

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

WASHINGTON MUTUAL, INC., et al.,¹
Debtors.

Chapter 11

Case No. 08-12229 (MFW)

Jointly Administered

US BANKRUPTCY COURT
DISTRICT OF DELAWARE
CLERK

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FILED

FORMAL COMPLAINT AGAINST INSIDER TRADING

1. As a member of the public, the complainant, hereby, files this formal complaint with the U.S. Department of Justice and reserves the right to complaint further with various regulatory authorities.² The complainant is a holder of Washington Mutual Inc. Series R Security (i.e., stock symbol "WAMPQ"). Further, the complainant is not affiliated with or under any directive or suggestion by any of the formal committees in WMI Bankruptcy cases.

2. The complainant believes that some of the creditors represented by White & Case LLP during March 2009 to May 2009 violated *17 C.F.R. § 240.10b5-1*.³

I. CASE BACKGROUND INTRODUCTION

3. On September 25, 2008, the Office of Thrift Supervision (the "OTS") seized Washington Mutual Bank ("WMB") citing the bank's illiquidity issue without prior and proper formal regulatory notice and placed the bank into receivership. Later, the OTS appointed the Federal Deposit Insurance Corp. (the "FDIC") as receiver. Within a day, the FDIC sold all of WMB's assets and some liabilities, including its ownership of WMB fsb, to JPMC for \$1.88 billion pursuant to the Purchase and Assumption Agreement (the "P&A Agreement"). WMB's debts and equities were wiped out in the receivership due to the insufficient fund recovered from the price paid for the WMB assets by JPMC. WMI's common interest in WMB thereafter became worthless.

4. On September 26, 2008(the "Bankruptcy Date"), each of Debtors filed a voluntary bankruptcy petition with this Court pursuant to the Bankruptcy Code. In subsequence, Weil

¹ The Debtors in these bankruptcy cases and the last four digits of each above Debtor's federal tax identification numbers are: Washington Mutual, Inc. (3725); and WMI Investment Corp. (5395).

² The copy of this formal complaint would be potentially filed with various U.S. authorities including, but not limited to, the U.S. Department of Justice, the U.S. Attorney (District of Delaware), the U.S. Attorney General Eric H. Holder Jr. and the U.S. Federal Bureau of Investigation. Further, this complainant reserves rights to disseminate copies to mass media.

³ There were thirty-five different creditors that were represented by White & Case LLP. Aurelius, Owl Creek and three other creditors signed the First Confidentiality Agreement (March 9 – May 8, 2009). The rest of the creditors represented by White & Case were free to trade during that confidentiality period.



Gotshal & Manges (“WGM”) was retained as Debtors’ Chapter 11 petition attorneys.⁴ Specifically, WGM’s Marcia L. Goldstein, Michael F. Walsh and Brian S. Rosen, members with good standing of *the Bar of the State of New York* and *the United States District Court for the Southern District of New York*, were hired as the prime attorneys to the Debtors.

5. Appaloosa Management, L.P. initiated WMI debt and security investments in September, 2008 as testified by James Edward Bolin, at the confirmation hearings of the Modified Sixth Amended Joint Plan of Affiliated Debtors on July 20, 2011. (Tr. 7/20, at 40, 41) Centerbridge Partners, L.P.’s Vivek Melwani testified that Centerbridge first invested in WMI securities in the month before September 26, 2008. (*Id* at 214) Aurelius Capital Management LP’s Daniel Gropper testified that Aurelius started acquiring WMI securities after WMI’s commencement of its Chapter 11 petition. (Tr. 7/18, at 41)⁵ On October 1, Appaloosa and Centerbridge aligned as a group represented by Fired, Frank, Harris, Shriver & Jacobson LLP (the “Fried Frank Group”).

6. Pursuant to 12 U.S.C. §1821(d), the FDIC set December 30, 2008 as the deadline for Debtors to file claims against WMB. Debtors submitted a timely proof of claims to preserve their rights. On January 23, 2009, the FDIC officially denied all of the Debtors’ claims through the Notice of Disallowance. The Debtors was further advised that they are allowed to continue to challenge the decision in the capacity of filing a lawsuit against the FDIC claims disallowance in either the United States District Court for the District of Columbia or the United States District Court in where WMB’s principle place of business located within 60 days or the claims will be barred forever.

