

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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In the matter of the application of :
:
U.S. BANK NATIONAL ASSOCIATION, THE BANK OF : Index No. 652382/2014
NEW YORK MELLON, THE BANK OF NEW YORK :
MELLON TRUST COMPANY, N.A., WILMINGTON TRUST, : Part 60
NATIONAL ASSOCIATION, LAW DEBENTURE TRUST :
COMPANY OF NEW YORK, WELLS FARGO BANK, : Motion Sequence No. 24
NATIONAL ASSOCIATION, HSBC BANK USA, N.A., AND :
DEUTSCHE BANK NATIONAL TRUST COMPANY (as : Hon. Marcy S. Friedman
trustees under various Pooling and Servicing Agreements and :
indenture trustees under various Indentures), AEGON USA :
Investment Management, LLC (intervenor), Bayerische :
Landesbank (intervenor), BlackRock Financial Management, :
Inc. (intervenor), Cascade Investment, LLC (intervenor), the :
Federal Home Loan Bank of Atlanta (intervenor), the Federal :
Home Loan Mortgage Corporation (Freddie Mac) (intervenor), :
the Federal National Mortgage Association (Fannie Mae) :
(intervenor), Goldman Sachs Asset Management L.P. :
(intervenor), Voya Investment Management LLC (f/k/a ING :
Investment LLC) (intervenor), Invesco Advisers, Inc. :
(intervenor), Kore Advisors, L.P. (intervenor), Landesbank :
Baden-Wuerttemberg (intervenor), Metropolitan Life Insurance :
Company (intervenor), Pacific Investment Management :
Company LLC (intervenor), Sealink Funding Limited :
(intervenor), Teachers Insurance and Annuity Association of :
America (intervenor), The Prudential Insurance Company of :
America (intervenor), the TCW Group, Inc. (intervenor), :
Thrivent Financial for Lutherans (intervenor), and Western Asset :
Management Company (intervenor), :
:
Petitioners, :
:
for an order, pursuant to CPLR § 7701, seeking judicial :
instruction. :
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AFFIDAVIT OF JOEL WOLLMAN

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss:

Joel Wollman, being duly sworn, deposes and says:

1. I am a portfolio manager with QVT Financial LP ("QVT"), which is the investment manager for Intervenor-Respondents QVT Fund V LP, QVT Fund IV LP and

Quintessence Fund L.P. (collectively, the “QVT Funds”). Among other things, I have responsibility for managing the QVT Funds’ investments in mortgage-backed securities, including the investments at issue in this proceeding.

2. I submit this affidavit in support of the QVT Funds’ Motion for Partial Summary Judgment. I am fully familiar with the facts stated below on the basis of personal knowledge and review of documents in possession of QVT.

3. QVT is a hedge fund manager founded in 2003. QVT manages a number of funds, including the QVT Funds, with approximately \$3.3 billion in assets under management as of January 1, 2015.

4. The QVT Funds have a significant investment in certificates issued by JPMAC 2006-WMC1. Annexed hereto as Exhibit 1 is a true and correct copy of the Pooling and Servicing Agreement for JPMAC 2006-WMC1.

5. [REDACTED]

[REDACTED] Annexed hereto as Exhibit 2 is an email dated June 23, 2014 that I sent to James Byrnes of U.S. Bank National Association (“U.S. Bank”), among others, attaching Certificates of Beneficial Ownership evidencing the QVT Funds’ holdings in JPMAC 2006-WMC1 at that time. [REDACTED]

6. Annexed hereto as Exhibit 3 is a true and correct copy of a letter dated January 10, 2014 from Arthur Chu of QVT to James Byrnes of U.S. Bank. Among other things, the January 10 letter expressed QVT’s concern that (1) the aggregate payment offered by JPMorgan Chase & Co. in its November 2013 settlement offer (the “Proposed Settlement”) was too low and (2) the 90% discount for losses associated with loans originated by certain “Selected

Third-Party Originators” (including WMC Mortgage Corp.) in the allocation formula in the Proposed Settlement (the “Haircut”) was unfair to investors in JPMAC 2006-WMC1.

