporate & Income Opportunity Fund is a business trust existing under the laws of Massachusetts. PIMCO Corporate & Income Opportunity Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Corporate & Income Opportunity Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

66. Plaintiff PIMCO Corporate & Income Strategy Fund is a business trust existing under the laws of Massachusetts. PIMCO Corporate & Income Strategy Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Corporate & Income Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

67. Plaintiff PIMCO Distressed Senior Credit Opportunities Fund II, L.P. is a limited partnership existing under the laws of Delaware. PIMCO Distressed Senior Credit Opportunities Fund II, L.P. is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Distressed Senior Credit Opportunities Fund II, L.P. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

68. Plaintiff PIMCO Dynamic Credit Income Fund is a business trust existing under the laws of Massachusetts. PIMCO Dynamic Credit Income Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Dynamic Credit Income Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

69. Plaintiff PIMCO Dynamic Income Fund is a business trust existing under the laws of Massachusetts. PIMCO Dynamic Income Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Dynamic Income Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

70. Plaintiff PIMCO ETF Trust: PIMCO Enhanced Short Maturity Exchange-Traded Fund is a statutory trust existing under the laws of Delaware. PIMCO ETF Trust: PIMCO Enhanced Short Maturity Exchange-Traded Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO ETF Trust: PIMCO Enhanced Short Maturity Exchange-Traded Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

71. Plaintiff PIMCO ETF Trust: PIMCO Low Duration Exchange-Traded Fund is a statutory trust existing under the laws of Delaware. PIMCO ETF Trust: PIMCO Low Duration Exchange-Traded Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO ETF Trust: PIMCO Low Duration Exchange-Traded Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein

devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

72. Plaintiff PIMCO ETF Trust: PIMCO Total Return Exchange-Traded Fund is a statutory trust existing under the laws of Delaware. PIMCO ETF Trust: PIMCO Total Return Exchange-Traded Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO ETF Trust: PIMCO Total Return Exchange-Traded Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

73. Plaintiff PIMCO Funds: PIMCO EM Fundamental IndexPLUS AR® Strategy Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO EM Fundamental IndexPLUS® AR Strategy Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO EM Fundamental IndexPLUS® AR Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

74. Plaintiff PIMCO Funds: PIMCO International Fundamental IndexPLUS® AR Strategy Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO International Fundamental IndexPLUS® AR Strategy Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO International Fundamental IndexPLUS® AR Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

75. Plaintiff PIMCO Funds: PIMCO Small Company Fundamental IndexPLUS® AR Strategy Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Small Company Fundamental IndexPLUS® AR Strategy Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Small Company Fundamental IndexPLUS® AR Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

76. Plaintiff PIMCO Funds: PIMCO CommoditiesPLUS® Strategy Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO CommoditiesPLUS® Strategy Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO CommoditiesPLUS® Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

77. Plaintiff PIMCO Funds: PIMCO CommodityRealReturn Strategy Fund® is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO CommodityRealReturn Strategy Fund® is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO CommodityRealReturn Strategy Fund® has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

78. Plaintiff PIMCO Funds: PIMCO Credit Absolute Return Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Credit Absolute Return Fund

is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Credit Absolute Return Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

79. Plaintiff PIMCO Funds: PIMCO Diversified Income Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Diversified Income Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Diversified Income Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

80. Plaintiff PIMCO Funds: PIMCO Emerging Local Bond Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Emerging Local Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Emerging Local Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

81. Plaintiff PIMCO Funds: PIMCO Emerging Markets Bond Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Emerging Markets Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Emerging Markets Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

82. Plaintiff PIMCO Funds: PIMCO EMG Intl Low Volatility RAFI[®]-PLUS AR Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO EMG Intl Low Volatility RAFI[®]-PLUS AR Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO EMG Intl Low Volatility RAFI[®]-PLUS AR Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

83. Plaintiff PIMCO Funds: PIMCO Floating Income Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Floating Income Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Floating Income Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

84. Plaintiff PIMCO Funds: PIMCO Foreign Bond Fund (U.S. Dollar-Hedged) is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Foreign Bond Fund (U.S. Dollar-Hedged) is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Foreign Bond Fund (U.S. Dollar-Hedged) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

85. Plaintiff PIMCO Funds: PIMCO Foreign Bond Fund (Unhedged) is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Foreign Bond Fund (Unhedged) is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO

Funds: PIMCO Foreign Bond Fund (Unhedged) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

86. Plaintiff PIMCO Funds: PIMCO Fundamental Advantage Absolute Return Strategy Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Fundamental Advantage Absolute Return Strategy Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Fundamental Advantage Absolute Return Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

87. Plaintiff PIMCO Funds: PIMCO Fundamental IndexPLUS® AR Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Fundamental IndexPLUS® AR Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Fundamental IndexPLUS AR® Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

88. Plaintiff PIMCO Funds: PIMCO Global Advantage® Strategy Bond Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Global Advantage® Strategy Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Global Advantage® Strategy Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

89. Plaintiff PIMCO Funds: PIMCO Global Bond Fund (U.S. Dollar-Hedged) is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Global Bond Fund (U.S. Dollar-Hedged) is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Global Bond Fund (U.S. Dollar-Hedged) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

90. Plaintiff PIMCO Funds: PIMCO Global Bond Fund (Unhedged) is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Global Bond Fund (Unhedged) is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Global Bond Fund (Unhedged) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

91. Plaintiff PIMCO Funds: PIMCO Global Multi-Asset Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Global Multi-Asset Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Global Multi-Asset Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

92. Plaintiff PIMCO Funds: PIMCO High Yield Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO High Yield Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO High Yield Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains,

or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

93. Plaintiff PIMCO Funds: PIMCO Income Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Income Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Income Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

94. Plaintiff PIMCO Funds: PIMCO Inflation Response Multi-Asset Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Inflation Response Multi-Asset Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Inflation Response Multi-Asset Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

95. Plaintiff PIMCO Funds: PIMCO International StocksPLUS® AR Strategy Fund (U.S. Dollar-Hedged) is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO International StocksPLUS® AR Strategy Fund (U.S. Dollar-Hedged) is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO International StocksPLUS® AR Strategy Fund (U.S. Dollar-Hedged) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

96. Plaintiff PIMCO Funds: PIMCO International StocksPLUS® AR Strategy Fund (Unhedged) is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO International StocksPLUS® AR Strategy Fund (Unhedged) is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO International StocksPLUS® AR Strategy Fund (Unhedged) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

97. Plaintiff PIMCO Funds: PIMCO Investment Grade Corporate Bond Fund is a business trust existing under the laws of Massachusetts. PIMCO Funds: PIMCO Investment Grade Corporate Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Investment Grade Corporate Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

98. Plaintiff PIMCO Funds: PIMCO Long Duration Total Return Fund is a Massachusetts business trust. Plaintiff PIMCO Funds: PIMCO Long Duration Total Return Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Long Duration Total Return Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

99. Plaintiff PIMCO Funds: PIMCO Long-Term Credit Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Long-Term Credit Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Long-Term Credit Fund

has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

100. Plaintiff PIMCO Funds: PIMCO Long-Term U.S. Government Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Long-Term U.S. Government Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Long-Term U.S. Government Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

101. Plaintiff PIMCO Funds: PIMCO Low Duration Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Low Duration Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Low Duration Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

102. Plaintiff PIMCO Funds: PIMCO Low Duration Fund II is a Massachusetts business trust. PIMCO Funds: PIMCO Low Duration Fund II is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Low Duration Fund II has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

103. Plaintiff PIMCO Funds: PIMCO Low Duration Fund III is a Massachusetts business trust. PIMCO Funds: PIMCO Low Duration Fund III is a Certificateholder of the

Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Low Duration Fund III has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

104. Plaintiff PIMCO Funds: PIMCO Moderate Duration Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Moderate Duration Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Moderate Duration Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

105. Plaintiff PIMCO Funds: PIMCO Mortgage Opportunities Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Mortgage Opportunities Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Mortgage Opportunities Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

106. Plaintiff PIMCO Funds: PIMCO Mortgage-Backed Securities Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Mortgage-Backed Securities Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Mortgage-Backed Securities Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

107. Plaintiff PIMCO Funds: PIMCO Real Estate Real Return Strategy Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Real Estate Real Return Strategy Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Real Estate Real Return Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

108. Plaintiff PIMCO Funds: PIMCO Real Return Asset Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Real Return Asset Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Real Return Asset Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

109. Plaintiff PIMCO Funds: PIMCO Real Return Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Real Return Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Real Return Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

110. Plaintiff PIMCO Funds: PIMCO Short-Term Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Short-Term Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Short-Term Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein

devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

111. Plaintiff PIMCO Funds: PIMCO Small Cap StocksPLUS® AR Strategy Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Small Cap StocksPLUS® AR Strategy Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Small Cap StocksPLUS® AR Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

112. Plaintiff PIMCO Funds: PIMCO StocksPLUS® Absolute Return Fund is a Massachusetts business trust. PIMCO Funds: PIMCO StocksPLUS® Absolute Return Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO StocksPLUS® Absolute Return Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

113. Plaintiff PIMCO Funds: PIMCO StocksPLUS® AR Short Strategy Fund is a Massachusetts business trust. PIMCO Funds: PIMCO StocksPLUS® AR Short Strategy Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO StocksPLUS® AR Short Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

114. Plaintiff PIMCO Funds: PIMCO StocksPLUS® Fund is a Massachusetts business trust. PIMCO Funds: PIMCO StocksPLUS® Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO StocksPLUS® Fund has been a

Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

115. Plaintiff PIMCO Funds: PIMCO Total Return Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Total Return Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Total Return Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

116. Plaintiff PIMCO Funds: PIMCO Total Return Fund II is a Massachusetts business trust. PIMCO Funds: PIMCO Total Return Fund II is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Total Return Fund II has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

117. Plaintiff PIMCO Funds: PIMCO Total Return Fund III is a Massachusetts business trust. PIMCO Funds: PIMCO Total Return Fund III is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Total Return Fund III has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

118. Plaintiff PIMCO Funds: PIMCO Total Return Fund IV is a Massachusetts business trust. PIMCO Funds: PIMCO Total Return Fund IV is a Certificateholder of the Trusts

identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Total Return Fund IV has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

119. Plaintiff PIMCO Funds: PIMCO Unconstrained Bond Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Unconstrained Bond Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Unconstrained Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

120. Plaintiff PIMCO Funds: PIMCO Unconstrained Tax Managed Bond Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Unconstrained Tax Managed Bond Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Unconstrained Tax Managed Bond Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

121. Plaintiff PIMCO Funds: PIMCO Worldwide Fundamental Advantage AR Strategy Fund is a Massachusetts business trust. PIMCO Funds: PIMCO Worldwide Fundamental Advantage AR Strategy Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: PIMCO Worldwide Fundamental Advantage AR Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

122. Plaintiff PIMCO Funds: Private Account Portfolio Series Asset-Backed Securities Portfolio is a Massachusetts business trust. PIMCO Funds: Private Account Portfolio Series Asset-Backed Securities Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: Private Account Portfolio Series Asset-Backed Securities Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

123. Plaintiff PIMCO Funds: Private Account Portfolio Series Developing Local Markets Portfolio is a Massachusetts business trust. PIMCO Funds: Private Account Portfolio Series Developing Local Markets Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: Private Account Portfolio Series Developing Local Markets Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

124. Plaintiff PIMCO Funds: Private Account Portfolio Series Emerging Markets Portfolio is a Massachusetts business trust. PIMCO Funds: Private Account Portfolio Series Emerging Markets Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: Private Account Portfolio Series Emerging Markets Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

125. Plaintiff PIMCO Funds: Private Account Portfolio Series High Yield Portfolio is a Massachusetts business trust. Plaintiff PIMCO Funds: Private Account Portfolio Series High

Yield Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. Plaintiff PIMCO Funds: Private Account Portfolio Series High Yield Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