7. Aurelius and Owl Creek in January 2009 or earlier participated in a group of WMI bondholders, and both sat on the committee. The committee was represented by White & Case LLP (the “White & Case Group”). On January 22, 2009, the White & Case Group had formulated settlement terms and shared with the Fried Frank Group. On January 29, 2009, a modified term sheet was emailed to Brian Rosen, the Debtors’ counsel.⁶

8. On February 23, 2009, the FDIC held a conference with representatives of the Debtors, JPMC, the Creditor Committee, and lawyers from White & Case and Fried Frank to discuss disputed issues.

9. In March, 2009, the Debtors contacted the White & Case Group and the Fried Frank Group, and invited them to join in settlement negotiations with JPMC and the FDIC. On March 9,

⁴ In the WGM employment and retention motion [Docket No. 64], Exhibit B, JP Morgan Chase Bank, Chase Home Finance and J.P. Morgan Securities Inc. are listed as WGM’s current clients. In addition, in the Transcript of Deposition of Doreen A. Logan, dated as August 26, 2009, pp 237-241, it is perceived that WGM was employed by WMI as counsel to WMI in preparation of filing a possible bankruptcy case as early as September 20, 2008.

⁵ Owl Creek Management, L.P.’s Dan Krueger did not testify when Centerbridge started investing in WMI securities.

⁶ Among other things, the term sheet proposed:

-The Disputed Accounts would be transferred to WMI

-The Trust Preferred Securities would be transferred to JPMC

-WMI would receive the first \$2 billion in tax refunds; the next \$1 billion of refunds would go to the FDIC as receiver for WMB; all refunds in excess of \$3 billion would be split 50/50 between WMI and the FDIC as receiver

The venue for the White & Case Group to obtain verifications of their perceived settlement line items’ existence is unknown.

2009, AAOC signed the First Confidentiality Agreement and then obtained permission to participate the settlement negotiations. Three other members of the White & Case Group also committed to the restriction as well.

10. On March 10, 2009, a meeting at Sullivan & Cromwell, JPMC's counsel, was held. All five members in the White & Case Group, Appaloosa and Centerbridge, JPMC and the FDIC representatives, and the Debtors' representatives attended the meeting. Bill Kosturos from the Debtors disclosed that an amount of approximately \$2.6-\$3 billion tax refunds was been expected to receive for the Debtors. The White & Case Group and the Fried Frank Group had concerns over the Debtors' proposed terms and requested for the permission from the Debtors that they were allowed to present their terms to JPMC directly. The Debtors agreed. Later on March 13, 2009, the Debtors translated the proposal orally presented by White & Case into written form and delivered to JPMC and the creditors who were at the March 10 meeting.⁷ JPMC countered that it retains all tax refunds, Goodwill Litigation proceeds (except \$15 million therein), \$250 million tax refunds that was received on September 30, 2008 but agreed with the allocation of the Rabbi Trust, TPS, the Visa shares and the BOLI/COLI policies and the return of WMI's deposit at WMB. The JPMC proposal was first sent to the Debtors. The Debtors then forwarded it to White & Case and Fried Frank counsels. The counsels later forwarded the proposal to Appaloosa, Aurelius, Owl Creek and Centerbridge (collectively, "AAOC").

11. On March 20, 2009, the Debtors commenced a lawsuit against the FDIC in the United States District Court for the District of Columbia regarding the FDIC's disallowance of the Debtor's claims decision.⁸ On March 24, 2009, JPMC, named the Debtors as defendant and the FDIC as co-defendant, filed litigation in Judge Mary F. Walrath's Court and request a summary judgment on ownership of certain disputed assets. JPMC purported to own all of the assorted assets pursuant to the P&A Agreement.⁹ On March 30, 2009, JPMorgan Chase Bank National Association, through its undersigned counsel, Sullivan & Cromwell LLP, filed an unliquidated proof of claim against the Debtors.

12. On April 16, 2009, the Debtors further delivered JPMC a revised offer based on their previous one and the one from JPMC.¹⁰ Ten days later, on April 26, 2009, Travis Epes from

⁷ Major terms in WMI's first written proposal:

- First \$500 million in the \$2.6-\$3 billion goes to WMI. The rest is split 60/40 with JPMC in WMI's favour.
- Any extended period tax refund would be split 80/20 in WMI's favour.
- WMI would receive Goodwill Litigation proceeds and WMI's deposit at WMB.
- Trust Preferred Securities ("TPS"), the Visa shares and WMI intellectual property would be transferred to JPMC.
- Rabbi Trusts and the BOLI/COLI policies would be split between WMI and JPMC.
- WMI would release all claims against JPMC.