7. U.S. Bank did not respond to QVT’s January 10, 2014 letter.

8. Annexed hereto as Exhibit 4 is a true and correct copy of a letter dated April 11, 2014 from Arthur Chu of QVT to James Byrnes of U.S. Bank.

9. Annexed hereto as Exhibit 5 is a true and correct copy of a letter dated April 25, 2014 from Matthew A. Martel of Jones Day, counsel for U.S. Bank, to Arthur Chu of QVT.

10. Annexed hereto as Exhibit 6 is a true and correct copy of a notice to investors dated April 29, 2014, that U.S. Bank and the other Petitioner Trustees made available for investors on a website the Trustees caused to be created in connection with the Proposed Settlement. The notice is also available at [http://www.rmbstrusteesettlement.com/JPM Settlement Fourth Joint Trustee Notice.pdf](http://www.rmbstrusteesettlement.com/JPM_Settlement_Fourth_Joint_Trustee_Notice.pdf). The notice invited Certificateholders that wished to provide a direction to the Trustees with respect to the Proposed Settlement to contact the Trustees and obtain a proposed form of direction and indemnity letter.

11. QVT sent an email to U.S. Bank requesting the form direction and indemnity letter on May 5, 2014. QVT made a number of subsequent inquiries in an attempt to obtain the form letter

12. Annexed hereto as Exhibit 7 is a true and correct copy of letter dated June 23, 2014 from Arthur Chu of QVT to James Byrnes of U.S. Bank. Among other things, the letter explicitly directed U.S. Bank to reject the Proposed Settlement for JPMAC 2006-WMC1.

13. In subsequent communications, both orally and in writing, QVT offered to provide U.S. Bank with a “reasonable indemnity” against liabilities and costs that it may incur in connection with its direction, as provided in the PSA.

14. Although QVT first asked U.S. Bank for its proposed form direction and indemnity letter on May 5, 2014 (and made repeated follow-up requests), [REDACTED]

[REDACTED]

15. Annexed hereto as Exhibit 8 [REDACTED]

[REDACTED]

[REDACTED]

16. Annexed hereto as Exhibit 9 is a true and correct copy of an email dated July 10, 2014 from me to James Byrnes of U.S. Bank.

17. I spoke to Mr. Byrnes on the telephone on July 16, 2014. During that call, Mr. Byrnes indicated that U.S. Bank expected to make the reports of the experts the Trustees retained to assist them in evaluating the Proposed Settlement available shortly and said U.S. Bank would discuss next steps with QVT after QVT had the opportunity to review the expert reports. I spoke to Mr. Byrnes again two days later to inquire about the expert reports, and Mr. Byrnes said he would notify QVT by email when the reports were available.

18. Toward the end of July the Trustees made the reports of the experts they retained to evaluate the Proposed Settlement available on their joint website. U.S. Bank did not notify QVT by email that the expert reports were available as it had committed to do. QVT discovered the expert reports near the end of July 2014. The expert reports did not explain the reason for the Haircut or analyze the fairness of the Haircut to investors in JPMAC 2006-WMC1.

19. Annexed hereto as Exhibit 10 is a true and correct copy of a letter dated July 29, 2014 Arthur Chu of QVT to James Byrnes of U.S. Bank that provided QVT’s response

to the Trustees' expert reports. The letter concluded that "[w]e reiterate our direction to reject this settlement and direct U.S. Bank to obtain a fair deal for JPMAC 2006-WMC1 with respect to the other trusts in the JPM RMBS Agreement."