126. Plaintiff PIMCO Funds: Private Account Portfolio Series International Portfolio is a Massachusetts business trust. PIMCO Funds: Private Account Portfolio Series International Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: Private Account Portfolio Series International Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

127. Plaintiff PIMCO Funds: Private Account Portfolio Series Mortgage Portfolio is a Massachusetts business trust. PIMCO Funds: Private Account Portfolio Series Mortgage Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. Plaintiff PIMCO Funds: Private Account Portfolio Series Mortgage Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

128. Plaintiff PIMCO Funds: Private Account Portfolio Series Short-Term Portfolio is a Massachusetts business trust. PIMCO Funds: Private Account Portfolio Series Short-Term Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: Private Account Portfolio Series Short-Term Portfolio has been a Certificateholder of

these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

129. Plaintiff PIMCO Funds: Private Account Portfolio Series U.S. Government Sector Portfolio is a Massachusetts business trust. PIMCO Funds: Private Account Portfolio Series U.S. Government Sector Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Funds: Private Account Portfolio Series U.S. Government Sector Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

130. Plaintiff PIMCO Global Credit Opportunity Master Fund LDC is a limited duration company existing under the laws of the Cayman Islands. PIMCO Global Credit Opportunity Master Fund LDC is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Global Credit Opportunity Master Fund LDC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

131. Plaintiff PIMCO Global Income Opportunities Fund is a trust existing under the laws of Canada. PIMCO Global Income Opportunities Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Global Income Opportunities Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

132. Plaintiff PIMCO Global StocksPLUS & Income Fund is a Massachusetts business trust. PIMCO Global StocksPLUS & Income Fund is a Certificateholder of the Trusts identified

in Exhibit 1 attached hereto. PIMCO Global StocksPLUS & Income Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

133. Plaintiff PIMCO High Income Fund is a Massachusetts business trust. Plaintiff PIMCO High Income Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO High Income Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

134. Plaintiff PIMCO Income Opportunity Fund is a Massachusetts business trust. PIMCO Income Opportunity Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Income Opportunity Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

135. Plaintiff PIMCO Income Strategy Fund is a Massachusetts business trust. Plaintiff PIMCO Income Strategy Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Income Strategy Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

136. Plaintiff PIMCO Income Strategy Fund II is a Massachusetts business trust. PIMCO Income Strategy Fund II is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Income Strategy Fund II has been a Certificateholder of these Trusts at

the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

137. Plaintiff PIMCO Large Cap StocksPLUS Absolute Return Fund is a Delaware business trust. PIMCO Large Cap StocksPLUS Absolute Return Fund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Large Cap StocksPLUS Absolute Return Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

138. Plaintiff PIMCO Monthly Income Fund (Canada) is a trust existing under the laws of Canada. PIMCO Monthly Income Fund (Canada) is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Monthly Income Fund (Canada) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

139. Plaintiff PIMCO Offshore Funds - PIMCO Absolute Return Strategy IV eFund is a Cayman Islands business trust. PIMCO Offshore Funds - PIMCO Absolute Return Strategy IV eFund is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Offshore Funds - PIMCO Absolute Return Strategy IV eFund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

140. Plaintiff PIMCO Offshore Funds: PIMCO Offshore Funds - PIMCO Absolute Return Strategy V Alpha Fund is a Cayman Islands business trust. PIMCO Offshore Funds: PIMCO Offshore Funds - PIMCO Absolute Return Strategy V Alpha Fund is a Certificateholder

of the Trusts identified in Exhibit 1 attached hereto. PIMCO Offshore Funds: PIMCO Offshore Funds - PIMCO Absolute Return Strategy V Alpha Fund has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

141. Plaintiff PIMCO Strategic Global Government Fund, Inc. is a corporation existing under the laws of Maryland. PIMCO Strategic Global Government Fund, Inc. is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Strategic Global Government Fund, Inc. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

142. Plaintiff PIMCO Tactical Opportunities Master Fund Ltd. is a limited partnership existing under the laws of the Cayman Islands. PIMCO Tactical Opportunities Master Fund Ltd. is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Tactical Opportunities Master Fund Ltd. has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

143. Plaintiff PIMCO Variable Insurance Trust: PIMCO CommodityRealReturn Strategy Portfolio is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO CommodityRealReturn Strategy Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO CommodityRealReturn Strategy Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

144. Plaintiff PIMCO Variable Insurance Trust: PIMCO Emerging Markets Bond Portfolio is a Delaware business trust. Plaintiff PIMCO Variable Insurance Trust: PIMCO Emerging Markets Bond Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Emerging Markets Bond Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

145. Plaintiff PIMCO Variable Insurance Trust: PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged) is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged) is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

146. Plaintiff PIMCO Variable Insurance Trust: PIMCO Global Advantage Strategy Bond Portfolio is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO Global Advantage Strategy Bond Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Global Advantage Strategy Bond Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

147. Plaintiff PIMCO Variable Insurance Trust: PIMCO Global Bond Portfolio (Unhedged) is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO Global

Bond Portfolio (Unhedged) is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Global Bond Portfolio (Unhedged) has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

148. PIMCO Variable Insurance Trust: PIMCO Long Term U.S. Government Portfolio is a Delaware business trust. Plaintiff PIMCO Variable Insurance Trust: PIMCO Long Term U.S. Government Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Long Term U.S. Government Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

149. Plaintiff PIMCO Variable Insurance Trust: PIMCO Low Duration Portfolio is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO Low Duration Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Low Duration Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

150. Plaintiff PIMCO Variable Insurance Trust: PIMCO Real Return Portfolio is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO Real Return Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Real Return Portfolio has been a Certificateholder of these Trusts at the

time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

151. Plaintiff PIMCO Variable Insurance Trust: PIMCO Short-Term Portfolio is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO Short-Term Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Short-Term Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

152. Plaintiff PIMCO Variable Insurance Trust: PIMCO Total Return Portfolio is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO Total Return Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Total Return Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

153. Plaintiff PIMCO Variable Insurance Trust: PIMCO Unconstrained Bond Portfolio is a Delaware business trust. PIMCO Variable Insurance Trust: PIMCO Unconstrained Bond Portfolio is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. PIMCO Variable Insurance Trust: PIMCO Unconstrained Bond Portfolio has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

6. Prudential

154. The following plaintiffs are collectively referred to as “Prudential.”

155. Plaintiff Prudential Bank & Trust, FSB (“PB&T”), is a federally chartered bank with its principal place of business at 280 Trumbull Street, Hartford, Connecticut 06103. PB&T

is a subsidiary of Prudential IBH Holdco., Inc., and ultimately Prudential Financial, Inc. PB&T holds in trust on behalf of certain separately managed accounts certificates in the Trusts identified in Exhibit 1 attached hereto. PB&T, through the separately managed accounts, has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

156. Plaintiff The Prudential Investment Portfolios, Inc., is a Maryland Corporation with a principal place of business at Gateway Center Three, 100 Mulberry Street, Newark, New Jersey 07102. It is an open-end management investment company registered with the United States Securities and Exchange Commission (“SEC”). It consists of six series, including the Prudential Asset Allocation Fund. Prudential Investment Portfolios, Inc., through the Prudential Asset Allocation Fund, is a Certificateholder of the Trusts identified in Exhibit 1 attached hereto. Prudential Investment Portfolios, Inc., through the Prudential Asset Allocation Fund, has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

157. Plaintiff The Prudential Investment Portfolios 2 (“PIP 2”), formerly known as the Dryden Investment Fund, is a Delaware statutory trust with a principal place of business in Newark, New Jersey. PIP 2 is an open-ended management investment company registered with the SEC. PIP 2 is comprised of two series funds, including the Prudential Core Short-Term Bond Fund. PIP 2, through the Prudential Core Short-Term Bond Fund, is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIP 2, through the Prudential Core Short-Term Bond Fund, has been a Certificateholder of these Trusts at the time of the transactions of which it

complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

158. Plaintiff The Prudential Investment Portfolios 9 (“PIP 9”), formerly known as the Dryden Large-Cap Core Equity, is a Delaware statutory trust with a principal place of business in Newark, New Jersey. PIP 9 is an open-ended management investment company registered with the SEC. PIP 9 is comprised of three series funds, including the Prudential Absolute Return Bond Fund. PIP 9, through the Prudential Absolute Return Bond Fund, is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIP 9, through the Prudential Absolute Return Bond Fund, has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

159. Plaintiff The Prudential Investment Portfolios, Inc. 17 (“PIP 17”), formerly known as Prudential Total Return Bond Fund, Inc., is a Maryland Corporation with a principal place of business in Newark, New Jersey. It is an open-ended management investment company registered with the SEC. PIP 17 consists of two series funds: the Prudential Short Duration Multi-Sector Bond Fund and Prudential Total Return Bond Fund, Inc. PIP 17, through the Prudential Short Duration Multi-Sector Bond Fund and Prudential Total Return Bond Fund, Inc., is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PIP 17, through the Prudential Short Duration Multi-Sector Bond Fund and Prudential Total Return Bond Fund, Inc., has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

160. Plaintiff The Prudential Series Fund (“PSF”), formerly known as The Prudential Series Fund, Inc., is a Delaware statutory trust with a principal place of business in Newark, New Jersey. It is an open-ended management investment company registered with the SEC. It consists of eighteen series funds, including The Prudential Series Fund-Conservative Balanced Portfolio, The Prudential Series Fund-Diversified Bond Portfolio, The Prudential Series Fund-Government Income Portfolio, The Prudential Series Fund-High Yield Portfolio and The Prudential Series Fund-Flexible Managed Portfolio. PSF, through the The Prudential Series Fund-Conservative Balanced Portfolio, The Prudential Series Fund-Diversified Bond Portfolio, The Prudential Series Fund-Government Income Portfolio, The Prudential Series Fund-High Yield Portfolio and The Prudential Series Fund-Flexible Managed Portfolio, is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PSF, through the The Prudential Series Fund-Conservative Balanced Portfolio, The Prudential Series Fund-Diversified Bond Portfolio, The Prudential Series Fund-Government Income Portfolio, The Prudential Series Fund-High Yield Portfolio and The Prudential Series Fund-Flexible Managed Portfolio, has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

161. Plaintiff Prudential Trust Company (“PTC”) is a corporation formed under the laws of Pennsylvania, with its principal place of business in Scranton, Pennsylvania. PTC is a wholly owned subsidiary of Prudential Investment Management (“PIM”), and ultimately Prudential Financial, Inc. PTC serves as Trustee for the Institutional Core Plus Bond Fund of the Prudential Company Master Commingled Investment Fund for Tax Exempt Trusts, the Institutional Core Bond Fund of the Prudential Trust Company Master Commingled Investment

Fund for Tax Exempt Trusts, the Prudential Core Bond Fund of the Prudential Trust Company Collective Trust, and the Prudential Merged Retirement Plan. PTC, through the Institutional Core Plus Bond Fund of the Prudential Company Master Commingled Investment Fund for Tax Exempt Trusts, the Institutional Core Bond Fund of the Prudential Trust Company Master Commingled Investment Fund for Tax Exempt Trusts, the Prudential Core Bond Fund of the Prudential Trust Company Collective Trust, and the Prudential Merged Retirement Plan, is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PTC, through the Institutional Core Plus Bond Fund of the Prudential Company Master Commingled Investment Fund for Tax Exempt Trusts, the Institutional Core Bond Fund of the Prudential Trust Company Master Commingled Investment Fund for Tax Exempt Trusts, the Prudential Core Bond Fund of the Prudential Trust Company Collective Trust, and the Prudential Merged Retirement Plan has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

162. Plaintiff Prudential Retirement Insurance and Annuity Company (“PRIAC”) is an insurance company formed under the laws of Connecticut, with its principal place of business in Hartford, Connecticut. PRIAC is a wholly owned subsidiary of The Prudential Insurance Company of America, which is owned by Prudential Holdings, LLC, and ultimately by Prudential Financial, Inc. PRIAC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. PRIAC has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

163. Plaintiff The Gibraltar Life Insurance Co., Ltd. (“Gibraltar”) is a life insurance company formed under the laws of Japan, with its principal place of business at Prudential Tower 2-13-10, Nagatacho, Chiyoda-ku, Tokyo, Japan 100-0014. Gibraltar is a wholly owned subsidiary of Prudential Holdings of Japan, Inc., and ultimately Prudential Financial, Inc. Gibraltar is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Gibraltar has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

164. Plaintiff The Prudential Insurance Company of America (“Prudential Insurance”) is an insurance company formed under the laws of, and domiciled in, the State of New Jersey, with its principal place of business at 751 Broad Street, Newark, New Jersey 07102. Prudential Insurance is a wholly owned subsidiary of Prudential Holdings, LLC, which is a Delaware limited liability company. Prudential Holdings, LLC is a wholly owned subsidiary of Prudential Financial, Inc. Prudential Insurance is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Prudential Insurance has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

7. **Sealink**

165. Plaintiff Sealink is a company incorporated under the laws of Ireland with the registered address of Sealink Funding Limited, Fourth Floor, 3 George’s Dock, IFSC, Dublin 1, Ireland. Sealink is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. Sealink has been a Certificateholder of these Trusts at the time of the transactions of which it complains, or its interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13–107.

