

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT NEW YORK**

PAUL SHAPIRO, on behalf of himself as an individual, and on behalf of all others similarly situated,

Plaintiff,

v.

JPMORGAN CHASE & CO., JPMORGAN CHASE BANK, N.A., J.P. MORGAN SECURITIES LLC, and J.P. MORGAN SECURITIES, LTD.,

Defendants.

Case No.:11-CV-8331 (CM)(MHD)
ECF CASE

STEPHEN and LEYLA HILL, on behalf of themselves as individuals, and on behalf of all others similarly situated,

Plaintiffs,

v.

JPMORGAN CHASE & CO., JPMORGAN CHASE BANK, N.A., J.P. MORGAN SECURITIES LLC, and J.P. MORGAN SECURITIES, LTD.,

Defendants.

Case No. 11-CV-7961 (CM)
ECF CASE

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION
TO DIRECT INVESTORS IN BERNARD L. MADOFF
INVESTMENT SECURITIES LLC**

If you are a former customer of Bernard L. Madoff Investment Securities LLC (“BLMIS”) who directly had capital invested with BLMIS as of December 11, 2008, and thus, under the net investment method upheld by the United States Court of Appeals for the Second Circuit, had net losses (the “Class” or “Class Members” or “Settlement Class”), and are not otherwise excluded from the Class (see Question 6 below), you could get a payment from this settlement of a class action with JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC and J.P. Morgan Securities Ltd. (“JPMorgan,” “JPMC” or the “Bank”) through a distribution from the Class Action Settlement Fund. This class action settlement (the “Settlement” or “Class Settlement”) is one of three related and contemporaneous settlements being entered by JPMorgan in connection with Madoff-related litigation, including a separate settlement between JPMorgan and the SIPA Trustee, and a separate settlement between JPMorgan and the United States Attorney’s Office for the Southern District of New York. Although subject to different approval and distribution processes, the Trustee and U.S. Attorney settlements are expected to result in additional distributions to Madoff victims through the SIPA Proceeding and the Department of Justice’s ongoing remission process, respectively.

- **If you submitted a customer proof of claim in the SIPA Liquidation proceeding of BLMIS you do not need to file a Proof of Claim to participate in this Class Settlement.**
- **If you have not previously filed a customer proof of claim in the SIPA proceeding and you want to participate in this Class Settlement and be eligible for a cash distribution from the Class Action Settlement Fund, you MUST submit a Proof of Claim pursuant to the instructions in this Notice**

before the _____ deadline. If you have not previously filed a proof of claim in the SIPA proceeding you can file a claim now and participate in the Class Action Settlement Fund but you will *not* be eligible for any distributions in the SIPA proceeding because the statutory bar date has passed.

- If you want to participate in distributions from the Madoff Victim Fund in connection with JPMorgan's settlement with the U.S. Attorney's Office for the Southern District of New York, you will need to submit a separate claim. We have enclosed with this Notice copies of the relevant claim forms. Under the instructions, the deadline for filing a claim is currently February 28, 2014. You may visit the Madoff Victim Fund website at <http://www.madoffvictimfund.com> or call the Administrator of the Madoff Victim Fund at (866) 624-3670 for additional information about how to submit a claim.
- **Special Notice Related to Madoff Feeder Funds and their Investors:** Madoff "feeder funds" and other investment vehicles that are customers of BLMIS may, like other BLMIS customers, participate in distributions from the Class Settlement Fund by following the instructions contained in this Notice. Different rules apply to distributions from the Madoff Victim Fund, and you will need to follow the rules and procedures applicable to Madoff feeder funds and their investors in connection with distributions from that Fund, including the proceeds of JPMorgan's contemporaneous settlement with the U.S. Attorney's Office for the Southern District of New York. You may visit

the Madoff Victim Fund website at <http://www.madoffvictimfund.com> or call the Administrator of the Madoff Victim Fund at (866) 624-3670 for additional information, including copies of the relevant claim forms.