20. QVT expected to continue discussions with U.S. Bank concerning indemnity terms after it responded to the expert reports, as U.S. Bank had proposed during our call on July 16, 2014. Instead, U.S. Bank confirmed receipt of QVT's July 29 letter and, at 11:07 p.m. on July 31, U.S. Bank's outside counsel sent a letter to QVT refusing to follow QVT's direction purportedly because QVT did not provide an indemnity. The letter also did not provide any substantive response to QVT's questions about the Haircut. Annexed hereto as Exhibit 11 is a true and correct copy of a letter dated July 31, 2014 (and emailed at 11:07 p.m. on that day) from Joseph B. Sconyers of Jones Day (counsel for U.S. Bank) to Arthur Chu of QVT.

21. Annexed hereto as Exhibit 12 is a true and correct copy of a notice from the Trustees posted on their website on August 1, 2014.

22. QVT responded to the July 31, 2014 letter from U.S. Bank's counsel on the morning of August 1, 2014. Among other things, QVT asked that U.S. Bank identify the relevant portions of the expert reports that explain the basis for the Haircut and provide U.S. Bank's own analysis as to why the Haircut is in the best interest of JPMAC 2006-WMC1. U.S. Bank's counsel did not provide a substantive response, stating only that "[w]e disagree with your assertions" and proposing a call. QVT responded that it could be available for a call as early as Monday, August 4, 2014, and asked that U.S. Bank provide QVT with the information it requested in writing. Annexed hereto as Exhibit 13 is a true and correct copy of an email exchange between Arthur Chu of QVT and Joseph Sconyers of Jones Day that occurred on August 1, 2014.

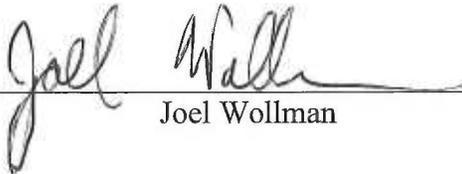
23. U.S. Bank never provided QVT the information it requested concerning the reason for the Haircut and U.S. Bank's evaluation of the fairness of the Haircut.

24. On August 4, 2014, QVT informed Mr. Sconyers that the holdings information in Professor Fischel's reports did not include the QVT Funds' holdings. Mr. Sconyers responded on August 11 that the holdings information in Professor Fischel's reports did not include the QVT Funds' holdings because "QVT declined to permit the Trustee to provide QVT's clients' holdings information to the trustees retained experts, after we passed along the experts' request for that data." QVT did decline to allow U.S. Bank to disclose the QVT Funds' identity to the Trustees' experts. It did so because U.S. Bank said it wanted the information so the experts could weigh the arguments from objecting investors based on "the type" of investor as well as the size of its holdings. QVT did not believe it was necessary or appropriate for the expert to consider "the type" of investor rather than the merits of its arguments. U.S. Bank never sought permission to disclose to the Trustees' experts the size of the QVT Funds' holdings without disclosing the QVT Funds' identity, to which QVT would not have objected. Moreover, U.S. Bank did not make clear to QVT that its experts intended to use the relative size of the holdings of opposing and supporting investors as one of the criteria for evaluating the proposed settlement. Had U.S. Bank done so, QVT would have given U.S. Bank permission to disclose the QVT Funds' identity and holdings to the experts.

25. Annexed hereto as Exhibit 14 is a true and correct copy of the email exchange on August 4, 2014 and August 11, 2014 between Arthur Chu of QVT and Joseph Sconyers of Jones Day.

26. The QVT Funds reiterate their offer to provide U.S. Bank an indemnity for all reasonable expenses, including the reasonable costs to litigate claims against JPMorgan (to

the extent not otherwise reimbursable from the Trust), and potential liability U.S. Bank may incur in connection with complying with the QVT Funds' direction to reject the Proposed Settlement for JPMAC 2006-WMC1. The QVT Funds are prepared to execute an agreement to that effect.


Joel Wollman

Sworn to and subscribed before me,
a Notary Public, this 4th day of September, 2015.


Notary Public

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS .

MARGARET SARAH EISNER
Notary Public, State of New York
No. 01E16223116
Qualified in New York County
Commission Expires 6/7/18