⁸ **The DC Action.** See Washington Mutual, Inc. and WMI Investment Corp. v. FDIC, Case No. 09-00533.

⁹ **The JPMC Adversary Proceeding.** See JPMorgan Chase Bank, N.A. v. Washington Mutual, Inc. et al., Adv. Pro. No.09-50551 (MFW).

¹⁰ **Modified major terms in WMI's second written proposal:**

- First \$500 million in the \$2.6-\$3 billion goes to WMI. The rest is split 50/50 with JPMC in WMI's favour.
- Any extended period tax refund would be split 80/20 in WMI's favour.
- WMI would receive proceeds from American Savings Litigation and JPMC would receive the first \$55 million in the Anchor Litigation proceeds and split 50/50 with WMI in the rest.

JPMC sent the written counter proposal to WMI's Chad Smith. JPMC again agreed to return WMI's deposit and the respective interest provision. It however remained in position that JPMC would retain the Goodwill Litigation proceeds. Regarding the tax refunds, JPMC compromised that it would accept an 85/15 split on the \$2.6-\$3 billion tax refunds and a 50/50 split on the extended period tax refunds. JPMC also agreed to pay over 15% of the \$250 million tax refunds that was received on September 30, 2008 to WMI. WMI could retain all NOL carry-forwards.

13. The next day, on April 27, 2009, Sullivan & Cromwell provided JPMC's second counteroffer to WGM. Later, in the same day, WGM forwarded the information to AAOC's counsels and informed them that the information **should not be disclosed** to AAOC and three other creditors who signed the confidentiality agreement. WGM's Brian Rosen spoke with Jerry Uzzi at White & Case and told him about the Debtors' April 16 offer to JPMC. In that evening, Jerry Uzzi received the details of the Debtors' second offer (i.e., the April 16 offer) and JPMC's second counteroffer from WGM. Jerry Uzzi later disclosed the details to Aurelius' Dan Gropper.

14. On April 28, 2009, Dan Gropper at Aurelius complained to Bill Kosturos representing the Debtors and cited that Aurelius, Owl Creek and Elliott Management were holding a blocking position in WMI securities.¹¹

15. On April 27, 2009, the Debtors filed an action against JPMC as successor to WMB and WMB fsb, pursuant to 11 U.S.C. §542, to recollect \$4 billion as deposit at WMB fsb that belongs to the Debtors.¹² JPMC filed a counter-argument motion citing that there is a genuine dispute as to the ownership of the \$4 billion deposit on May 13, 2009. This Court rejected JPMC's argument and found no indication of genuine dispute on the deposit ownership at a hearing dated as June 24, 2009. (B117, Tr. 6/24/09 at 117.)

16. On April 30, 2009, Brian Rosen addressed Dan Gropper's complaint in a letter to White & Case and expressed the Debtors' intent to confer with Aurelius, Owl Creek and Elliott on May 6 to further discuss the issues. In the letter, reference to the Debtors' multiple conversations with Dan Gropper and the Debtor's Litigation Counsel Quinn Emmanuel Urquhart & Sullivan, LLP's communication with White & Case was made. The conversation between Quinn Emmanuel and White & Case was to clear up disputes between the Debtors and Aurelius, Owl Creek and Elliott.

17. On May 1, 2009, Debtors filed a motion to compel discovery on JPMorgan Chase Bank, N.A. pursuant to Bankruptcy Rule 2004 and Local Bankruptcy Rule 2004.1. [Docket No. 974] This Court later entered an order and issued an opinion granting the Debtor's relief of request on June 24, 2009.

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- WMI would receive the deposit at WMB with interests paid after April 16.
 - Trust Preferred Securities ("TPS"), the Visa shares and WMI intellectual property would be transferred to JPMC.
 - Rabbi Trusts and the BOLI/COLI policies would be split between WMI and JPMC.
 - WMI would release all claims against JPMC.

¹¹ Dan Gropper also copied the message to Jeff Altman and Dan Krueger at Owl Creek and to Elliott Management.

¹² **The Turnover Action.** See Washington Mutual, Inc. et al. v. JPMorgan Chase Bank, N.A., Adv. Pro. No.09-50934 (MFW).