8. TIAA

166. The following plaintiffs are collectively referred to as “TIAA.”

167. Plaintiff TIAA-CREF Life Insurance Company is a direct wholly-owned subsidiary of Teachers Life Insurance and Annuity Association of America, a legal reserve life insurance company established under the insurance laws of the State of New York. Through its separate accounts (General Pension Act.; TIAA Stable Value; TIAA-CREF Life Ins. GFA; General Acct PA; T-C Life Ins. PA; TIAA Stable Return Annuity), TIAA-CREF Life Insurance Company is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. TIAA-CREF Life Insurance Company, through its managed accounts, has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

168. Plaintiff TIAA-CREF Bond Plus Fund is a Delaware mutual fund with its principal place of business in the State of New York. TIAA-CREF Bond Plus Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. TIAA-CREF Bond Plus Fund has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

169. Plaintiff TIAA-CREF Short-Term Bond Fund is a Delaware mutual fund with its principal place of business in the State of New York. TIAA-CREF Short-Term Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. TIAA-CREF Short-Term Bond Fund has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

170. Plaintiff TIAA-CREF Bond Fund is a Delaware mutual fund with its principal place of business in the State of New York. TIAA-CREF Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. TIAA-CREF Bond Fund has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

171. Plaintiff TIAA Global Public Investments, MBS LLC, a wholly owned subsidiary of TIAA-CREF Life Insurance Company, is a Delaware limited liability company with its principal place of business in the State of New York. TIAA Global Public Investments, MBS LLC is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. TIAA Global Public Investments, MBS LLC has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

172. Plaintiff CREF Bond Market Account is a Delaware mutual fund with its principal place of business in the State of New York. CREF Bond Market Account is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. CREF Bond Market Account has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

173. Plaintiff CREF Social Choice Account is a New York investment company with its principal place of business in the State of New York. CREF Social Choice Account is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. CREF Social Choice Account has been a certificateholder of these Trusts at the time of the transactions of which it

complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

174. Plaintiff TIAA-CREF Life Bond Fund is a Delaware mutual fund with its principal place of business in the State of New York. TIAA-CREF Life Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. TIAA-CREF Life Bond Fund has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

175. Plaintiff TIAA-CREF Social Choice Bond Fund is a Delaware mutual fund with its principal place of business in the State of New York. TIAA-CREF Social Choice Bond Fund is a Certificateholder in the Trusts identified in Exhibit 1 attached hereto. TIAA-CREF Social Choice Bond Fund has been a certificateholder of these Trusts at the time of the transactions of which it complains, or interests therein devolved upon it by operation of law in accordance with New York General Obligations Law § 13-107.

B. Defendants

1. Wells Fargo

176. Defendant Wells Fargo Bank, National Association is a national banking association organized and existing under the laws of the State of South Dakota with its principal executive offices at 101 N. Phillips Avenue, Sioux Falls, South Dakota 57104. Wells Fargo operates 50 corporate trust offices across the country, including in New York City, and currently serves as trustee for more than 500 RMBS trusts issued between 2004 and 2008, including the 284 Trusts at issue in this litigation.

177. Wells Fargo is the primary United States operating subsidiary of Wells Fargo & Company, a multinational banking and financial services holding company with \$1.5 trillion in

assets that is headquartered in San Francisco, California, with 265,000 employees and offices worldwide, including numerous offices in New York State and New York City. Wells Fargo & Company is the second largest bank and the twenty-third largest company in the United States. In 2008, Wells Fargo & Company acquired the Charlotte-based bank Wachovia, including Wachovia's RMBS trustee business, in an all-stock transaction valued at approximately \$14.8 billion.

178. Wells Fargo, together with its affiliates, is involved in virtually all aspects of the private-label RMBS market. For example, Wells Fargo originated approximately \$1.5 trillion in residential mortgages between 2004 and 2008 that were sold and securitized in various RMBS. Wells Fargo also sponsored approximately 160 RMBS securitizations between 2004 and 2008 with an original face amount of approximately \$165 billion. Finally, Wells Fargo, together with various of its loan servicing arms including America's Servicing Company, is one of the largest mortgage loan servicing businesses in the United States, serving as master servicer for approximately \$1.16 trillion in RMBS issued between 2004 and 2008.

2. The Nominal Defendant Trusts

179. Each Trust is named herein as a nominal defendant. Each of the Trusts is a New York common law trust established under its respective PSA, or a Delaware statutory trust established under its respective Indenture and Sale Servicing Agreement ("SSA"). All of the Trusts are governed by the substantive laws of the state of New York, and are subject to the Trust Indenture Act of 1939 (15 U.S.C. § 77aaa, *et seq.*).³

³ The Trusts' governing agreements set forth Wells Fargo's duties as trustee. Over 90% of the Trusts are governed by an agreement styled as a PSA and certain related agreements that the PSA references and incorporates. The remaining Trusts are governed by a document styled as an Indenture and certain related agreements that the Indenture references and incorporates, including the Sales and Servicing Agreement. All of the governing agreements are substantially

III. OVERVIEW OF THE TRUSTS

180. The Trusts in this action, identified in the attached Exhibit 1, are 284 New York common law trusts, or Delaware statutory trusts, resulting from non-agency residential mortgage-backed securitizations issued between 2004 and 2008, inclusive. The Trusts, which have a total original principal balance of over \$315.5 billion and current balance of over \$50.5 billion, as of July 1, 2014. To date, the Trusts have suffered total realized collateral losses of over \$32.1 billion. Moreover, as a result of defective mortgage collateral and servicer violations, the Trusts have incurred and will continue to incur substantial losses.

181. The Trusts have a high concentration of loans originated by eight lenders; specifically, Option One, Argent Mortgage Company, LLC (“Argent”), WMC, First Franklin Financial Corporation (“First Franklin”), Fremont Investment & Loan Co. (“Fremont”), Wells Fargo, Countrywide, and New Century Mortgage Corp. (“New Century”). These lenders collectively originated approximately \$142.9 billion in loans, representing approximately 52% of the total original face value of the mortgage loans in the Trusts.

182. A significant portion of the Trusts were sponsored by twelve entities; specifically, Banc of America, Park Place Securities (“Park Place”), Merrill Lynch & Co., Inc. (“Merrill Lynch”), Lehman, First Franklin, Morgan Stanley & Co., Inc. (“Morgan Stanley”), Barclays Capital, Inc. (“Barclays”), Carrington Securities, LP (“Carrington”), RBS Greenwich/Soundview, UBS and Credit Suisse. These financial institutions collectively sponsored over \$209.8 billion, representing approximately 67% of the total face value of the mortgage loans in the Trusts.

similar, and impose the same duties on Wells Fargo as Trustee to the Trusts and Certificateholders. Accordingly, this Amended Complaint primarily refers to the PSAs when discussing the Trustee’s contractual obligations.

183. An overwhelming majority of the Trusts' loans are serviced by four entities. Specifically, \$180.2 billion in loans were originally serviced by Option One, Bank of America/Countrywide, Aurora, and Barclays representing over 57% of the total original face value of the mortgage loans in the Trusts.

IV. JURISDICTION AND VENUE

184. This Court has jurisdiction over this proceeding pursuant to CPLR Section 301 because Defendant Wells Fargo maintains offices and regularly conducts business in New York. This Court also has jurisdiction pursuant to CPLR Section 302 because Wells Fargo, by engaging in the conduct alleged herein, transacted business within this state and committed tortious acts within this state. Further, the contracts at issue were, on information and belief, performed by Wells Fargo in New York, and the Trusts were formed under New York law and/or contain a New York choice of law provision. Additionally, Section 22(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77v(a), confers jurisdiction on this Court as to Plaintiffs' claims under the Trust Indenture Act of 1939, 15 U.S.C. § 77aaa, *et seq.* ("TIA") and provides that, subject to exceptions not applicable here, "no case arising under this title and brought in any State court of competent jurisdiction shall be removed to any court of the United States."

185. Venue is proper in this Court under CPLR Section 503(a) because one or more of the parties reside in New York County and Plaintiffs designate New York County as the place of trial for this action. Venue is proper in the Court under CPLR Section 503(b) because Wells Fargo, a trustee, is deemed a resident of New York County by virtue of its appointment as trustee of trusts formed under New York law pursuant to their respective PSAs.

V. PRESUIT DEMAND ON WELLS FARGO IS NOT REQUIRED AND WOULD ALSO BE FUTILE

186. The “no action” clauses in the governing agreements do not apply to this lawsuit because the claims at issue are brought against Wells Fargo in its capacity as trustee, not against a third party. The PSAs expressly permit suits against the trustee, stating that no provision of the agreements “shall be construed to relieve the Trustee . . . from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct.”

187. Additionally, under the TIA and New York law, “no action” clauses do not apply to this action, which is brought derivatively on behalf of the Trusts, against the Trustee, Wells Fargo, for its own wrongdoing. Wells Fargo is not being asked to initiate a suit in its own name as trustee to enforce rights and obligations under the governing agreements. Rather, this action asserts claims against Wells Fargo for breaching its contractual, statutory, and common law obligations and for acting with negligence when performing its duties. Because this is not an action, suit or proceeding that Wells Fargo is capable of bringing in its own name as trustee under the governing agreements, the “no action” clause does not apply.

188. Compliance with the “no action” clause’s pre-suit requirements also would have been futile. The no action clause (if it applied) would require Plaintiffs to demand that Wells Fargo initiate proceedings against itself and to indemnify Wells Fargo for its own liability to the Trusts, an “absurd” requirement that the parties did not intend. *See Cruden v. Bank of New York*, 957 F.2d 961, 968 (2d Cir. 1992).

189. Plaintiffs have the right to bring this suit derivatively on behalf of the Trusts under New York Business Corporation Law Section 626. This suit should be brought derivatively because, as described herein, the Trusts have suffered injury as a result of Wells Fargo’s breach of its contractual, statutory and common law duties to the Trusts.