**A FEDERAL COURT AUTHORIZED THIS NOTICE.
THIS IS NOT A SOLICITATION FROM A LAWYER**

Class Members and Time Period: All persons or entities who directly had capital invested with BLMIS as of December 11, 2008 and thus, under the net investment method upheld by the United States Court of Appeals for the Second Circuit, had net losses (“Net Losses”) as of December 11, 2008 (“Settlement Class”). The net investment method credits the amount of cash deposited by a BLMIS customer into his or her BLMIS account, less any amounts withdrawn from it. *See generally In re Bernard L. Madoff Securities LLC*, 654 F.3d 229 (2d Cir. 2011).

The Settlement with JPMorgan: The Class Action Settlement Agreement dated January 6, 2014, to which Lead Plaintiffs are parties, resolves common law damages claims by the Settlement Class and the Trustee for the liquidation of BLMIS (the “Trustee”) against JPMorgan. The Trustee has also entered in a contemporaneous and related settlement with JPMorgan related to bankruptcy claims brought by the Trustee to recover transfers to JPMorgan (“Avoidance Settlement”). The United States Attorney’s Office has also entered into a contemporaneous and related settlement with JPMorgan. In all, the contemporaneous and related settlements consist of: (i) a \$218 million cash payment from JPMorgan for distribution to the Settlement Class (“Class Action Settlement Fund”) (“Class Settlement”); (ii) a \$325 million cash payment from JPMorgan to the Trustee as part of the Avoidance Settlement; and (iii) a forfeiture

by JPMorgan to the U.S. Government of \$1.7 billion, which the Government intends to distribute to Madoff victims through the ongoing remission process (“Government Settlement”). In all, these global resolutions by JPMorgan of Madoff related claims by the Class, the Trustee and the United States Attorney’s Office will ultimately enable \$2.243 billion to be distributed to Madoff victims, including members of the Class.

Reasons for Settlement: The Class Settlement Agreement, together with the related and contemporaneous settlements, resolve claims that would otherwise result in years of costly litigation with an uncertain outcome. Lead Plaintiffs believe in the strength of their claims—having reviewed several million pages of documents and having had the benefit of testimony taken both formally and informally from various witnesses in this and other Madoff proceedings since late 2008—but it is nevertheless by no means clear that the Lead Plaintiffs or Trustee would prevail, in whole or in part, in litigation against JPMorgan. For example, common law claims by the Trustee have previously been dismissed and there are legal issues before the Second Circuit and before the United States Supreme Court that could have an adverse impact on the settled claims were litigation by Lead Plaintiffs to continue. Lastly, in the event of litigation, additional substantial distributions to customers would be delayed for at least two or three years.

If the Case Had Not Settled: Continuing with the class action could have resulted in loss before or at trial or on appeal for the Class. Lead Counsel for the Class has determined that protracted litigation over the potential claims against JPMorgan, with its attendant costs and risks, would not be in the best interest of the Class. Given JPMorgan’s defenses and other rights, the results of any such litigation are not certain, nor is it certain that the Class would obtain substantially greater amounts if they prevail at trial. Further, even if successful in whole or in part, litigation would delay distributions for two to three years at minimum.

The Lead Plaintiffs and the Trustee on the one hand and JPMorgan on the other vigorously disagree on both liability and the amount of money that could have been recovered if the Class prevailed against JPMorgan at trial. The parties disagree about, among other things: (1) the amount of alleged damages, if any, that could be recovered at trial; (2) the causes of the losses to the Class Members; (3) the proper measure of alleged damages; (4) JPMorgan's liability; and (5) JPMorgan's legal and equitable defenses to the Class' claims.

Moreover, JPMorgan has denied that it has any liability with respect to the common law claims asserted by Lead Plaintiffs. JPMorgan also has denied that the Class suffered damages as a result of JPMorgan's conduct as opposed to the conduct of Bernard Madoff and others.