18. At a hearing on March 12, 2010, Debtors announced that a global settlement agreement (the "GSA") was arrived between Debtors, JPMC, the FDIC and the Creditor Committee. Since then, all adversary proceedings and discovery on JPMC have been halted.

II. DEMONSTRATION OF SUSPECT INSIDER TRADING

First Confidentiality Period (March, 9 2009 to May 8, 2009)

19. By signing the confidentiality agreement, Aurelius agreed that it would use the confidential information obtained in the participation of the negotiation only for the purpose of participating in the WMI bankruptcy cases and not for purposes other than those that were defined in the agreement. As admitted by Mr. Gropper, an ethical wall in Aurelius was established in order for it to continue trading. Specifically, people in the firm who do not receive material non-public information ("MNPI") could continue to trade WMI securities. (Tr. 7/18, at 139) Mr. Gropper further testified that at the expiration of the confidentiality agreement he would be free to share all the information he learned about during the constraint period with the firm as after that period all of his understanding of the information would belong to the firm. He did convey the Debtors' estimate of expected tax refunds to others at Aurelius after the confidentiality period. The Debtors disclosed that piece of confidential information in a note in the April 30, 2009 Monthly Operating Report ("MOR"), accompanying with disclosure of couple other confidential items. There was one piece of material confidential information – the settlement negotiation with JPMC and the FDIC, that had not been disclosed in the MOR or to the public but known to AAOC and thirty creditors out of the thirty-five-member creditor group represented by White & Case. White & Case expressly told its members that there were settlement negotiation occurring. (*Id.*, at 140-142, 145-147)

20. Mr. Gropper testified that he does not believe that the investing public would be interested in knowing what terms the Debtors would apply to settle their disputes with JPMC when he was questioned the importance of the settlement proposal to the investing public developed on March 10, 2009 and at the meeting that creditors had with the Debtors and JPMC at Sullivan & Cromwell office. (*Id.*, at 152) On March 18, 2009, JPMC provided its counteroffer to the March 10 proposal presented by the Debtors orally (i.e., later drafted in written form) and agreed upon by the attending creditors. In JPMC's counter proposal, it agreed to return the disputed deposit to the estate. This piece of information had never disclosed to the public by either JPMC or the Debtors. But AAOC and the attending three creditors know it.

21. During this period, the investing public was only aware of the Debtors' ferocious litigating war against JPMC for recovering WMI's deposit at WMB.¹³ Whereas, in whatsoever way, if the investing public knew about JPMC's position on the \$4 billion deposit in the secret settlement negotiation and the Debtors' proposed settlement terms, the pricing of WMI securities would have been different.

22. The distinction on the understanding of JPMC's position on the disputed deposit between the mass investing public and the settlement negotiation participants speaks in volume.

¹³

Id., Footnote 11.

The total allowed WMI Senior Note Claims are approximately \$4.13 billion with \$1.67 billion in allowed total WMI Senior Subordinated Note Claims. See below.¹⁴

SENIOR NOTE CLAIMS					
CUSIP NO.	Note Issuance	Maturity Date	Allowed Principal	Allowed Pre-petition Accrued Interest	Allowed Total Amount
939322AL7	4.0% Notes	15-Jan-09	\$804,984,292.60	\$6,351,912.45	\$811,336,205.05
939322AQ6	4.2% Notes	15-Jan-10	\$504,220,132.10	\$4,178,270.72	\$508,398,402.82
939322AX1	5.5% Notes	24-Aug-11	\$361,181,452.96	\$1,766,795.55	\$362,948,248.51
939322AT0	5.0% Notes	22-Mar-12	\$374,791,867.96	\$208,722.22	\$375,000,590.18
939322AV5	5.25% Notes	15-Sep-17	\$726,744,896.63	\$1,171,426.67	\$727,916,323.30
939322AW3	Floating Rate Notes	24-Aug-09	\$358,645,000.00	\$911,252.44	\$359,556,252.44
939322AP8	Floating Rate Notes	15-Jan-10	\$175,500,000.00	\$1,099,878.10	\$176,599,878.10
939322AS2	Floating Rate Notes	22-Mar-12	\$363,350,000.00	\$141,454.17	\$363,491,454.17
939322AU7	Floating Rate Notes	17-Sep-12	\$446,815,000.00	\$359,267.16	\$447,174,267.16
Total Senior Note Claims					\$4,132,421,621.73
SENIOR SUBORDINATED NOTES CLAIMS					
CUSIP NO.	Note Issuance	Maturity Date	Allowed Principal	Allowed Accrued Interest	Allowed Total Amount
939322AE3	8.25% Notes	01-Apr-10	\$451,870,530.25	\$18,133,500.00	\$470,004,030.25
939322AN3	4.625% Notes	01-Apr-14	\$729,187,229.50	\$16,449,467.71	\$745,636,697.21
939322AY9	7.25% Notes	01-Nov-17	\$437,962,198.47	\$12,862,043.75	\$450,824,242.22
Total Senior Subordinated Note Claims					\$1,666,464,969.68