**VI. BACKGROUND - THE TRUSTEE'S ROLE
AS GATEKEEPER IN THE SECURITIZATION PROCESS**

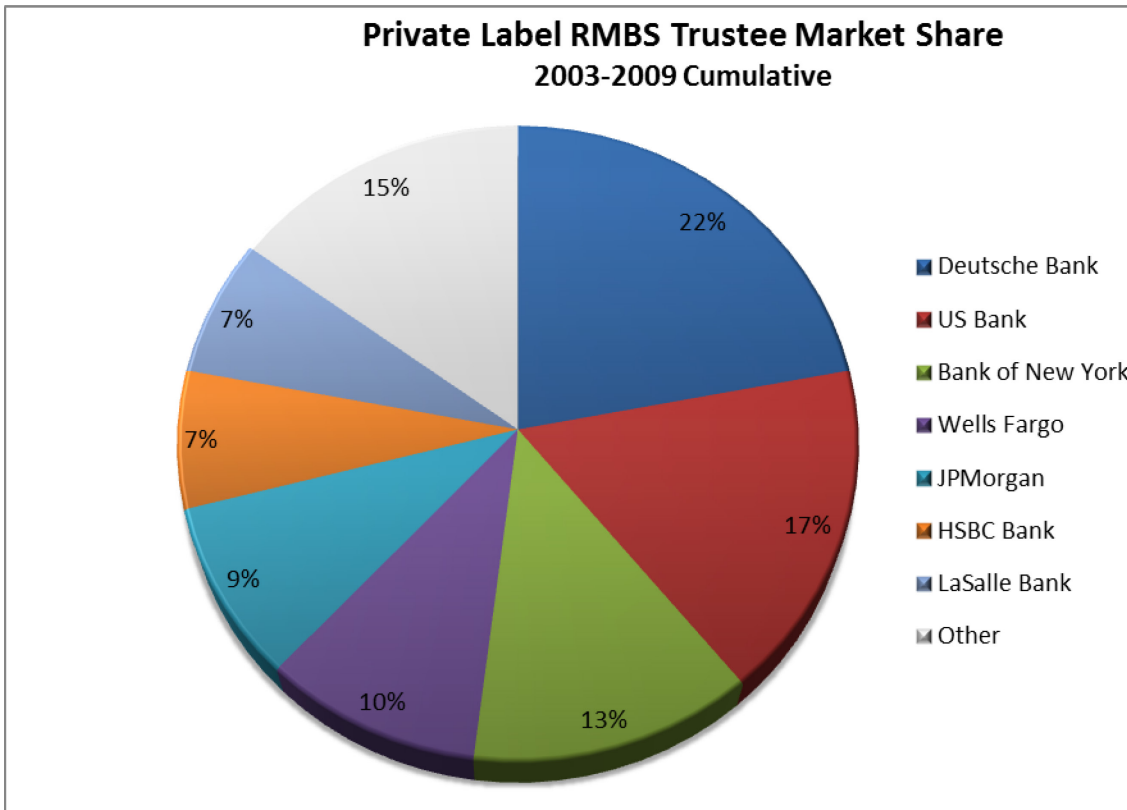
190. Residential mortgage-backed securities provide investors with an interest in the income generated by one or more designated pools of residential mortgages. The securities themselves represent an interest in an “issuing trust” that holds the designated mortgage pools. The corpus of the trust – like the Trusts at issue here – consists entirely of the underlying mortgage loans.

191. The TIA requires that a trustee be appointed for all bond issues over \$10 million so that the rights of investors are not compromised. In RMBS transaction, the “issuer” appoints the trustee, which is the only independent party to the PSAs. Accordingly, the trustee serves the critical role of an independent party with access to all relevant information, including the mortgage loan files. Investors reasonably understand that the trustee is under an affirmative duty to take action to protect the interests of the trusts and their beneficiaries, the certificateholders. As part of the RMBS transaction, the trustee is assigned “all right, title and interest” in the underlying mortgage loans. The PSAs require the trustee, or its agent, to take physical possession of the mortgage loans, ensure that each mortgage loan was properly conveyed and certify that the documentation for each loan was accurate and complete.

192. The trustee is contractually responsible for the transactions of the “issuing trust.” The trustee is responsible for administering the trust for the benefit of investors, including guaranteeing that the transactions are administered in accordance with the related documentation, following compliance and performance-related matters, and handling cash and information processing for the investors. The trustee must work closely with the issuer and servicer to protect the welfare of the trust. In contrast to the roles of issuer or servicer, which can be combined, the trustee’s sole purpose is to represent the investor and, therefore, the trustee must

be an independent entity without any conflicts of interest. The PSAs contractually obligate the trustee to oversee and manage the servicer, including granting the trustee the power to replace the servicer for its failure to act in accordance with the servicer's contractual obligations.

193. Although the structure and underlying collateral of the mortgages may vary from trust to trust, RMBS trusts all function similarly: the cash flow from interest and principal payments is passed through to the trust and distributed to certificateholders in the order laid out in the securitization agreements, commonly referred to as the cash-flow "waterfall." The duties and responsibilities of the trustee are identical in all RMBS transactions – namely to represent the trusts and their investors as an independent third party. Between 2003 and 2009, private-label RMBS offerings totaled more than \$3 trillion. Yet, only a handful of major American financial institutions served as trustees and contractually agreed to perform the vitally important gatekeeping functions to protect certificateholders. Among this handful of major RMBS trustees, Wells Fargo held the fourth largest market share during this period.



194. The process of securitizing mortgages into RMBS involves a number of steps, each of which is critical to finalize the securitization and sell the RMBS to investors. First, a sponsor creates a loan pool from mortgages it originated purchased from other financial institutions. The sponsor has the right to require the seller to repurchase or replace loans that do not meet represented quality standards after purchasing a mortgage pool.

195. Second, the sponsor transfers the loans to a “depositor,” which segments the cash flows and risks in the loan pool among different levels of investment or “tranches.” Generally, cash flows from the loan pool are applied in order of seniority, going first to the most senior tranches. In addition, any losses to the loan pool due to defaults, delinquencies, foreclosure or otherwise, are applied in reverse order of seniority, and are generally applied first to the most junior tranches.

196. Third, the depositor transfers the mortgage pool to the issuing trust so that it can be used as collateral for RMBS that will be issued and sold to investors. The depositor then passes the RMBS to the underwriters for sale to investors in exchange for payment.

197. The servicer is appointed by the sponsor and is a party to the PSAs. The servicer is often an affiliate of the sponsor or an originator of a substantial portion of the loans in the trust. The servicer collects payments from the underlying borrowers. After collection, the servicer sends the funds to the trustee, which then makes payments to the certificateholders. Mortgage defaults reduce the available principal and interest payments to be paid to the trust and passed through to investors. Mortgage delinquencies similarly reduce the available principal and interest to be paid to the trust and distributed to investors.

198. Accordingly, if an underlying borrower does not timely make the required payments to the servicer, the servicer may have to take action to mitigate or minimize the losses to the trust, including foreclosing on the property and providing property maintenance to maximize the return on the investment to the trust and its beneficial owners – the certificateholders. Foreclosures result in higher losses to the trust (and therefore to the RMBS investors) if the value of the collateral is lower than anticipated. For these reasons, proper loan origination and underwriting of the mortgages underlying the RMBS, and proper and timely loan servicing and oversight are essential to the quality of the RMBS and the timely receipt of principal and interest payments to the trust for distribution to the certificateholders.

VII. WELLS FARGO'S CONTRACTUAL OBLIGATIONS

199. The Trusts' rights and Wells Fargo's contractual duties, as Trustee for the Trusts at issue in this action are set forth in the relevant securitization agreements, including the Mortgage Loan Purchase and Sale Agreements ("MLPAs") (or similar documents) and the governing agreements.

200. The contractual provisions relevant to this action are substantially similar, if not identical, in all of the governing agreements and impose substantially the same, if not identical, duties and obligations on the parties to the governing agreements.

A. The Mortgage Loan Purchase And Sale Agreement

201. The MLPA is a contract between either the originator and the sponsor, or the sponsor and the depositor. The MLPA governs the terms of the sale of the mortgage loans acquired for securitization. In its capacity as “seller” under the MLPA, the originator or sponsor makes extensive representations and warranties concerning the characteristics, quality, and risk profile of the mortgage loans.

202. The seller’s typical representations and warranties in the MLPAs include, *inter alia*, the following: (i) the information in the mortgage loan schedule is true and correct in all material respects; (ii) each loan complies in all material respects with all applicable local, state and federal laws and regulations at the time it was made; (iii) the mortgaged properties are lawfully occupied as the principal residences of the borrowers unless specifically identified otherwise; (iv) the borrower for each loan is in good standing and not in default; (v) no loan has a loan-to-value (“LTV”) ratio of more than 100%; (vi) each mortgaged property was the subject of a valid appraisal; and (vii) each loan was originated in accordance with the underwriting guidelines of the related originator. To the extent mortgages breach the seller’s representations and warranties, the mortgage loans are worth less and are much riskier than represented.

203. Under the MLPAs, upon discovery or receipt of notice of any breach of the seller’s representations and warranties that has a material and adverse effect on the value of the mortgage loans in the Trusts or the interests of the Certificateholders therein, the seller is obligated to cure the breach in all material respects. The MLPAs do not specify what constitutes

“discovery” of a breach or what evidence must be presented to the seller in providing notice of a breach.

204. If a breach is not cured within a specified period of time, the seller is obligated to either substitute the defective loan with a loan of adequate credit quality, or repurchase the defective loan at a specified purchase price (the “Repurchase Price”) equal to the outstanding principal balance and all accrued but unpaid interest on the loan to be paid to the Trust. For breaches related to a mortgage loan or acquired property already sold from the Trust (for example, as a result of foreclosure), the seller must pay to the Trust the amount of the Repurchase Price that exceeds the net liquidation proceeds received upon the sale of the mortgage loan or acquired property.

205. The repurchase provisions ensure that the Trust need not continue to hold mortgage loans for which the seller breached its representations and warranties. Thus, the repurchase provisions transfer from the Trusts to the sellers the risk of any decline, or further decline, in the value of those mortgage loans.

206. Under the MLPAs, the demanding party must merely show that the breach has a material and adverse effect on the value of the mortgage loans in the Trusts or the interests of the Certificateholders in the loans. The seller’s cure, substitute and repurchase obligations do not require any showing that the seller’s breach of representations caused any realized loss in the related mortgage loan in the form of default or foreclosure, or that the demanding party prove reliance on servicing and origination documents.

207. Upon the sale of the mortgage loans to the Trust, the rights under MLPAs, including the sellers’ representations and warranties concerning the mortgage loans, were

assigned to Wells Fargo, as Trustee for the benefit of the Trust and all the Certificateholders, in accordance with the PSAs.

B. The Pooling And Servicing Agreements

208. The PSAs are contracts between, among others, the depositor, the servicer, and Wells Fargo, as Trustee, which govern the Trusts that issued certificates. The PSAs for each of the Trusts are substantially similar and memorialize (i) the transfer and conveyance of the mortgage loans from the depositor to the Trust; (ii) the Trusts' issuance of beneficial certificates of interests in the Trusts to raise the funds to pay the depositor for the mortgage loans; and (iii) the terms of those certificates.

1. Wells Fargo's Duties And Obligations Under The PSAs

209. The PSAs set forth Wells Fargo's contractual duties and obligations, which are identical or substantially identical for each Trust governed by a PSA. Specifically, each of the PSAs require Wells Fargo to oversee and enforce the sellers' and the servicers' obligations. In performing these contractual obligations, Wells Fargo is required to act in the best interests of and for the protection of the Trusts and their Certificateholders. Certificateholders, unlike the trustee, have no direct contact with the sellers and servicers and have no ability to influence or examine the servicers' decisions. Moreover, under the PSAs, Certificateholders do not have the right to directly enforce the sellers' representations and warranties or the servicers' duties, absent satisfaction of the collective action provisions. Thus, Certificateholders must rely on Wells Fargo to protect their interests.