Attorneys' Fees and Expenses: In order to preserve as much of the \$218 million settlement payment as possible for the Settlement Class, JPMorgan has separately agreed to make an attorneys' fees payment to Class Counsel in the amount of \$18 million ("Customer Representatives Attorneys' Fee Payment"). Court-appointed Lead Counsel will thus limit its request for attorneys' fees to the Customer Representatives Attorneys' Fee Payment amount as stipulated in the Settlement Agreement, and will not ask the Court to award any additional attorneys' fees and expenses. The Customer Representatives Attorneys' Fee Payment, which was negotiated after the settlement payment in the Class litigation and the related Trustee litigation was agreed upon and after the parameters of the Government Settlement were reviewed by Lead Counsel, is separate and apart from the settlement payment and the amount will not be paid from the Class Action Settlement Fund.

Deadlines:

Submit Proof of Claim (“POC”): [Postmarked no later than sixty (60) calendar days after the Notice Date] _____, 2014

Request Exclusion: [received no later than twenty-one (21) calendar days prior to the Settlement Hearing] _____, 2014

File Objection: [received no later than twenty-one (21) calendar days prior to the Settlement Hearing] _____, 2014

Court Hearing on Fairness of Settlement: _____, 2014

More Information: [\[tel. no.\]](#) [\[website\]](#)

Claims Administrator:

ALIXPARTNERS LLP
Claims Processing Center
2101 Cedar Springs Road, Suite 1100
Dallas, Texas 75201
Phone: 888-369-6601

Lead Plaintiffs’ Counsel:

ENTWISTLE & CAPPUCCI LLP
Andrew J. Entwistle
280 Park Avenue, 26 Floor West
New York, NY 10017
(212) 894-7200

HAGENS BERMAN SHAPIRO SOBOL LLP
Reed Kathrein
715 Hearst Ave., Suite 202
Berkeley, CA 94710
(212) 752-5455

- **Your legal rights are affected whether you act, or do not act. Read this Notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A PROOF OF CLAIM (“POC”) This is the only way to get a payment from the Class Action Settlement Fund.

HOWEVER—if you previously submitted a claim in the SIPA Proceeding you do NOT have to file a new POC to receive a payment from the Class Action Settlement Fund.

If you have not previously filed a claim in the SIPA Proceeding you must file a Proof of Claim in connection with the Class Settlement in order to receive a payment from the Class Action Settlement Fund.

In order to receive a payment from the Madoff Victim Fund, you must file a claim in connection with that fund on or before February 28, 2014.

EXCLUDE YOURSELF Get no payment out of the Class Action Settlement Fund. This is the only option that allows you to participate in another lawsuit against JPMorgan for the legal claims asserted or that could have been asserted in this case.

OBJECT You may write to the Court if you do not like this settlement, the request for attorneys’ fees and expenses, and/or the Schedule of Potential Distributions.

GO TO A HEARING You may ask to speak in Court about the fairness of the settlement.

DO NOTHING Get no payment out of the Class Action Settlement Fund. Give up rights.

- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the Class Settlement. Distributions from the Class Settlement Fund will be made if the Court approves the Class Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

A. BASIC INFORMATION

1. Why did I get this notice package?

The Court ordered that we send you this Notice because you were a direct investor in Bernard L. Madoff Investment Securities LLC (“BLMIS”) and have a right to know about a proposed Class Settlement with JPMorgan of pending common law claims brought in separate actions by the Lead Plaintiffs as a class action and the BLMIS Estate Trustee Irving Picard. The purpose of this notice is to help you learn about all of your options, before the Court decides whether to approve the Class Settlement. If the Court approves the class settlement and after any objections or appeals (if there are any) are resolved, the \$218 million Class Action Settlement Fund will be processed for distribution.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Southern District of New York (“District Court”) and the case is before the Hon. Colleen McMahon. Judge McMahon previously consolidated two related class actions: *Hill v. JPMorgan Chase & Co., et al.*, No. 11-cv-7961 (CM) and *Shapiro v. JPMorgan Chase & Co., et al.*, No. 11-cv-8331 (CM) (“Customer Class Action Litigation” or “Class Litigation”). The Plaintiffs leading the Customer Class Action Litigation are the “Lead Plaintiffs”.¹ The Lead Plaintiffs suffered net losses as former account holders at BLMIS. The Lead Plaintiffs have been prosecuting the Class Litigation on behalf of all former BLMIS customers who directly invested capital with BLMIS and suffered net losses.

