

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9380 / January 9, 2013**

**In the Matter of**

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

**Respondents.**

**ORDER UNDER RULE 602(e) OF THE  
SECURITIES ACT OF 1933 GRANTING A  
WAIVER OF THE RULE 602(b)(4) & 602(c)(2)  
DISQUALIFICATION PROVISIONS**

**I.**

J.P. Morgan Securities LLC (or “JP Morgan”), EMC Mortgage, LLC, Bear Stearns Asset Backed Securities I, LLC, Structured Asset Mortgage Investments II, Inc., SACO I, Inc., and J.P. Morgan Acceptance Corporation I (or “JPMAC”), (collectively “Respondents”) have submitted a letter, dated November 2, 2012, requesting a waiver of the Rule 602(b)(4) and 602(c)(2) disqualification from the exemption from registration under Regulation E arising from Respondents’ settlement of an injunctive action commenced by the Commission.

**II.**

On November 16, 2012, the Commission filed a civil injunctive action in the U.S. District Court for the District of Columbia charging Respondents with violating sections 17(a)(2) and (3) of the Securities Act of 1933 (“Securities Act”). In its complaint, the Commission alleged that the violations resulted from (a) the undisclosed practices of certain entities affiliated with The Bear Stearns Companies, LLC (collectively “Bear”),<sup>1</sup> in connection with residential mortgage-backed securities offerings, of negotiating cash settlements with mortgage loan originators on loans that violated the representations, warranties, and covenants made to Bear by the originators after the loans were securitized but keeping the consideration received without notifying the trusts that owned the loans, and (b) the inclusion of delinquent loans in a December 2006, \$1.8

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<sup>1</sup> JP Morgan acquired The Bear Stearns Companies, LLC in September 2008.

billion RMBS offering that was underwritten by JP Morgan and collateralized by loans that JPMAC had purchased. On January 8, 2013, pursuant to Respondents' consent, the U.S. District Court for the District of Columbia entered a Final Judgment permanently enjoining Respondents from violating Sections 17(a)(2) and (3) of the Securities Act, and requiring Respondents to pay disgorgement and a penalty.

### III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if the issuer or any of its affiliates is subject to any order, judgment, or decree of a court "temporarily or permanently restraining or enjoining such person from engaging in or continuing any conduct or practice in connection with the purchase or sale of securities," or if, among other things, any investment adviser or underwriter of the securities to be offered is "temporarily or permanently restrained by any court from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security." 17 C.F.R. §§ 230.602 (b)(4) and 230.602(c)(2). Rule 602(e) of the Securities Act provides, however, that the disqualification "shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied." 17 C.F.R. § 230.602(e).

### IV.

Based upon the representations set forth in Respondents' request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the Order.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provisions of Rules 602(b)(4) and 602(c)(2) under the Securities Act resulting from the entry of the Order is hereby granted.

By the Commission.

Elizabeth M. Murphy  
Secretary