210. The PSAs require the depositor to deliver to and deposit with, or cause to be delivered to and deposited with, Wells Fargo, the mortgage files, which must at all times be identified in the records of Wells Fargo as being held by or on behalf of the Trust. Furthermore, the PSAs require Wells Fargo to acknowledge receipt of the mortgage files on behalf of the Trust

and to acknowledge that all mortgage pool assets, mortgage files and related documents and property held by it at any time are held by it as Trustee of the Trust.

211. Once the mortgage files are in Wells Fargo's possession, the PSAs require Wells Fargo to ensure that the underlying mortgage loans were properly conveyed to the Trusts, and that the Trusts have perfected enforceable title to the mortgage loans by reviewing the mortgage files for each of the mortgage loans. Wells Fargo is required to review each mortgage file within a certain time period after the "Closing Date" and deliver to the depositor a certification that all documents required have been executed and received.

212. If Wells Fargo identifies any defect in a mortgage loan file for an underlying mortgage loan contained in a Trust, Wells Fargo must promptly notify either the servicer or depositor, and that party shall promptly notify the applicable seller of the defect and take appropriate steps on behalf of the Trust to enforce such seller's obligation to correct or cure the defect or repurchase or substitute such mortgage loan.

a) Duty To Provide Notice Of Breaches And To Enforce Putback Rights

213. Under the PSAs, Wells Fargo is entrusted to ensure that mortgage loans in the Trusts were properly underwritten, were of a certain risk profile, and had characteristics of a certain quality as represented by the sellers in the MLPAs. The Trusts were assigned all of the rights under the MLPAs pertaining to the mortgage loans, including the right to put back loans that breached the sellers' representations and warranties.

214. To protect the Trusts and the Certificateholders, the PSAs require Wells Fargo to give prompt written notice to all parties to the PSA upon its discovery of a breach of a representation or warranty made by the seller in respect of the mortgage loans that materially and adversely affects the value of any mortgage loan or the interests of the Certificateholders in any

loan, and to take such action as may be necessary or appropriate to enforce the rights of the Trusts with respect to the breach.

b) Wells Fargo's Duties Regarding The Servicers

215. Under the PSAs, Wells Fargo, as Trustee, has certain duties and obligations with respect to monitoring the servicers, whose authority and responsibilities are delegated by Wells Fargo. In particular, the PSAs set forth Wells Fargo's obligations upon occurrence of an "Event of Default," which is defined as a specified failure of the servicer to perform its servicing duties and cure this failure within a specified time period. The PSAs identify several types of failures by the servicer that may give rise to an Event of Default. Such failures include, breach of servicer representations and warranties and failure to observe or perform in any material respect any other covenants or agreements, which continues unremedied for no more than thirty to sixty days after written notice of such failure shall have been given to the servicer by the trustee requiring the same to be remedied, or knowledge of such failure by a "Servicing Officer" of the servicer, whichever is earlier.

216. The remedies for uncured servicer Events of Default include termination of the servicer and reimbursement for trust assets lost as a result of the servicers' violations. As detailed herein, Wells Fargo did not perform its duties to monitor the servicers and did not initiate any action against the servicers for the benefit of the Trusts and Certificateholders.

c) Duties Upon Knowledge Of An Event Of Default

217. The PSAs impose additional obligations upon Wells Fargo once a responsible officer of Wells Fargo has knowledge of the occurrence of an Event of Default. *First*, Wells Fargo must give written notice to the relevant servicer of the occurrence of such an event within the specified time period after Wells Fargo obtains knowledge of the occurrence. *Second*, within sixty to ninety days after the occurrence of any Event of Default, Wells Fargo is required to

provide written notice to all Certificateholders of the Event of Default, unless the Event of Default has been cured or waived. *Third*, and most importantly, the PSAs require Wells Fargo to exercise the rights and powers vested in it by the PSA using the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

218. Wells Fargo's failure to give notice to the servicers of an Event of Default does not prevent the triggering of an Event of Default should Wells Fargo's failure result from its own negligence or willful misconduct.

2. The Servicers' Duties And Obligations Under The PSAs

219. The PSAs also establish the servicers' duties and obligations to the Trusts and all Certificateholders. In essence, the servicers' contractual role is to manage the mortgage loans for the benefit of the Trust and its Certificateholders.

a) Duty To Provide Notice Of Breaches And To Enforce Putback Rights

220. The PSAs require the servicers to notify all parties to the PSAs if the servicers discover a breach of any of the sellers' representations and warranties that adversely and materially affects the value of the mortgage loan or the interests of the Trusts. The PSAs generally require the servicers, on behalf of the Trusts, to enforce the sellers' obligation to repurchase, substitute, or cure such defective mortgage loans or mortgage loan files.

221. The servicers are greatly disincentivized to enforce these contractual duties related to the sellers' repurchase obligations. The servicer is selected by the sponsor, and therefore risks losing future business and becoming adverse to the seller if it vigilantly enforces the sellers' repurchase obligations. Additionally, the servicers often are affiliates of the sellers because in connection with the sale of a loan pool, the seller typically retains the loan servicing

rights for its own servicing division. In addition, due to the fact that the servicers' affiliates, in their capacity as sellers, likewise sold loans in breach of specific representations and warranties to other RMBS trusts and face similar repurchase liability, the servicers were disincentivized from enforcing these contractual duties.

222. Consequently, it is crucial that the trustee monitor the servicer to ensure that the servicer is enforcing the Trusts' repurchase rights against the sellers so that the Trusts hold mortgage loans of the same credit quality and characteristics as bargained for. Moreover, where the servicers fail to enforce the Trusts' repurchase rights, the trustee must step in and exercise the Trusts' rights.

b) Duty To Perform Prudent And Customary Servicing Practices

223. The PSAs require the servicers to service and administer the mortgage loans for and on behalf of the Trusts and the Certificateholders (i) in the same manner in which they service and administer similar mortgage loans for their own portfolio or for other third parties, giving due consideration to customary and usual standards of practice of prudent institutional mortgage lenders servicing similar loans; (ii) with a view to maximizing the recoveries with respect to such mortgage loans on a net present value basis; and (iii) without regard to, among other things, the right of the servicers to receive compensation or other fees for its services under the PSA, the obligation of the servicers to make servicing advances under the PSA, and the servicers' ownership, servicing or management for others of any other mortgage loans.

224. In truth, the servicers' financial interests in managing the Trusts' loans often diverge from those of the Trusts. Servicers typically pay upfront for mortgage servicing rights. To make a profit, servicers must recoup their outlay based on their net servicing income (*i.e.*, gross servicing income minus servicing costs). The amount of servicers' compensation in the

form of servicing fees, float, and retained interests varies based on factors beyond the servicers' control, particularly mortgage prepayment speeds, which are largely a function of interest rates. Accordingly, a servicer's ability to maximize its net servicing income depends in large part on its ability to levy ancillary fees and to control servicing costs. For this reason, servicers are incentivized to aggressively pursue ancillary fees and to pursue loss mitigation strategies that minimize costs, even if they are inconsistent with – or contrary to – the interests of the Trusts and the Certificateholders.

225. Accordingly, it is essential that trustees monitor servicers' servicing activities to ensure that servicers: (i) maintain accurate and adequate loan and collateral files so as not to prejudice the interests of the Trusts and the Certificateholders in the mortgages by fostering uncertainty as to the timely recovery of collateral; and (ii) avoid incur unnecessary servicing fees to maintain mortgaged property.

c) Duty To Perform Prudent Foreclosure Practices

226. The PSAs require the servicers to use their best efforts, consistent with accepted servicing practices, to foreclose upon or otherwise comparably convert the ownership of properties securing the mortgage loans as they come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments. Moreover, the PSAs contemplate that foreclosures and liquidations of defaulted mortgages will proceed forthwith and in accordance with applicable law, provided the documentation is in order, as a matter of fairness to all parties.

227. In truth, the servicers' financial interests in managing loans often diverge from those of the Trusts. For example, to minimize the costs of foreclosures, servicers from 2007 through 2010 pervasively cut corners in the discharge of their servicing duties at the expense of the accuracy, reliability and currency of loan documents and information.

228. Thus, it is essential that trustees monitor servicers' activities subsequent to borrower defaults to ensure the servicers function in a way that maximizes value for the Trusts and the Certificateholders.

d) Duty To Perform Prudent Servicing Advances

229. The PSAs provide that the servicers may recover servicing advances. Servicers are required to advance monthly principal and interest ("P&I") and taxes and insurance payments on delinquent loans. Servicers also advance legal fees, maintenance, and preservation costs on properties that have already been foreclosed and become wholly owned by the Trust (or "REO"), rather than sold to a third party. Servicers are able to recover these advances from the net proceeds of the property when sold.

230. Under the PSAs, the servicer's advancing obligations are subject to a deemed non-recoverability standard where the servicer has the right to curtail additional advances based on a reasonable analysis that the servicer could not otherwise recover its advances based on projected, probable net liquidation proceeds. Thus, if a servicer believes that the P&I advances will exceed the net proceeds of a foreclosure on the mortgaged property, the servicer generally has the right to cease making the P&I advances and to look to the rest of the Trust's loan pool for recovery of any excess paid. This means that servicers' P&I advances are functionally the most senior claim on the Trusts and the servicers get paid **first** before any certificateholder. As explained by Ocwen Financial Corporation ("Ocwen"), a major subprime servicer: "Most of our advances have the highest reimbursement priority (*i.e.*, they are on 'top of the waterfall') so that we are entitled to repayment [from loan proceeds] before any interest or principal is paid on the

bonds.”⁴ In the majority of cases, the servicer may recover advances in excess of loan proceeds from pool-level proceeds. Additionally, under the PSAs, the servicers are only entitled to recoup customary, reasonable and necessary out-of-pocket costs and expenses incurred in the performance by the servicer of its servicing obligations.

231. In practice, servicers are incentivized to abuse their advancing obligations by incurring unnecessary or inflated expenses related to delinquent loans because those advances are the senior-most claims on the Trusts and will almost always be recoverable.

232. Thus, it is critical that trustees monitor the servicers and, in particular, servicing advances to ensure servicers do not manipulate the recoverable and “reasonable and necessary” designations to their own advantage and to the Trusts’ detriment.

C. The Indentures And Sale Servicing Agreements

233. Indentures and Sale Servicing Agreements govern the minority of Trusts that issued mortgage-backed notes. The Indentures are contracts between, among others, the Trust, as issuer, and Wells Fargo, as Trustee. In this agreement, the issuer (*i.e.*, the trust) pledges the mortgage loan assets of the trust to Wells Fargo, the Indenture Trustee. Wells Fargo accepts the pledge of the mortgage loans and holds the assets of the Trust in trust for the Noteholders. The Trust, in turn, issues the notes to investors.

234. The Indentures set forth duties on the part of the Trust as issuer. Such duties, which must be punctually performed and observed, include taking all action necessary or advisable to cause the Trust or the Indenture Trustee to: (i) enforce any of the rights to the

⁴ Ocwen, Annual Report (Form 10-K) at 40 (Mar. 13, 2008), *available at* http://www.sec.gov/Archives/edgar/data/873860/000101905608000419/ocn_10k07.htm.

mortgage loans; and (ii) preserve or defend title to the Trust Estate and the rights of the Indenture Trustee and the Noteholders in such Trust Estate against the claims of all persons and parties.