¹ The Lead Plaintiffs are Paul Shapiro, Stephen Hill and Leyla Hill and are also at times referred to as the ‘Customer Representatives’.

2. What is this lawsuit about?

The Lead Plaintiffs sued JPMorgan because they claim it failed to disclose or otherwise act to report facts to investors and regulators related to Bernard Madoff's Ponzi scheme. JPMorgan was BLMIS' primary banker for over twenty years. As Madoff/BLMIS' primary banker JPMorgan oversaw a depository account for Madoff/BLMIS known internally at JPMorgan as the "703 Account." By 2006 billions of dollars in investor deposits flowed through the 703 Account. In fact, Lead Plaintiffs' investigation revealed that every customer opening an account with Madoff was instructed to either wire or otherwise deposit funds into the 703 Account. Lead Plaintiffs' investigation also focused on numerous "round trip" transactions with close Madoff associates such as Norman Levy that had no apparent business purpose and as to which neither Madoff nor BLMIS ever offered JPMorgan a satisfactory explanation. Lead Plaintiffs also claimed that JP Morgan knew or should have known that none of the tens of billions of dollars flowing through the 703 Account were ever used to purchase a single security. While suspicious activity related to Madoff and BLMIS caused JPMorgan to file a SAR (Suspicious Activity Report) with UK regulators JPMorgan failed to make such a filing with US bank regulators.

Lead Plaintiffs also allege that JPMorgan learned additional information about the Madoff Ponzi scheme through due diligence and other activities related to JPMorgan's efforts to structure and issue certain financial products that would be based on feeder funds tied to Madoff. In connection with those transactions, JPMorgan performed due diligence on the feeder funds and attempted to perform due diligence on BLMIS itself only to be rebuffed by Madoff who told JPMorgan that he would not permit due diligence on his operations. In related due diligence activities JPMorgan analysts were unsuccessful in their efforts to replicate Madoff's claimed

feeder fund returns, and raised various other concerns, with a JPMorgan employee stating in a now often quoted email that there “is a well-known cloud over the head of Madoff and that his returns are speculated to be part of a Ponzi scheme.” JPMorgan did not report these suspicions to investors or U.S. regulators. Despite the above, JPMorgan redeemed hundreds of millions of dollars it invested, as a hedge against exposure on structured products it had issued, in certain Madoff related Feeder Fund investments.

3. Why is this a class action?

People can sue either individually or on behalf of themselves and everyone else who has the same claims. When a person or persons sue on behalf of other people with the same claims it is called a class action. The people that file suit in this way are known as Lead Plaintiffs (and ultimately if the Court certifies the Class—they are known as class representatives). Federal law encourages these types of suits where, as here, it is more cost effective and judicially efficient for a large group of plaintiffs to work together through the lead plaintiffs and their counsel rather than to file many lawsuits individually. In this case all of these claims have been consolidated before United States District Court Judge Colleen McMahon who has the responsibility to resolve the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a class action settlement?

After years of investigation and litigation in this and related Madoff proceedings the Lead Plaintiffs and the Lead Counsel determined that it would be in the best interests of all class members if a resolution of JPMorgan/Madoff related claims could be achieved. Lead Counsel participated in discussions to help achieve these global resolutions of Madoff/BLMIS related

claims involving JPMorgan that would result in an appropriate recovery for Madoff victims, including members of the Settlement Class.

In negotiating the Class Action Settlement, and in facilitating these global resolutions, the focus of the Lead Plaintiffs and Lead counsel was on maximizing the recoveries of customer-victims of Madoff's fraud without regard to how JP Morgan's payments were allocated between the related Class, Avoidance and Government Settlements. These global resolutions of JPMorgan/BLMIS related claims that have been reached achieve that goal. Together with JPMorgan's settlement with the U.S. Government and the Avoidance Settlement with the Trustee, the \$218 million settlement of the Class Claims will result in a total of \$2.243 billion flowing back to Madoff's victims. As a result, Lead Plaintiffs, Lead Counsel and the SIPA Trustee all believe these global resolutions in general, and the class action settlement on its own, are in the best interests of the Class. This Settlement, which resolves all class claims against JPMorgan, allows all parties to avoid the risks and cost of lengthy and uncertain litigation and the uncertainty of a trial and appeals, and permits the Class Members to be compensated by JPMorgan through the Class Settlement Fund without further delay.