23. It would certainly spark the demand in purchasing the WMI Senior Note if the investing public knew about that piece of critical intelligence. If the disputed deposit was returned to the estate, the recovery of WMI Senior Note Claims would be almost one hundred percent. As testified by Mr. Gropper, only a group of selected creditors learned about the March 18 counteroffer from JPMC. The counteroffer was sent to the Debtors and then forwarded by the Debtors to White & Case and Fried Frank. Later, those attorneys forwarded the details to AAOC. Also, as discussed above, there were other creditors represented by White & Case that were aware of the settlement negotiations but did not sign the confidentiality agreement to participate. **Alternatively speaking, those thirty creditors were free to trade.** Intriguingly, an apparent increase in trading price for the abovementioned WMI notes occurred in early 2009. See below.¹⁵

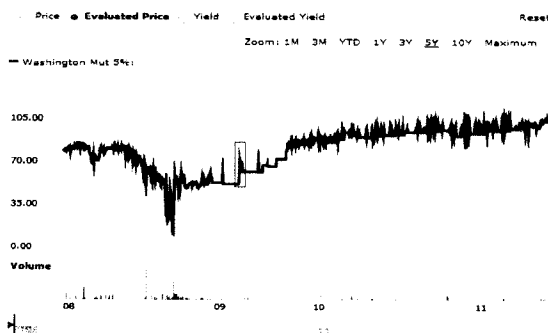
Washington Mut 5% | Maturity:2012

Print Report ? Data Question

Quote

Last Price/Yield	Price/Yield Change	52-Wk High/Low Price	Current Yield	Yield to Call	Yield to Worst	Modified Duration
\$112.00/2.13	-2.50%/-9.39%	\$114.88/\$94.55	4.46	---	---	0.5

Trading Chart



Issue General Information

Issuer	Washington Mutual Inc
Detail Type	Corporate Bond
Maturity Date	03/22/2012
Country	United States
Currency	US Dollar
Callable	No
Putable	No
Convertible	No

Issue Features

Tax Status	Taxable
Rule 144a	Not subject to Rule 144A

¹⁴ For doubt on the authenticity or accuracy of the presented data, parties can obtain the information from the Debtors' various Plans submitted or through public sources.
¹⁵ Three randomly selected WMI Senior Notes. (CUSIP NO. : 939322AT0, 939322AV5, 939322AU7)

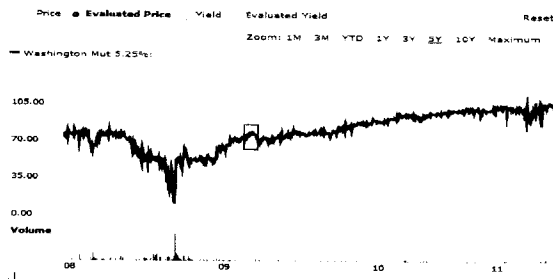
Washington Mut 5.25% | Maturity:2017

Print Report ? Data Question

Quote

Last Price/Yield	Price/Yield Change	52-Wk High/Low Price	Current Yield	Yield to Call	Yield to Worst	Modified Duration
\$27.59/16.94	+36.25%/-1.96%	---	4.52	---	---	5.8

Trading Chart



Issue General Information

Issuer	Washington Mutual Inc
Detail Type	Corporate Bond
Maturity Date	09/15/2017
Country	United States
Currency	US Dollar
Callable	No
Putable	No
Convertible	No

Issue Features

Tax Status	Taxable
Rule 144a	Not subject to Rule 144A

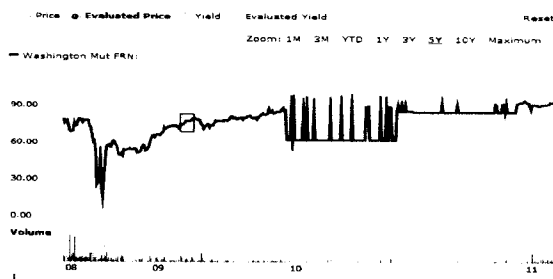
Washington Mut | Maturity:2012

Print Report ? Data Question

Quote

Last Price/Yield	Price/Yield Change	52-Wk High/Low Price	Current Yield	Yield to Call	Yield to Worst	Modified Duration
\$101.06/---	0.00%/---	\$101.06/\$95.00	---	---	---	---

Trading Chart



Issue General Information

Issuer	Washington Mutual Inc
Detail Type	Corporate Bond
Maturity Date	09/17/2012
Country	United States
Currency	US Dollar
Callable	No
Putable	No
Convertible	No

Issue Features

Tax Status	Taxable
Rule 144a	Not subject to Rule 144A

24. As demonstrated and highlighted in red color on the graphs above, all three randomly selected senior notes were experiencing a fairly large increase in terms of their trading prices. The graphs show that, on average, they were trading roughly at 80% of their full redemption price, provided that the mass investing public knew nothing about the settlement terms and JPMC's position on the dispute deposit. A clear recovery expectation had been built for the WMI Senior Notes. See below.¹⁶

JPMC's March 18 Counteroffer		
1	To WMI	\$ 4,080,000,000.00
	Deduction for tax refund received on	-\$ 250,000,000.00
2	September 30, 2008	
3	To WMI	\$ 15,000,000.00
	Recovery except resolution on tax	\$ 3,845,000,000.00
	Allowed Total Amount in WMI Senior Claims	\$ 4,132,421,621.73
	Expected Recovery for WMI Senior Claims	93%

¹⁶

The settlement terms offered by JPMC on March 18, 2009 was not known to the investing public.

25. The trading pattern in the WMI Senior Notes was not singled out. Coincidentally, similar trend happened in the WMI Senior Subordinated Notes. See below.¹⁷ In accordance to the well established evidentiary records, there was no disclosure of the Worker, Homeownership, and Business Assistance Act of 2009 (the "Act") in the early 2009 by the Debtors. Nor did any traction of the Act exist in public record. Until in the Debtors' November 2009 MOR, Note 5, the disclosure of the Act and its respective effect on the estate's tax refunds was first introduced. Any further proceeds from the ongoing negotiation on the settlement of the disputed, estimated existing tax refunds would aid the recovery of WMI Senior Subordinated Claims.

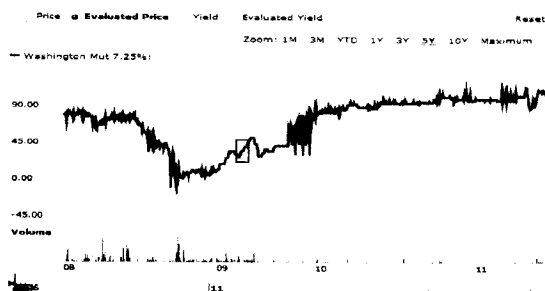
Washington Mut 7.25% | Maturity:2017

Print Report ? Data Question

Quote

Last Price/Yield	Price/Yield Change	52-Wk High/Low Price	Current Yield	Yield to Call	Yield to Worst	Modified Duration
\$116.82/3.95	-2.04%/+0.42%	\$122.00/\$99.75	6.21	---	---	4.7

Trading Chart



Issue General Information

Issuer	Washington Mutual Inc
Detail Type	Corporate Bond
Maturity Date	11/01/2017
Country	United States
Currency	US Dollar
Callable	No
Putable	No
Convertible	No

Issue Features

Tax Status	Taxable
Rule 144a	Not subject to Rule 144A

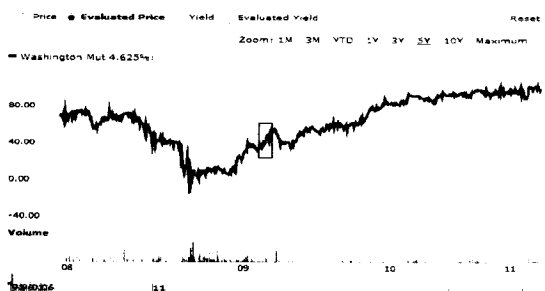
Washington Mut 4.625% | Maturity:2014

Print Report ? Data Question

Quote

Last Price/Yield	Price/Yield Change	52-Wk High/Low Price	Current Yield	Yield to Call	Yield to Worst	Modified Duration
\$108.46/0.67	+1.18%/-0.58%	\$113.13/\$98.90	4.26	---	---	2.0

Trading Chart



Issue General Information

Issuer	Washington Mutual Inc
Detail Type	Corporate Bond
Maturity Date	04/01/2014
Country	United States
Currency	US Dollar
Callable	Yes
Putable	No
Convertible	No

Issue Features

Tax Status	Taxable
Rule 144a	Not subject to Rule 144A

26. Provided in the Debtors' March 13 offer to JPMC in written, the settlement participants and their respective counsels, including White & Case and Fried Frank, were well aware that in a great likelihood there would be further money coming into the estate from the tax refund (i.e., for both the existing period and extended period). The Debtors proposed that it would retain 60% of the tax refund for the existing period and 80% of the tax refund for the extended period, it is clear that, there could be additional \$1.62-1.8 billion for the estate.¹⁸ In the subsequent JPMC's

¹⁷ Two randomly selected WMI Senior Subordinated Notes. (CUSIP NO.: 939322AY9, 939322AN3)

¹⁸ The existing period tax refund was estimated to be around \$2.7-\$3 billion. 60% of the tax refund for the existing period would be \$1.62 - \$1.8 billion. Further, the extended period tax refund was disclosed but unspecified in dollar terms.

counteroffer, it insisted that it retain all the tax refund.¹⁹ On April, 2009, the Debtors sent a second settlement proposal to JPMC. By its terms, the Debtors compromised for a 50/50 split on the tax refund for the existing period and 80/20 split on any extended tax refund in the Debtors' favour. Also, the Debtors proposed to retain the American Savings Litigation proceeds. JPMC were to receive the first \$55 million in the Anchor Litigation. The rest of the proceeds of Anchor Litigation would be split between the Debtors and JPMC 50/50. JPMC, on April 26, 2009, countered that it would split the existing period tax refund with WMI 85/15 in its favour and agree to receive 50% split on the extended period tax refund. No further proposed settlement offer was produced by the Debtors. On May 8, 2009, the first confidentiality period expired. Interestingly, the end of the first round of settlement negotiations with JPMC with no tentative agreement arrived was ought to be confidential to the investing public. It should not bear any effect whatsoever to the pricing of the notes in an apparent manner because the information was secret. However, from the graphs presented above, it is clear that there were small scale drops in prices for all the WMI notes at around the time of May 2009.

III. REQUEST OF INQUIRY

27. Did White & Case, during the confidentiality period, convey any detail of the back and forth offers between the Debtors and JPMC to any of its representing clients who did not sign the confidentiality agreement but continued to trade WMI securities?

28. Did any of those creditors represented by White & Case and of who did not sign the confidentiality agreement trade any of WMI securities during the confidentiality period? What was the basis and driver for the investment decision?

IV. RESERVATION OF FURTHER SUPPLEMENT

29. In light of the long running of the Debtors' bankruptcy cases and the existence of multiple confidentiality periods and the respective confidentiality agreements, and the complexity of the settlement negotiations between the Debtors, JPMC and the FDIC, this complainant reserves the right to make addendum to the complaint with respect to its targets and incidents.

Dated as the 7th day of February 2012

Respectfully submitted,


GANG CHEN, Pro Se

¹⁹ *Id.*, paragraph 10 herein.

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

WASHINGTON MUTUAL, INC., et al.,

Debtors.

Chapter 11

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Jointly Administered

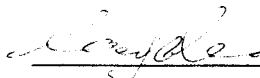
CERTIFICATE OF SERVICE

On this 8th day of February 2012, I, Gang Chen, served a true and correct copy of the *Formal Complaint Against Insider Trading* upon the parties and in the manner listed below:

Via Hand Delivery by Delaware Shareholder Services

The Honorable Mary F. Walrath
United States Bankruptcy Court for the District of Delaware
824 Market Street, 5th Floor
Wilmington, DE 19801

Jane Leamy, Esq.
Office of the United States Trustee
844 King Street, Suite 2207
Wilmington, DE 19899-0035
Jane.m.leafy@usdoj.gov



GANG CHEN, Pro Se