235. The Indentures set forth Wells Fargo's contractual duties and obligations, which are substantially similar, if not identical, to Wells Fargo's contractual duties and obligations in the PSAs. For example, as pledgee of the mortgage loans, Wells Fargo, as Indenture Trustee, has the benefit of the representations and warranties made by the sellers in the MLPAs. If a responsible officer of Wells Fargo has actual knowledge of any breach of representation or warranty made by the seller in the MLPA, Wells Fargo shall promptly notify the seller of the breach and the sellers' obligation to cure such defect or repurchase or substitute for the related mortgage loan.

236. Like the PSAs, the Indentures impose similar obligations on the trustee following an "Event of Default." However, pursuant to the Indenture, only the conduct of the issuer, the Trust, can constitute an Event of Default. An Event of Default occurs under the Indenture, when, among other things, a default occurs in the observance or performance of any covenant or agreement of the Trust made in the Indenture, and such default is not cured within a specified period of time after notice is given to the Trust by Wells Fargo or to the Trust and Wells Fargo by a requisite number of Noteholders. The Indentures define a "default" as "[a]ny occurrence which is or with notice or the lapse of time or both would become an Event of Default."

237. Once Wells Fargo has actual knowledge of an Event of Default, Wells Fargo must enforce the rights of the Noteholders, whether for the specific performance of any covenant, agreement or right under the Indenture, or to enforce any other proper remedy or legal or equitable right vested by law. In carrying out these post-Event of Default duties, Wells Fargo

must exercise its rights and obligations under the Indenture using the same degree of care and skill as a prudent person would, under the circumstances, in the conduct of his or her own affairs.

238. The SSAs are contracts between, among others, the depositor, the trust (typically a Delaware statutory trust), as issuer, Wells Fargo, as Indenture Trustee, and the master servicer. The SSAs contain substantially similar, if not identical, provisions to the PSAs. Like the PSAs, the SSAs call for the depositor's conveyance of mortgage loans to the Trust in which the notes participate and establish the rights and obligations of the master servicer for the notes.

239. Like the PSAs, the SSAs for each of the Trusts are substantially similar and provide for nearly identical obligations on the part of master servicers with respect to servicing the mortgage loans, including covenants (i) to provide notice of seller breaches; (ii) to administer the mortgage loans consistently with industry practice; (iii) to use reasonable efforts to collect all payments owed on the mortgage loans, including with respect to foreclosure, and to follow the same collection procedures it follows for servicing mortgage loans in its own portfolio; and (iv) to make proper servicing advances.

240. The SSAs also define "Master Servicer Events of Default," which include a failure to observe or perform material covenants and agreements set forth in the SSA to be performed by the master servicer, which materially affects the rights of the Noteholders, and such failure continues unremedied for a specified period after written notice was given. If a Servicer Event of Default occurs under the SSA which a responsible officer of Wells Fargo, as Indenture Trustee, has received written notice or has actual knowledge of, Wells Fargo must immediately terminate the Master Servicer and either substitute in as master servicer or find a successor. Wells Fargo must also give prompt written notice to all Noteholders of Servicer Events of Default.

VIII. THE TRUSTS SUFFERED FROM PERVASIVE BREACHES OF REPRESENTATIONS AND WARRANTIES BY THE SELLERS

241. Each of the Trusts' loan pools contain a high percentage of loans that materially breached the sellers' representations and warranties, which adversely affected the value of those mortgage loans and the Trusts' and Certificateholders' rights in those mortgage loans. Specifically, the representations and warranties regarding the originators' compliance with underwriting standards and practices, owner occupancy statistics, appraisal procedures, LTV and combined LTV ("CLTV") ratios were systemically and pervasively false. The falsity of these representations and omissions is demonstrated by the high default rates of the mortgage loans, the plummeting credit ratings of the RMBS and certificates, the results of investors' forensic reviews and re-underwriting of loans within the Trusts in other litigation, and evidence highlighting the originators' abandonment of underwriting standards.

A. High Default Rates Of The Mortgage Loans And Plummeting Credit Ratings Are Indicative Of Massive Seller Breaches

242. The extremely high default rates of the mortgage loans within the Trusts and the decline in the credit ratings of the RMBS to below investment grade are strong evidence of the originators' misrepresentation of the credit quality and characteristics of the mortgage loans they sold to the Trusts.

243. The Trusts have experienced payment problems significantly beyond what was expected for loan pools that were properly underwritten, and which contained loans that actually had the characteristics originators represented and warranted. For example, at the time of filing this Amended Complaint, across all 284 of the Trusts, over 10.1%, of the relevant mortgage loans have been written off for a loss. Within certain RMBS sponsor labels, such as Option One Trusts, over 20% of the relevant mortgage loans had been written off for a loss. Moreover, as of

January 1, 2009, an astounding 30% or more of the relevant mortgage loans were delinquent in 115 individual Trusts.

244. Not only have the mortgage loans experienced extraordinary rates of delinquency and default, but the ratings of the RMBS supported by them have significantly deteriorated. Because of the high delinquency, foreclosure, and default rates of the underlying mortgage loans, more than 75% of all certificates within the Trusts have been downgraded.

245. The economic downturn cannot explain the abnormally high percentage of defaults, foreclosures, and delinquencies observed in the loan pools ultimately backing the certificates. Loan pools that were properly underwritten and containing loans with the represented characteristics would have experienced substantially fewer payment problems and substantially lower percentages of defaults, foreclosures, and delinquencies. The significant rating downgrades experienced by the RMBS are also strong evidence that they were improperly underwritten, and that they did not have the credit risk characteristics the sellers represented and warranted.

B. The Systemic Disregard Of Underwriting Standards Was Pervasive During The Relevant Period

246. It is well documented that during the height of the mortgage and securitization boom in the United States market between 2004 and 2008, originators of residential mortgage loans sold and securitized loans in RMBS in violation of their stated underwriting guidelines and in breach of the representations and warranties provided to the purchasers of the loan pools.

247. Government reports and investigations and newspaper reports have uncovered the extent of pervasive abandonment of underwriting standards. The Permanent Subcommittee on Investigations in the United States Senate (“PSI”) released a report detailing the causes of the

financial crisis. Using Washington Mutual Bank (“WaMu”) as a case study, the PSI concluded through its investigation:

Washington Mutual was far from the only lender that sold poor quality mortgages and mortgage backed securities that undermined U.S. financial markets. The Subcommittee investigation indicates that Washington Mutual was emblematic of a host of financial institutions that knowingly originated, sold, and securitized billions of dollars in high risk, poor quality home loans. These lenders were not the victims of the financial crisis; the high risk loans they issued became the fuel that ignited the financial crisis.⁵

248. The Financial Crisis Inquiry Commission (“FCIC”) issued its final report in January 2011 that detailed, among other things, the collapse of mortgage underwriting standards and subsequent collapse of the mortgage market and wider economy.⁶ The FCIC Report concluded that there was a “systemic breakdown in accountability and ethics.” “Unfortunately – as has been the case in past speculative booms and busts – we witnessed an erosion of standards of responsibility and ethics that exacerbated the financial crisis.” *Id.* at xxii. The FCIC found:

[I]t was the collapse of the housing bubble – fueled by low interest rates, easy and available credit, scant regulation, and toxic mortgages – that was the spark that ignited a string of events, which led to a full-blown crises in the fall of 2008. Trillions of dollars in risky mortgages had become embedded throughout the financial system, as mortgage-related securities were packaged, repackaged, and sold to investors around the world.

Id. at xvi.

249. During the housing boom, mortgage lenders focused on quantity rather than quality, originating loans for borrowers who had no realistic capacity to repay the loan. The FCIC Report found “that the percentage of borrowers who defaulted on their mortgages within just a matter of months after taking a loan nearly doubled from the summer of 2006 to late

⁵ *Wall Street And The Financial Crisis: Anatomy Of A Financial Collapse*, United States Senate Permanent Subcomm. On Investigations, 112th Cong. 50 (2011).

⁶ *Final Report Of The National Commission Of The Causes Of The Financial And Economic Crisis In The United States*, Fin. Crisis Inquiry Comm’n (“FCIC Report”) (2011).

2007.” *Id.* at xxii. Early payment default is a significant indicator of pervasive disregard for underwriting standards. The FCIC Report noted that mortgage fraud “flourished in an environment of collapsing lending standards” *Id.*

250. Recent landmark settlements between the government and major financial institutions have further detailed the systemic and pervasive disregard of underwriting standards by lenders during the relevant time period, and have confirmed that these practices infiltrated the Trusts. For example, on November 19, 2013, the Justice Department, along with federal and state regulators, announced a \$13 billion settlement with JPMorgan – the largest settlement with a single entity in American history – to resolve federal and state civil claims arising out of the packaging, marketing, sale and issuance of 1,128 RMBS offerings by JPMorgan, Bear Stearns and Washington Mutual prior to January 1, 2009, including 64 of the Trusts. As part of the settlement, JPMorgan acknowledged that it regularly included loans within the securitizations “*that did not comply* with the originator’s underwriting guidelines” and breached the originator’s representations and warranties.

On July 14, 2014, the Justice Department, together with federal and state regulators, announced a \$7 billion settlement with Citigroup Inc. to resolve federal and state civil claims related to Citigroup’s conduct in the packaging, securitization, marketing, sale and issuance of 633 RMBS offerings issued prior to January 1, 2009, including 27 of the Trusts. The settlement included an agreed upon statement of facts wherein Citigroup acknowledged that that significant percentages of the mortgage loans within the securitizations contained material defects.

C. There Is Evidence Of Widespread Breaches Of Representations And Warranties By The Specific Originators That Sold Loans To The Trusts

251. Much like other RMBS trusts of the same vintage, the Trusts have been materially and adversely impacted by the loan origination industry’s rampant underwriting failures. The

originators' systemic and pervasive sale to the Trusts of residential mortgage loans in breach of representations and warranties is confirmed through several federal and state government investigations and published reports, well publicized news reports, and public and private enforcement actions that have described rampant underwriting failures throughout the period in which the Trusts were created and, more specifically, failures by the same originators whose mortgage loans were sold to the Trusts.

252. A summary of testimonial and documentary evidence as to each of the major originators of the mortgage loans to the Trusts is set forth below.

1. Option One

253. Option One, a wholly owned subsidiary of H&R Block, Inc. ("H&R Block"), is among the Trusts' largest mortgage loan sellers. Option One originated approximately \$49.8 billion of mortgage loans included in the Trusts at issue here. Additionally, Option One sponsored approximately \$23 billion of mortgage loans sold to eighteen of the Trusts. Due to the extremely poor credit quality of the loans, the Option One-label Trusts have suffered severe collateral write-downs. As of July 1, 2014, the Option One-label Trusts have suffered approximately \$4.6 billion in realized losses, representing over 20% of the original face amount of the Option One deals.

254. In 2006 and 2007, Option One was one of the country's largest subprime lenders. In its fiscal year 2006, Option One originated nearly \$40 billion in subprime mortgage loans. Option One stopped originating subprime loans in 2007 and, in 2008, changed its name to Sand Canyon Corporation. Like its peers, Option One's origination practices have been the subject of government investigations, reports and enforcement actions, as well as private RMBS lawsuits. Option One was ranked as the sixth worst mortgage originator by the OCC's "Worst Ten in the Worst Ten" list based on originations from 2005 to 2007. Government actions, investor

litigation, and putback actions made public Option One's pervasive noncompliance with its own underwriting standards.