B. WHO GETS MONEY FROM THE SETTLEMENT

To see if you will get money from this Settlement, you first have to determine if you are a Class Member.

5. How do I know if I am part of the settlement?

The Class includes former customers of BLMIS who directly had capital invested with BLMIS as of December 11, 2008 and thus suffered net losses as determined by the net investment method upheld by the United States Court of Appeals for the Second Circuit. The net

investment method credits the amount of cash deposited by a BLMIS customer into his or her BLMIS account, less any amounts withdrawn from it. *See generally In re Bernard L. Madoff Securities LLC*, 654 F.3d 229 (2d Cir. 2011).

6. Are there exceptions to being included in the Class?

Yes. Excluded from the Settlement Class are: (i) BLMIS insiders and their families; (ii) defendants in any criminal Madoff-related proceeding; (iii) BLMIS accountholders whose claims against the BLMIS estate were extinguished by virtue of three separate settlements with the Trustee, the estate of Jeffry Picower, *Picard v. Picower*, 09-1197 (BRL) (Bankr. S.D.N.Y.) (ECF No. 43), the Carl Shapiro Family, *SIPC v. BLMIS*, 08-1789 (Bankr. S.D.N.Y.) (ECF No. 3551), and Jeanne Levy-Church and Francis N. Levy, *SIPC v. BLMIS*, 08-1789 (Bankr. S.D.N.Y.) (ECF No. 1964), and (iv) any persons or entities that exclude themselves from the Settlement Class by filing a request for exclusion that is accepted by the District Court.

7. I'm still not sure if I am included.

If you still are not sure whether you are included in the Settlement Class, you can ask for free help. You can call AlixPartners, the claims administrator for this Settlement, at (888) 369-6601, and you can visit the websites of lead counsel where the relevant settlement materials will be posted (www.entwistle-law.com or _____). You can also visit the website of the SIPA Trustee Mr. Picard (www.madofftrustee.com), or visit the Madoff Victim Fund website maintained by Mr. Breeden for more information about distributions in connection with the related settlements.

C. THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the settlement provide?

JPMorgan has agreed to pay \$218 million in cash in the Class Settlement. All of Class

Settlement payment, less any taxes, costs², and expenses incurred in notifying the Class and administering the Settlement, will be allocated to Class members in the Class Action on a pro rata basis.

In separate but contemporaneous settlements, JPMorgan has also agreed to pay \$325 million in cash to the Trustee to settle bankruptcy avoidance claims, and \$1.7 billion in cash in connection with the U.S. Attorney's investigation, which the government intends to distribute to Madoff victims through the ongoing remission process. Those settlements are subject to separate approval and distribution processes.

9. How much will my payment be?

The Class Settlement Fund will be allocated to all Authorized Claimants on a pro rata basis based on Net Losses as of the Filing Date (*i.e.*, December 11, 2008) and distributed by the Administrator for the Class Settlement.

If you did not file a claim with the Trustee in the BLMIS SIPA proceeding you must file a POC pursuant to the instructions in this Notice to participate in any distribution from this Settlement.

D. PLAN OF ALLOCATION

The Administrator will administer and distribute proceeds from this Settlement with JPMorgan. Distributions to the Customer Representative Class will be made to Settlement Class Members who filed valid and timely POCs pursuant to the instructions contained in this Notice

² Costs and expenses include the costs of notifying Settlement Class Members, including the costs of printing and mailing this Notice and the costs of publishing notice, including news wire notices, and the costs of claims administration.

(or have filed previously filed a proof of claim with the Trustee) on a pro rata basis based on Net Losses as of the Filing Date (*i.e.*, December 11, 2008).