255. On August 9, 2011, H&R Block, Option One's parent company, agreed to settle a suit initiated by the Massachusetts State Attorney General for \$125 million. *See* Massachusetts Attorney General Press Release, "H&R Block Mortgage Company Will Provide \$125 Million in Loan Modifications and Restitutions" (Aug. 9, 2011). In announcing the August 9, 2011 settlement, Massachusetts' Attorney General stated that Option One engaged in "*ultra-risky practices*," a "*blatant disregard* for prudent underwriting standards," and "made loans that it knew were likely to fail." At bottom, in making loans – including loans that were sold into the Trusts – Option One "did not take into account anything [such as a borrower's ability to repay] but the fees that were to be generated."

256. Investors in significant RMBS lawsuits against underwriting banks have made similar allegations regarding Option One's abusive origination and securitization practices which resulted in large percentages of defective Option One loans being sold and securitized in Trusts that are at issue here. *See, e.g., The Prudential Ins. Co. of Am. v. Bank of America, N.A.*, No. 2:13-cv-01586 (D.N.J.) (alleging Option One systematically abandoned its underwriting guidelines in connection with OOMLT 2004-1 and OOMLT 2005-3, two of the Option One-label Trusts at issue here); *Royal Park Invs. SA/NV v. The Royal Bank of Scotland Grp. PLC, et al.*, Index No. 653541/2013 (N.Y. Sup. Ct.) (alleging that "Option One had completely abandoned its stated underwriting guidelines and was simply seeking to originate as many loans as possible, without any regard for the borrowers' actual repayment ability or the true value and adequacy of the mortgaged properties to serve as collateral" in connection with OOMLT 2007-3, OOMLT 2007-4 and OOMLT 2007-5, three Option One-label Trusts at issue here).

257. The results of loan file reviews conducted by investors of Option One originated or sponsored loans from the Option One-label Trusts at issue here and substantially similar securitizations involving Option One originated loans have further confirmed Option One's pervasive and systemic breach of material representations and warranties regarding quality and characteristics of the loans it originated and sold to the Trusts. For example, in *FHFA v. Bank of America Corporation*, No. 11-cv-06195 (S.D.N.Y.), the Federal Housing Finance Agency ("FHFA") conducted a forensic review of four of the Option One-label Trusts at issue here: OOMLT 2005-5, OOMLT 2007-2, OOMLT 2007-6, and OOMLT 2007-FXD1. The FHFA found that the loans within these securitizations "systematically disregarded underwriting guidelines" and that Option One made material misrepresentations regarding the characteristics and credit quality regarding these loans. The FHFA's audit revealed that Option One had understated non-owner occupied loans within these Trusts by between 7%-10.5%. The FHFA additionally found that the true percentage of loans with LTV ratios over 100% within each of these Trusts exceeded 14%, with one as high as approximately 22.5%, which was contrary to Option One's representation that no loan had an LTV ratio exceeding 100%.

258. The FHFA's audit of seven Option One-label Trusts at issue here, OOMLT 2005-4, OOMLT 2006-1, OOMLT 2006-3, OOMLT 2007-3, OOMLT 2007-4, OOMLT 2007-5, OOMLT 2007-CP1, and OOMLT 2007-FXD2 in *FHFA v. The Royal Bank Scotland Group PLC, et al.*, No. 11-cv-01383 (D. Conn. Feb. 1, 2013) corroborated its earlier findings of pervasive and systemic breaches within Option One originated and sponsored loans sold to the Trusts. The FHFA's loan level review of the each of these Trusts found that Option One understated the percentage of non-owner occupied properties within these securitizations by at least 6%, and for two of these securitizations by 10% or more. Additionally, the true percentage of loans with LTV

ratios over 100% within each of these Trusts exceeded 13.55%, with one as high as approximately 20.75%, contrary to Option One's representation that no loan had an LTV ratio exceeding 100%.

259. The FHFA reached similar conclusions regarding Option One's deficient underwriting and securitization practices in *FHFA v. Merrill Lynch & Co., Inc., et al.*, No. 1:11-cv-06202 (S.D.N.Y.). There, the FHFA conducted a review of OOMLT 2007-1, another Option One-label Trust at issue and found "that for the vast majority of the loans reviewed in th[at] Securitization[], there were numerous significant violations of the originator's underwriting guidelines, such as a failure to evaluate the reasonableness of the borrower's stated income or to correctly account for the borrower's debt, both key factors bearing on eligibility for a mortgage loan." In support of this allegation, the FHFA pointed out that Option One had understated non-owner occupied properties by more than 9% and that the true percentage of loans with an LTV ratio over 100% was over 20%, contrary to Option One's representation that no loan's LTV ratio exceeded 100%.

260. In *Phoenix Light SF Ltd., et al., v. J.P. Morgan Securities LLC*, Option One originated all the mortgage loans in OOMLT 2007-3, OOMLT 2007-4, OOMLT 2007-5, SVHE 2007-OPT4, and ABFC 2006-OPT2. *Phoenix Light SF Ltd., et al. v. J.P. Morgan Sec LLC, et al.*, Index No. 651755/2012, Compl. ¶322 (N.Y. Sup. Ct. Oct. 5, 2012). The plaintiff's forensic review found that: (i) for OOMLT 2007-3, 29.50% of the loans had LTVs over 100% and owner occupancy was overstated by 8.83 %. *Id.* at ¶¶777, 791; (ii) for OOMLT 2007-4, 30.51% of the loans had LTVs over 100% and owner occupancy was overstated by 7.17%. *Id.* at ¶¶777, 791; (iii) for OOMLT 2007-5, 28.90% of the loans had LTVs over 100% and owner occupancy was overstated by 10.06%. *Id.* at ¶¶777, 791; (iv) for SVHE 2007-OPT4, 21.51% of the loans had

LTVs over 100% and owner occupancy was overstated by 5.87%. *Id.* at ¶¶777, 791; and (v) for ABFC 2006-OPT2, 24.59% of the loans had LTVs over 100% and owner occupancy was overstated by 7.64%. *Id.* at ¶¶778, 792. Notably, OOMLT 2007-3, OOMLT 2007-4, and OOMLT 2007-5 are Trusts at issue in this action.

2. Argent

261. Argent originated approximately \$26.5 billion of mortgage loans included in the Trusts at issue here.⁷ As detailed below, between 2004 to 2008, Argent systemically originated loans in violation of its underwriting guidelines and in breach of the representations and warranties it provided to the purchasers of its loans. By 2011, this became apparent to all players in the RMBS industry, including Wells Fargo.

262. Argent's systemic and pervasive origination of loans that breached representations and warranties concerning adherence to stated underwriting guidelines was well documented through government investigations and published reports, investor litigation, insurer actions, and nationally published news articles. For example, the OCC's "Worst Ten in the Worst Ten" list included Argent as the *eighth worst mortgage originator* based on 2005-2007 loan originations as of March 29, 2009. During his April 7, 2010 testimony before the FCIC, Richard Bowen, the former Business Chief Underwriter at Citibank, testified that he advised against the acquisition of Argent because "we sampled loans that were originated by Argent, and we found large numbers that did not – that were not underwritten according to the representations that were there." *Hearing on Subprime Lending And Securitization And Government Sponsored*

⁷ In September of 2007, Citibank acquired Argent, including its wholesale mortgage origination division and the servicing rights to collect on more than \$45 billion in home loans. Argent merged into CitiMortgage shortly thereafter.

Enterprises, Testimony of Richard M. Bowe, III: Before the Fin. Crisis Inquiry Comm'n (Apr. 7, 2010) at 239.

263. Litigation by government sponsored entities also shed light on Argent's loan origination problems. In September of 2011, the FHFA sued Citigroup seeking \$3.6 billion concerning misrepresentations of the quality of the underlying collateral for certain mortgage-backed securities purchased by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). *See FHFA v. Citigroup, Inc., et al.*, No. 1:11-cv-06196 (S.D.N.Y. Sept. 2, 2011). The lawsuit accused Citigroup of misleading the government-sponsored housing finance companies about the risks embedded in ten mortgage-backed securities, including significantly overstating borrowers' abilities to repay the loans. Argent was one of the largest sources of loans at issue in this action.

264. Private investors, such as Ellington Management Group, L.L.C., sued to recover losses stemming from loans originated by Argent and misrepresentations about the debt's risks. *See Ellington Mgmt. Grp., L.L.C., et al. v. Ameriquest Mortg. Co., et al.*, 1:09-cv-00416-JSR (S.D.N.Y. Jan. 14, 2009).

265. Reports from national and local news media also revealed systemic and pervasive origination of loans that breached representations and warranties. For example, on October 20, 2009, *Bloomberg* reported that about 60% of mortgages originated by Argent were connected to homes in default, according to MDA DataQuick. *See Dan Levy Countrywide Mortgages Lead California in Defaults (Update 2), Bloomberg* (Oct. 20, 2009).

266. Also, the *Miami Herald* reported that a Vice President at Argent "spent three years during the height of the housing boom tutoring Florida mortgage brokers in the art of fraud" and "taught them how to doctor credit reports, coached them to inflate income on loan applications,

and helped them invent phantom jobs for borrowers.” Jack Dolan, Matthew Haggman and Rob Barry, Home Loan Racket Flourished in Florida, *Miami Herald* (Jan. 29, 2009). According to the news report, out of 129 loan applications obtained by the *Miami Herald* from a local broker that were funded by Argent, “103 contained red flags: non-existent employers, grossly inflated salaries and sudden, drastic increases in the borrower’s net worth.” *Id.*

3. WMC

267. WMC originated approximately \$17 billion in loans included in the Trusts at issue here.⁸ As detailed below, WMC systemically originated loans in violation of its underwriting guidelines and in breach of the representations and warranties. By 2011, this became apparent to all players in the RMBS industry, including Wells Fargo. WMC’s systemic and pervasive origination of defective loans was well documented through government investigations, investor and insurer litigation, and national news reports. For example, the OCC’s “Worst Ten in the Worst Ten” list included WMC, a subsidiary of GE Money Bank, FSB, as ***the second worst mortgage originator*** based on 2005-2007 loan originations as of March 29, 2009.

268. On September 2, 2011, the FHFA sued GE alleging that the company made inaccurate statements about the quality of loans underlying the securities, including those issued in 2005 by WMC. *See FHFA v. Gen. Elec. Co.*, No. 1:11-cv-07048 (S.D.N.Y.). In *Federal Housing Finance Agency v. WMC Mortgage, LLC*, No. 1:13-cv-00584 (S.D.N.Y.) the FHFA’s allegations that WMC misrepresented approximately \$1 billion in mortgages it pooled and sold were sustained by the court. Investigations in 2011, 2012 and 2013 identified problems among at least 55% of the loans, and these problems include loan documentation that understated credit

⁸ General Electric Capital (“GE”) purchased WMC from a private-equity firm in 2004. While home prices peaked in June 2006, it wasn’t until a year later that GE finally decided to unload WMC after it lost almost \$1 billion in 2007.

risk by overvaluing properties or misstating their purpose. These FHFA actions were widely publicized. *See, e.g.*, Rachel Layne, GE Says FHFA Filed Mortgage-Security Suit Without Warning, *Bloomberg* (Sept. 7, 2011); Nate Raymond, FHFA Says Settlement Reached With GE In Mortgage Case, *Reuters* (Jan. 23, 2013).

269. Bond insurance companies also filed actions to recoup losses arising from WMC's fraudulent loan originations. For example, in *PMI Mortgage Insurance Co., et al. v. WMC Mortgage Corp., et al.*, ("PMI"), No. BC-381972 (Los Angeles Sup. Ct.), WMC and GE were sued for loans made in violation of the stated underwriting standards. There, a review of loans found "a systemic failure by WMC to apply sound underwriting standards and practices." Reviewing a sample of the nearly 5,000 loans in the pool, PMI identified 120 "defective" loans for which borrowers' incomes and employment were incorrect or where the borrower's intention to live in the home was incorrect. *The New York Times* reported on this action. *See* Vikas Bajaj, If Everyone's Finger-Pointing, Who's to Blame? *N.Y. Times* (Jan. 22, 2008).