All Class Members who did not file a claim with the Trustee in the BLMIS SIPA proceeding or fail to complete and file a valid and timely POC shall be barred from participating in distributions from the Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Settlement Agreement, including the terms of any judgment entered and the releases given.

E. HOW YOU GET A PAYMENT – SUBMITTING A POC

10. How will I get a payment?

- To Receive a payment out of the Class Settlement Fund, you must have either already filed a claim with the Trustee in the SIPA Proceeding or, if you have not previously filed a claim in the SIPA Proceeding and you want to qualify for a payment, you must send in a POC. A POC is enclosed with this Notice. Read the instructions carefully, sign the POC if all of the pre-printed information is correct. Alternatively, fill in any missing information, correct any information that is not correct, include supporting documents to the extent that they are required, sign it, and mail it to:

AlixPartners LLP
Claims Processing Center
2101 Cedar Springs Road, Suite 1100
Dallas, Texas 75201

It must be postmarked no later than [60 calendar days after the Notice Date] _____, 2014. You may also submit the POC to the Claims Administrator electronically online at _____@alixpartners.com. Claims that are filed electronically must be received by 11:59 p.m. (Prevailing Eastern Time) on [no

later than 60 calendar days after the Notice Date] _____, 2014] to be considered timely.

- JPMorgan's contemporaneous settlements of the Trustee's bankruptcy avoidance claims and the U.S. Attorney investigation are subject to separate approval and distribution processes. To receive distributions from the Trustee you must hold an allowed claim in the BLMIS SIPA proceeding. To receive a payment out of the Madoff Victim's Fund, you must file a separate claim in connection with that fund on or before February 28, 2014. For further information, you may visit the Madoff Victim Fund website at <http://www.madoffvictimfund.com> or call the Administrator of the Madoff Victim Fund at (866) 624-3670.

11. When would I get my payment?

The Court will hold a hearing on _____, 2014, to decide whether to approve the class action settlement with JPMorgan. If Judge Colleen McMahon approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can take time, perhaps more than a year. It also takes time for all the POCs to be processed. Please be patient.

12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself ("opt out") from the Settlement in the manner provided by this Notice, you are staying in the Class. That means, upon the Effective Date (defined below), you (and your predecessors, successors, affiliates, assigns, purchasers or other transferees, attorneys, heirs, representatives, administrators, executors, devisees, legatees, and estate) will be held to have released and forever discharged JPMorgan and all other JPMorgan Releasees (as defined below) from all Released Customer Claims (as defined below) and will be barred from

suing, continuing to sue or being part of any other lawsuit against JPMorgan or the other JPMorgan Releasees asserting the Released Customer Claims.

It also means that if you are a member of the Customer Representative Class, all of the Court's orders will apply to you and legally bind you, including terms providing for the release of and bar against further suits by Customer Representative Class Members relating to the Released Customer Claims against JPMorgan.

"Released Customer Claims" means any and all past, present and future claims or causes of action (including any suit, petition, demand, or other claim in law, equity or arbitration) and from any and all allegations of liability or damages (including any allegation of duties, debts, reckonings, contracts, controversies, agreements, promises, damages, responsibilities, covenants, or accounts), of whatever kind, nature or description, direct or indirect (including class, representative or derivative), asserted or unasserted, known or unknown, absolute or contingent, in tort, contract, federal or state statutory liability, or otherwise, based on strict liability, negligence, gross negligence, fraud, breach of fiduciary duty, unjust enrichment, constructive trust, or otherwise (including attorneys' fees, costs or disbursements), that are, have been, could have been or might in the future be asserted against JPMorgan, its affiliates, and their respective predecessors, successors (including any trustee in bankruptcy), successors-in-interest, assigns, current and former employees, and agents that arise out of, are based on, or relate in any way to BLMIS, Madoff, BLMIS or Madoff accounts at JPMorgan, or the Consolidated Class Action, including any Unknown Claims. .

"JPMorgan Releasees" means JPMorgan, its affiliates, and their respective predecessors, successors (including any trustee in bankruptcy), successors-in-interest, assigns, current and former employees, and agents.

“Unknown Claims” means any and all Released Customer Claims which the Customer Representative Plaintiffs or Class Members do not know or suspect to exist in his, her or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. The Parties agree that, upon the Effective Date, the SIPA Trustee, the Customer Representative Plaintiffs, and JPMorgan shall have expressly waived, and each of the other Settlement Class Members shall be deemed to have waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The SIPA Trustee, the Customer Representative Plaintiffs, and JPMorgan, acknowledge, and the other Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement of which this release is a part.

The “Effective Date” will occur following the Court approving the Settlement with JPMorgan and the Court Order provided for under the terms of the Settlement becoming final and not subject to any appeal, and when all other conditions of the Settlement have been met.

F. EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from the Class Action Settlement Fund as part of this Settlement, but you want to keep the right to sue JPMorgan on your own about the same issues in

this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the class.

13. How do I get out of the Class?

To exclude yourself from the Customer Representative Class, you must send a letter by mail stating that you want to be excluded from *Hill v. JPMorgan Chase & Co., et al.*, No. 11-cv-7961 (CM) and *Shapiro v. JPMorgan Chase & Co., et al.*, No. 11-cv-8331 (CM). You must include your name, address, telephone number and your signature. To assist in the Claims Administration process, it is requested that you also submit proof of the capital invested with BLMIS which had net losses as of December 11, 2008. You must mail your exclusion request so that it is received no later than [21 calendar days prior to the Settlement Hearing] _____, 2014 to:

AlixPartners LLP
Claims Processing Center
2101 Cedar Springs Road, Suite 1100
Dallas, Texas 75201

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any Settlement payment from JPMorgan, and you cannot object to the Settlement with JPMorgan. You are urged to consult with your personal counsel and carefully review all of the legal issues related to this matter, including the risks of proceeding with an individual action, before deciding to exclude yourself from the Class.

14. If I do not exclude myself, can I sue JPMorgan for the same thing later?

No. Unless you exclude yourself, you give up any right to sue JPMorgan for the claims that this Settlement resolves. Remember, the exclusion deadline is _____, 2014.

15. If I exclude myself, can I get money from the class action settlement?

No. If you exclude yourself, do not send in a POC to ask for any money. Once you exclude yourself, you will receive no cash payment from the Class Action Settlement Fund, even if you also submit a POC.

G. THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firms of Entwistle & Cappucci LLP and Hagens Berman Sobol Shapiro LLP, to represent you, the Lead Plaintiffs and the other Class Members. These lawyers are called Lead Counsel. You will not be charged for their work. If you want to be represented by your own personal lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

In this case, in order to preserve as much money as possible for the Class Members, Lead Counsel have agreed to be paid directly by JPMorgan. In this regard JP Morgan and Lead Counsel separately negotiated a lump sum payment of fees and expenses in the amount of \$18 million *after* the payments to the Class Members had been negotiated and the terms of the related settlements had been reviewed by Lead Counsel. At the fairness hearing, Lead Counsel will ask the Court to approve the negotiated payment of attorneys' fees and reimbursement of expenses by JPMorgan. Pursuant to the Settlement Agreement, Co-Lead Counsel will limit its request for fees and expenses to the agreed upon Customer Representatives Attorneys' Fee Payment. The Attorneys' Fees Payment is separate and apart from the Class Settlement Amount. Class Members are not personally liable for any such fees or expenses. To date, Lead Counsel have not received any payment for their services in conducting this Litigation on behalf of the Customer Representative Plaintiffs and the Class, nor have counsel been paid for their expenses.

The Customer Representatives Attorneys' Fee Payment will compensate Lead Counsel for their work in achieving the Settlement with JPMorgan, and thus Lead Counsel will not make an application to the District Court seeking fees and expenses in connection with the ongoing fees incurred in the administration of this matter or in the litigation of any appeals or other matters.

**H. OBJECTING TO THE SETTLEMENT WITH JP MORGAN
AND OTHER MATTERS BEFORE THE COURT**

You can tell the Court that you do not agree with the Settlement or some part of it.