270. PMI filed another lawsuit against WMC in September 2009 after a review of WMC's mortgage loan files found that WMC "followed few, if any, objective standards or criteria in underwriting [mortgage loans] and showed little concern,, if any, for any borrower's ability to repay." *PMI Mortg. Ins. Co. v. WMC Mortg. Corp.*, No. BC-391072 (Los Angeles Super. Ct.). According to PMI's complaint, a review of a sample of thousands of WMC-originated loans revealed that WMC "breached various representations and warranties [attesting that,] *inter alia*, the loan-to-value ratio at the time of origination was greater than 100%; fraud, errors, misrepresentations, or gross negligence took place on the part of WMC . . . ; the loans did not comply with WMC's own underwriting standards at the time of origination; certain documents were missing; and/or WMC had failed to utilize a methodology in underwriting the

loans that employed objective mathematical principles designed to determine that, at the time of origination, the borrower had the reasonable ability to make timely payments on the Mortgage Loans.” According to the PMI complaint, the investigation “demonstrate[d] a systemic failure by WMC to apply sound underwriting standards and practices which cuts across all of the [loans in the securitization].” In the defective loans, the investigation discovered “unreasonable stated income and/or misrepresentations of income and/or employment by the borrower.” Moreover, nearly a quarter of the loans sampled were shown to contain “misrepresentations of occupancy by the borrower.”

271. So-called “putback” actions by trustees against WMC for breach of contract and damages further show the pervasive and systemic breaches of representations and warranties. In *MASTR Asset Backed Securities Trust 2006-HE3 v. WMC Mortgage Corp., et al.*, No. 11-02542 (D. Minn. Sept. 2, 2011), U.S. Bank, as trustee, alleged that WMC falsely assured purchasers that the loans were creditworthy, but more than 45% of the \$555 million in the original loan balance had been liquidated and more than 30% of the remaining loans were delinquent. A review of a \$550 million pool of mortgages booked by WMC and another subprime lender found inflated borrower incomes, missing documents and other “material breaches” in 150 loan files out of a sample of 200 – a “stunning 75 percent failure rate.”

272. Similarly, in *J.P. Morgan Mortgage Acquisition Trust, Series 2006-WMC4, by the Bank of New York Mellon, solely in its capacity as Securities Administrator v. WMC Mortgage, LLC*, Index No. 654464/2012 (N.Y. Sup. Ct. Dec. 20, 2012) the plaintiff trustee alleged that a review revealed more than 3,000 mortgages originated by WMC with “materially and adversely” breaches of information regarding characteristics of the loans, including misrepresentations as to the occupancy of the owner and the “defects” included “repeated failure to adhere to sound

underwriting practices, a blatant disregard for a borrower's ability to repay the loan, and intentional ignorance of warning signs of fraud.”). These types of putback actions against WMC were widely reported on by the national media. *See, e.g.*, Margaret Fisk and Jody Shenn, WMC Mortgage, EquiFirst Sued by Trustee Over Mortgage Loans, *Bloomberg* (Sept. 6, 2011); and Chris Dolmetsch, WMC Mortgage Sued By Trust Administrator In N.Y. Court, *Bloomberg* (Dec. 21, 2012).

273. WMC's improper loan originating practices have been the subject of investigation and regulatory enforcement actions as well. For example, in June 2008, the Washington State Department of Financial Institutions, Division of Consumer Services, filed a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit From Industry, Impose Fine, Order Restitution and Collect Investigation Fees against WMC and its principal owners individually. The Statement of Charges included a review of eighty-six loan files, which revealed that at least seventy-six loans (or more than 88%) were defective or otherwise in violation of Washington state law. Among other things, the investigation uncovered that WMC had originated loans with unlicensed or unregistered mortgage brokers, understated amounts of finance charges on loans, understated amounts of payments made to escrow companies, understated annual percentage rates to borrowers and committed many other violations of Washington state deceptive and unfair practices laws.

4. First Franklin

274. First Franklin, a subsidiary of Merrill Lynch (which was purchased by Bank of America), originated approximately \$15.5 billion in mortgage loans included in the Trusts at issue here. During the mortgage and securitization boom, First Franklin systemically originated loans in breach of the representations and warranties it provided to the purchasers of its loans.

275. First Franklin's abandonment of its underwriting standards and poor origination practices are well documented through government investigations and reports, investor litigation, insurer actions, and news media sources. For example, the OCC's "Worst Ten in the Worst Ten" list included First Franklin as the *fifth worst originator* based on 2005-2007 loan originations as of March 29, 2009. Moreover, the Senate Report identified First Franklin as one of five mortgage originators to which Goldman Sachs directed the most repurchase requests for breaches of representations and warranties concerning underwriting loan quality. *See* Senate Report at 487, n.2051.

276. On September 2, 2011, the FHFA sued Merrill Lynch and its subsidiary First Franklin, among others, for \$24.8 billion, for misrepresenting the quality of mortgage-backed securities sold to Fannie Mae and Freddie Mac. *See FHFA v. Merrill Lynch & Co., Inc., et al.*, No. 1:11-cv-06202 (S.D.N.Y. Sept. 2, 2011). This action, along with similar actions initiated by the FHFA, was covered by the national media. *See, e.g., FHFA Sues 17 Banks Over Massive Mortgage Losses At Fannie and Freddie*, Forbes (Sept. 2, 2011).

277. Similarly, on August 8, 2011, AIG sued First Franklin, among others, for \$10 billion, alleging that First Franklin and others falsely asserted that the underlying mortgage-backed securities' collateral mortgages were issued according to objective underwriting guidelines, when in fact, the defendants encouraged borrowers to falsify loan applications, pressured property appraisers to inflate home values, and ignored obvious red flags in the underwriting process. *See AIG, et al., v. Bank of America Corp., et al.*, Index No. 652199/2011 (N.Y. Sup. Ct. Aug. 8, 2011).

278. On April 16, 2012, bond insurer Ambac Assurance Corp. ("Ambac") sued Bank of America, accusing the company's First Franklin and Merrill Lynch units of misrepresentations

concerning mortgage-backed securities. *See Ambac Assurance Corp., et al. v. First Franklin Fin. Corp., et al.*, Index No. 651217/2012 (N.Y. Sup. Ct. Apr. 16, 2012). Ambac reviewed 1,750 loans in the securitization and found that representations and warranties were breached *in 94% of the loans*. *Id.* Ambac further alleged that First Franklin originated most of the loans, and that the misrepresentations included underwriting practices and the due diligence done on the pooled loans, and at the loan level, such as borrowers' incomes and employment. The national media reported on these types of bond insurer actions. *See, e.g., Ambac Sues Bank of America Over Mortgage-Based Securities*, Bloomberg (Apr. 16, 2012); *Ambac Backed \$856M In Bad MBS Due To Merrill's Tricks: Suit*, Law360 (Apr. 16, 2012).

5. Fremont

279. Fremont originated approximately \$11 billion in mortgage loans included in the Trusts at issue here. As detailed below, Fremont systemically originated loans in violation of its underwriting guidelines and in breach of the representations and warranties. By 2011, this became apparent to all players in the RMBS industry, including Wells Fargo. Fremont's systemic and pervasive origination of defective loans was well documented through government investigations, investor litigation, and national news reports. For example, the OCC's "Worst Ten in the Worst Ten" list included Fremont as *the sixth worst mortgage originator* based on 2005-2007 loan originations as of March 29, 2009.

280. Beginning in 2009, Fremont's origination practices have been the subject of numerous governmental investigations and reports. For example, the FCIC Report discusses how the credit rating agency Moody's Investors Service ("Moody's") created an independent surveillance team in 2004 in order to monitor previously rated deals. The Moody's surveillance team began to see a rise in early payment defaults in mortgages originated by Fremont in 2006 and downgraded several securities with underlying Fremont loans or put them on watch for

future downgrades. Moody's chief credit officer remarked that Moody's had never had to put on watch deals rated in the same calendar year. In 2007, in an unprecedented move, Moody's downgraded 399 subprime mortgage-backed securities that had been issued in 2006 and put an additional 32 securities on watch. Moody's noted that about 60% of the securities affected contained mortgages from one of four originators, one of which was Fremont. FCIC Report at 221-222.

281. According to the FCIC Report, when securitizers kicked loans out of securitization pools, some originators simply put those loans into new pools. Roger Ehrnman, Fremont's former regulatory compliance and risk manager, told the FCIC that Fremont had a policy of putting loans into subsequent pools until they were kicked out three times. FCIC Report at 168.

282. The Senate Report also paints Fremont in a negative light, noting that Fremont was a lender "well known within the industry for issuing poor quality loans." Senate Report at 11. In March of 2007, Fremont, once the nation's fifth largest subprime mortgage lender, stopped originating subprime loans after receiving a cease and desist order from the FDIC. *Id.* at 45, 237; FCIC Report at 233. The cease and desist letter "exposed the existence of unsafe and unsound subprime lending practices" by Fremont when it determined that Fremont had been operating with "a large volume of poor quality loans" and maintained "unsatisfactory lending practices." Senate Report at 45, 238. Finally, in June of 2008, shortly after the FDIC filed a second public enforcement action against the bank, Fremont declared bankruptcy. *Id.* at 238.

283. In June of 2009, the Attorney General of Massachusetts reached a \$10 million settlement with Fremont in order to redress, among other things, Fremont's predatory lending practices. *Attorney General Martha Coakley Reaches \$10 Million Settlement with Subprime*

Lender Fremont Investment and Loan, Attorney General of Massachusetts Press Release (June 9, 2009). According to the Attorney General Office’s complaint, Fremont was selling risky loan products that it knew were designed to fail, such as 100% financing loans and “no documentation” loans. *See Massachusetts v. Fremont Inv. & Loan and Fremont Gen. Corp.*, No. 07-4373 (Mass. Sup. Ct. Oct. 4, 2007).

284. In an amended complaint filed by the FHFA on December 21, 2011, *FHFA v. UBS Americas Inc.*, No. 11-cv-05201, 2011 WL 7629299 (S.D.N.Y. Dec. 21, 2011), the FHFA alleged: a confidential witness who previously worked at Fremont in its system operations and underwriting sections stated that Fremont consistently cut corners and sacrificed underwriting standards in order to issue loans. He noted that “Fremont was all about volume and profit,” and that when he attempted to decline a loan, he was regularly told “you have signed worse loans than this.” The same witness also said that employees at Fremont would create documents that were not provided by the borrowers, including check stubs and tax documents, in order to get loans approved. The confidential witness stated that Fremont regularly hired underwriters with no experience, who regularly missed substantial numbers of answers on internal underwriting exams. He explained that like many Fremont employees, he quit because he was uncomfortable with the company’s practices. Second Amended Compl. ¶333; *See also NCUA v. UBS Sec., LLC*, No. 13-cv-6731 (S.D.N.Y. Sept. 23, 2013) Compl. ¶176. On July 25, 2013, the FHFA announced that it had reached an agreement to settle the case for \$885 million. *FHFA Announces Settlement with UBS*, Federal Housing Finance Agency Press Release (July 25, 2013).

285. Investor litigation also exposed Fremont’s improper origination practices. In *Cambridge Place Investment Management Inc. v. Morgan Stanley & Co., Inc., et al.*, No. 10-2741, 2010 WL 3001725 (Mass. Sup. Ct. July 9, 2010), plaintiffs based much of their case on