18. How do I tell the Court that I do not like the settlement or other related matters?

If you are a Class Member (and you have not excluded yourself), you can object to the Settlement with JPMorgan and/or the Plan of Allocation, if you do not like any part of them and you can give your reasons. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement with JPMorgan in *Hill v. JPMorgan Chase & Co., et al.*, No. 11-cv-7961 (CM) and *Shapiro v. JPMorgan Chase & Co., et al.*, No. 11-cv-8331 (CM). Be sure to include your name, address, telephone number, your signature, and proof of the capital you directly invested with BLMIS as of December 11, 2008 and the net losses incurred. Any such objection must be mailed or delivered so that it is **received** by each of the following no later than [21 calendar days prior to the Settlement Hearing]

_____, 2014:

Court:

Clerk of the Court
United States District Court
Southern District of New York
Daniel Patrick Moynihan
U.S. Courthouse
500 Pearl Street
New York, New York 10007

Lead Counsel for Plaintiffs:

ENTWISTLE & CAPPUCCI LLP
Andrew J. Entwistle
280 Park Avenue, 26 Floor West
New York, New York 10017
(212) 894-7200

HAGENS BERMAN SHAPIRO SOBOL LLP
Reed Kathrein
715 Hearst Ave., Suite 202
Berkeley, CA 94710
(212) 752-5455

Counsel for JPMorgan:

WACHTELL, LIPTON, ROSEN & KATZ
John F. Savarese
51 West 52nd Street
New York, New York 10019
(212) 403-1235

19. What is the difference between objecting and excluding myself from the settlement?

Objecting is telling the Court that you do not like something about the proposed Settlement with JPMorgan. You can object *only* if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Customer Representative Class in this Settlement with JPMorgan. If you exclude yourself, you have no basis to object because the Settlement with JPMorgan no longer applies to you.

I. THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed Class Settlement with JPMorgan and other related matters. You may attend, but you do not have to.

20. When and where will the Court decide whether to approve the settlement?

The Court will hold a hearing at on _____, 2014, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, New York 10007. At this hearing, the Court will consider whether the Class Settlement with JPMorgan is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court will also decide whether to approve the payment of fees and expenses to Lead Counsel. We do not know how long the hearing will take or whether the Court will make its decision on the day of the hearing or sometime later.

21. Do I have to come to the hearing?

No. Lead Counsel will answer any questions Judge McMahon may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but you are not required to do so.

22. May I speak at the hearing?

You may ask the Court for permission to speak at the hearing. To do so, you must send a letter saying that it is your intention to appear in the Consolidated Class Action, *Hill v. JPMorgan Chase & Co., et al.*, No. 11-cv-7961 (CM); *Shapiro v. JPMorgan Chase & Co., et al.*, No. 11-cv-8331 (CM). Be sure to include your name, address, telephone number, your signature, proof of the capital you directly invested with BLMIS, which incurred net losses as of December 11, 2008. Your notice of intention to appear must be received no later than [21 calendar days prior to the Settlement Hearing] _____, 2014 by the Clerk of the Court, Lead

Counsel, and JPMorgan's counsel, at the addresses listed in Question 18. You cannot speak at the hearing if you exclude yourself from the Customer Representative Class.

J. IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing and have not already filed a proof of claim in the SIPA proceeding, you will get no money from this Class Settlement with JPMorgan.

K. GETTING MORE INFORMATION

24. Are there more details about the settlement?

This Notice summarizes the proposed Class Settlement with JPMorgan. More details are in the Settlement Agreement dated January 6, 2014, which has been filed with the Court. You can get a copy of the Settlement Agreement from the Clerk's office at the United States District Court, Southern District of New York, Daniel Patrick Moynihan, U.S. Courthouse, 500 Pearl Street, New York, New York 10007, during regular business hours, or on the Trustee's website at www.madofftrustee.com.

25. How do I get more information?

You can call _____ or write to a representative of Lead Counsel, or visit the Trustee's website at www.madofftrustee.com. *Please do not call the Court or the Clerk of the Court for additional information about the settlement.*

DATED: _____, 2014 BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK