

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

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<i>In re</i>	:	<b>Chapter 11</b>
	:	
WASHINGTON MUTUAL, INC., <u>et al.</u> <sup>1</sup>	:	<b>Case No. 08-12229 (MFW)</b>
	:	
<b>Debtors.</b>	:	<b>(Jointly Administered)</b>
	:	
-----X		

**DECLARATION OF JAMES CARREON IN SUPPORT OF DEBTORS’  
NINETEENTH OMNIBUS (SUBSTANTIVE) OBJECTION TO CLAIMS**

I, James Carreon, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information and belief:

1. I am a Managing Director with Alvarez & Marsal Taxand, LLC (“A&M Tax”) and the current Vice President and Interim Tax Manager of Washington Mutual, Inc. (“WMI,” and together with WMI Investment Corp., the “Debtors”). By order, dated November 6, 2008 [D.I. 246], the Debtors were, among other things, authorized to retain Alvarez & Marsal North America, LLC (“A&M”), A&M Taxand’s parent company, as restructuring advisors, and to designate certain other personnel of A&M and its wholly owned subsidiaries, such as myself, to assist in the Debtors’ restructuring process.

2. I hold Bachelor’s degrees in Business Administration and Communications Arts and Sciences from the University of Southern California, a law degree from Southwestern University School of Law and an LL.M. (tax) from Golden

<sup>1</sup> The Debtors in these chapter 11 cases along with the last four digits of each Debtor’s federal tax identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395). The Debtors’ principal offices are located at 925 Fourth Avenue, Seattle, Washington 98104.



Gate University of Law. I also am an adjunct professor at Golden Gate University (MBT Program) and San Jose State University (MST Program) and the co-author of the BNA Portfolio on related party transactions.

3. Prior to joining A&M, I worked with the following companies: FTI Consulting, where I provided transaction tax services; Sheppard Mullin Richter & Hampton, LLP, where I provided legal advice with respect to general tax matters including mergers and acquisitions; Ernst & Young's National Office West, where I advised on merger and acquisition transactions and generally served as a tax technical resource for the West Coast offices of Ernst & Young; and Deloitte & Touche LLP, where I provided general corporate tax advice with an emphasis on structured transactions.

4. I have been providing advice to troubled companies for more than ten years. Over this time, some of my representative restructuring projects include Eddie Bauer, Lehman Brothers, the Tribune Company, Redback Networks, and Nextel Partners.

5. I submit this Declaration in support of the Debtors' Nineteenth Omnibus Objection to Claims.

6. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, or my opinion based upon experience, knowledge, and information concerning the Debtors' affairs, including information provided to me by the Debtors or their professionals, including other members of A&M's restructuring team.

7. In my capacity as interim tax manager of WMI, I oversee and manage the day-to-day tax function of WMI (along with Curt Brouwer and Brian Pedersen), and provide advice with respect to certain special projects. At the beginning

of A&M's engagement, I had to familiarize myself with the history of WMI in a general manner. Additionally, my team and I performed a stock basis study with respect to WMI's interest in WMB (as defined herein). As a part of that study, we examined changes in the corporate structure of WMI and WMB from 1994 through 2008 by reviewing original agreements, internal correspondence, board minutes, and public filings, among other things. In this way, I have become generally familiar with WMI's past and present organizational structure.

### **Keystone Holdings Transaction in 1996**

8. As of January 1, 1996, WMI had several direct subsidiaries including Washington Mutual Bank fsb ("WMBfsb") and Washington Mutual Bank ("State Bank"). State Bank was a Washington State chartered stock savings bank, and I refer to it as "State Bank" because it is a different entity than the entity seized by the Office of Thrift Supervision ("OTS") in September 2008.

9. On December 20, 1996, Keystone Holdings, Inc. ("Keystone") merged with and into WMI, and all of Keystone's subsidiaries became subsidiaries of WMI. American Savings Bank, FA ("ASB"), which ultimately was the entity that was seized by the OTS in September 2008, was an indirect subsidiary of Keystone and became an indirect subsidiary of WMI as a result of this transaction. An illustration of the Keystone Holdings transaction is annexed hereto as Exhibit A.

10. After the Keystone transaction, New American Holdings, Inc. ("NAHI") became a direct subsidiary of WMI along with State Bank, WMBfsb, and certain other entities. NAHI had as its direct subsidiary, New American Capital, Inc. ("NACI"), and ASB as an indirect subsidiary. *See* Ex. A. Following a series of

liquidations in June 1997, NACI became a direct subsidiary of WMI and ASB became a direct subsidiary of NACI. *See* Ex. B.

**American Savings Bank, FA Becomes Washington Mutual Bank, FA**

11. On October 1, 1997, ASB, the entity that was ultimately seized by OTS in September 2008, amended its Federal Stock Charter to change its name to Washington Mutual Bank, FA (“WMBFA”).

**WMBfsb and State Bank Transactions**

12. On January 28, 2004, through a series of transactions, WMI contributed the stock of WMBfsb to WMBFA. As a result, WMBfsb became a direct subsidiary of WMBFA. *See* Ex. C.

13. On January 1, 2005, State Bank merged with and into WMBFA and ceased to exist. Pursuant to this merger, the assets of State Bank were transferred to WMBFA and the subsidiaries of State Bank became subsidiaries of WMBFA. Following this transaction, WMI had NACI as its only direct subsidiary. In turn, NACI had as its direct subsidiary WMBFA, which had as its direct subsidiary WMBfsb. *See* Ex. D.

14. On April 4, 2005, WMBFA, the successor to ASB (the entity ultimately seized by OTS in September 2008), changed its name to Washington Mutual Bank (“WMB”).

15. In September, 2007, NACI was rationalized such that certain assets and liabilities were distributed from NACI to WMI. On November 1, 2007, NACI merged into WMB through an intermediate and temporary subsidiary. As a result of those transactions, WMB became a direct subsidiary of WMI. *See* Ex. E.

16. Based on my review of numerous merger documents relating to the transactions described above, I am not aware of WMI ever assuming the liabilities of WMB.

**Seizure by OTS**

17. On September 25, 2008, the Director of the OTS appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver for WMB. At the same time, the FDIC seized WMB’s assets. Pursuant to that certain Purchase and Assumption Agreement, Whole Bank, dated as of September 25, 2008, the FDIC purportedly sold substantially all of the assets of WMB, including the stock of WMBfsb, to JPMorgan Chase Bank, N.A.

18. After the seizure, WMI rationalized most of its corporate and non-corporate business entities. Currently, WMI’s remaining subsidiaries are Ahmanson Obligation Company, WaMu 1031 Exchange, WMI Ranier LLC, WM Citation Holdings LLC, WM Mortgage Reinsurance Co., Inc., H.S. Loan Corp., and WMI Investment Corp.

Executed this 25th day of  
April, 2011

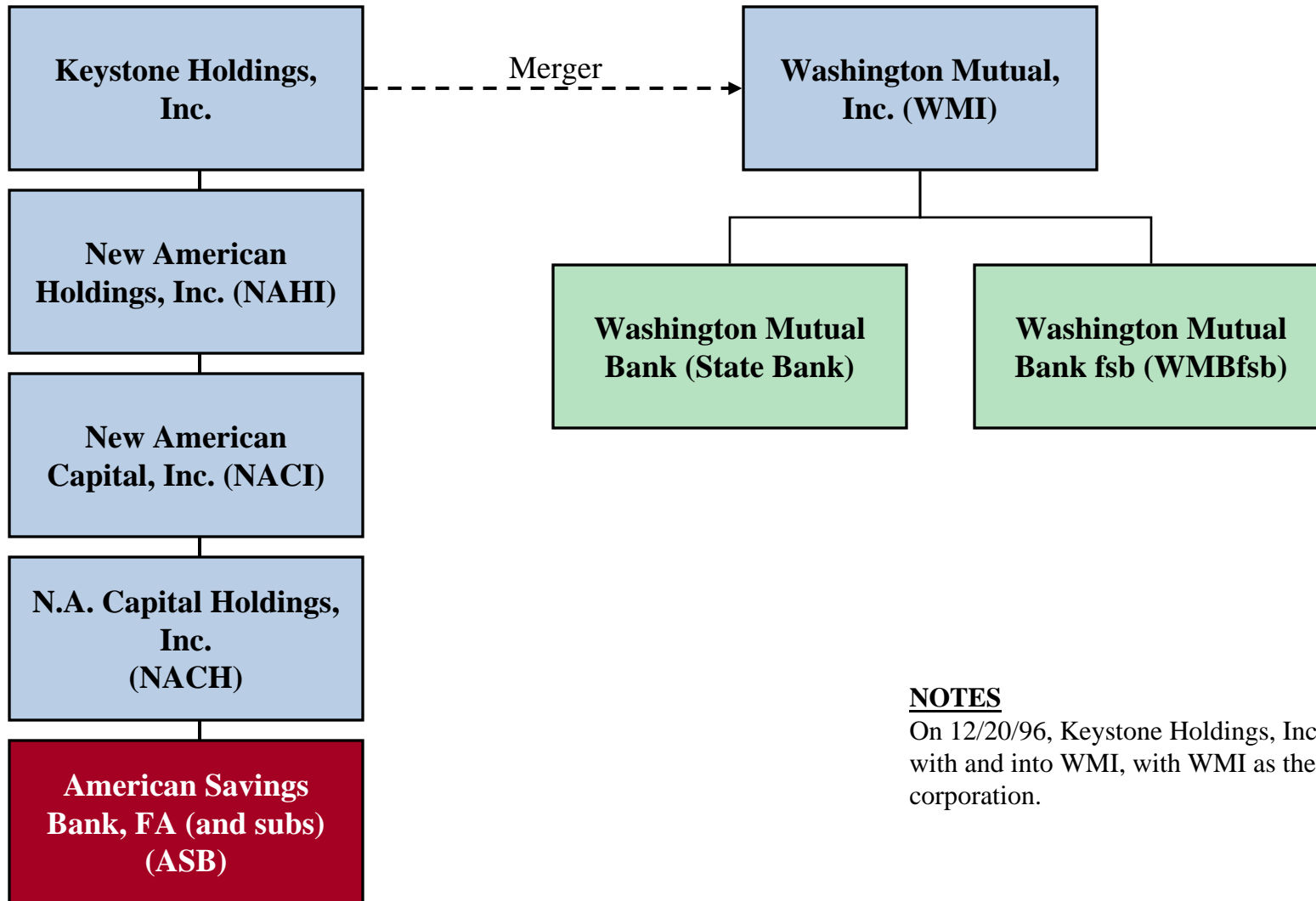
A handwritten signature in black ink, appearing to read "James Carreon", written over a horizontal line.

By. \_\_\_\_\_  
James Carreon  
Vice President and Interim Tax Manager  
Washington Mutual, Inc.

**Exhibit A**

# Keystone Holdings Transaction

(12/20/1996)

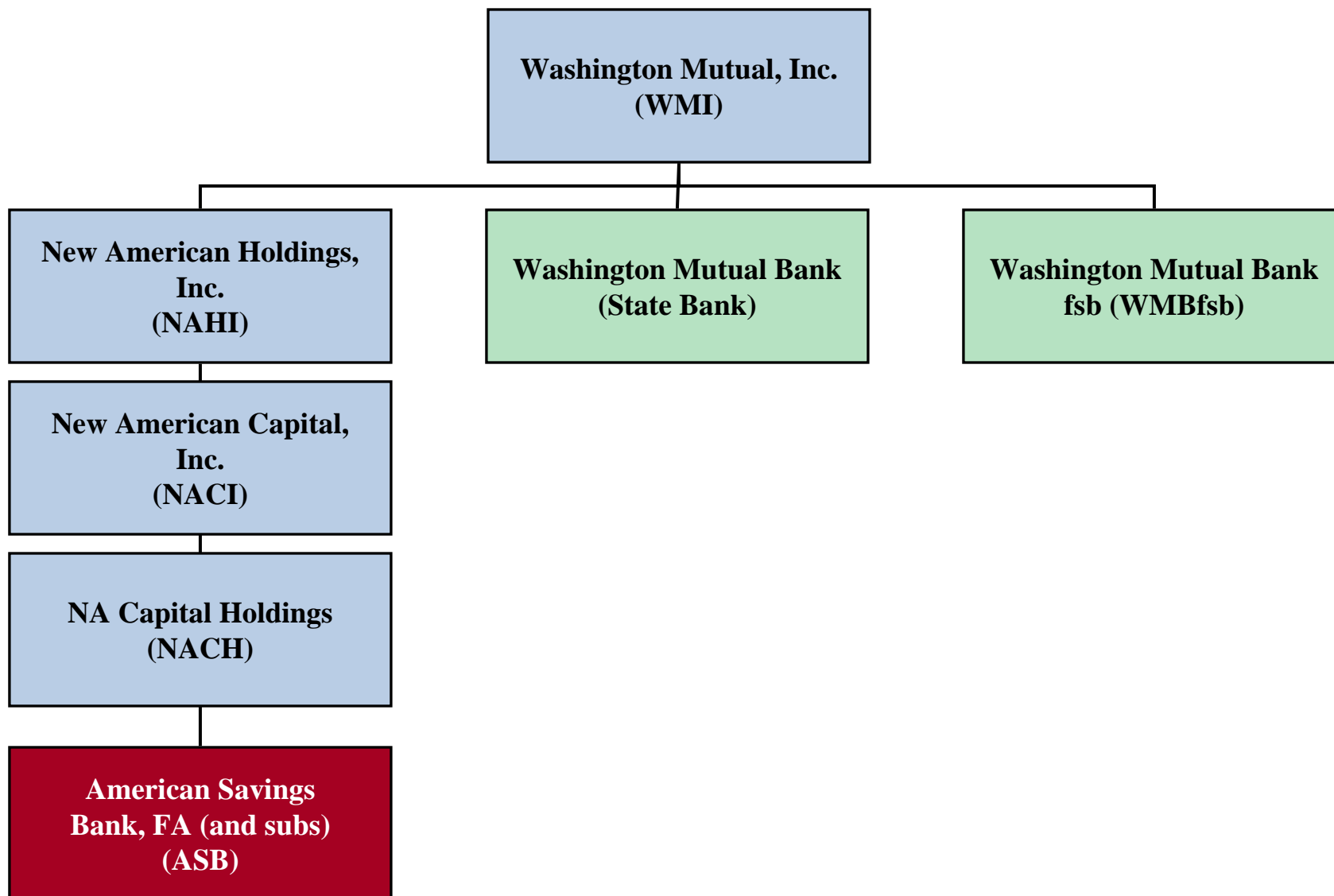


## NOTES

On 12/20/96, Keystone Holdings, Inc. merged with and into WMI, with WMI as the surviving corporation.



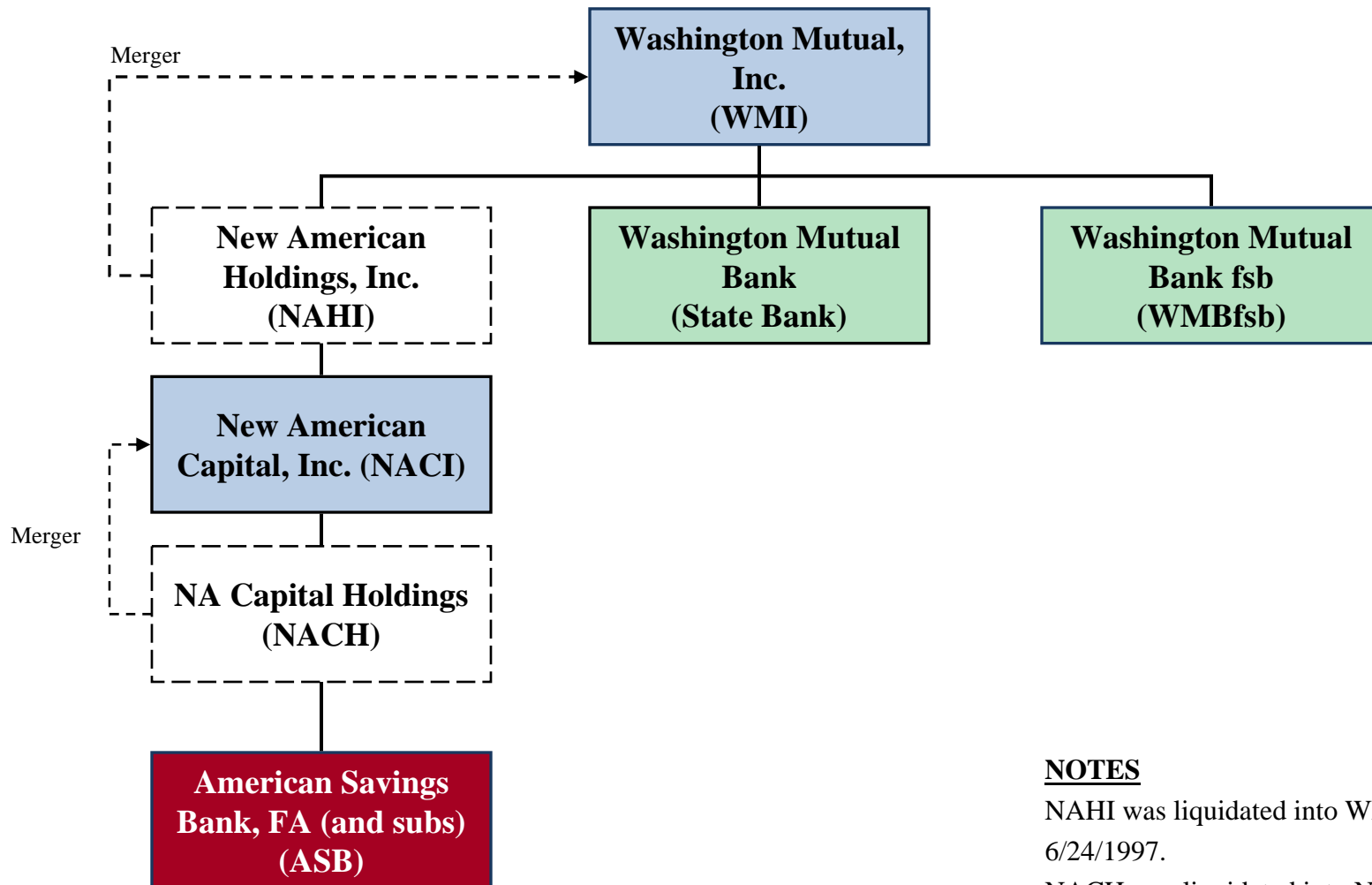
# Post Keystone Holdings Transaction (1996)



**Exhibit B**

# NAHI and NACH Liquidation

(6/23-24/1997)



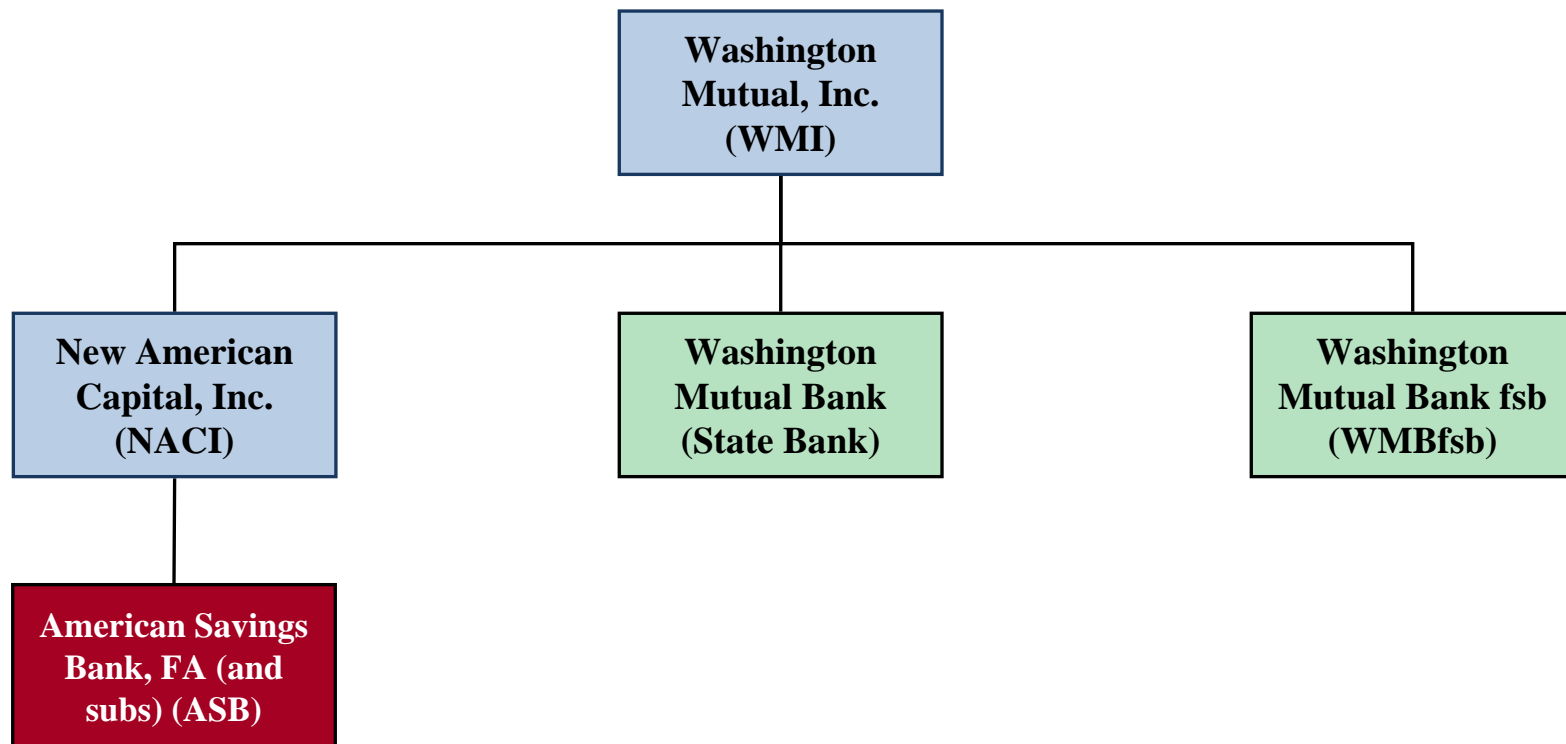
## NOTES

NAHI was liquidated into WMI on 6/24/1997.

NACH was liquidated into NACI on 6/23/1997.

# Post NAHI and NACH Liquidation

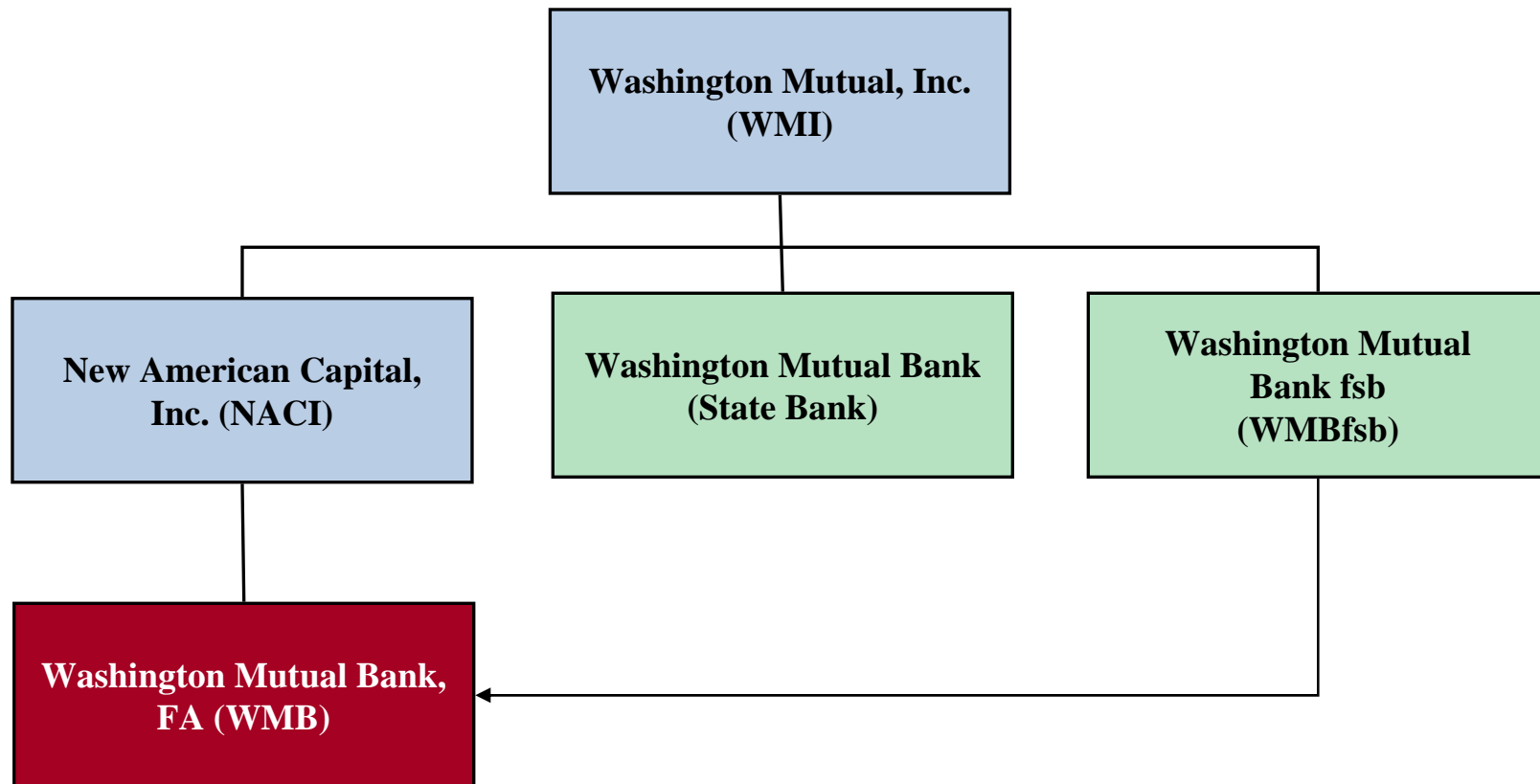
(6/24/1997)



**Exhibit C**

# WMBfsb Becomes a Subsidiary of WMB

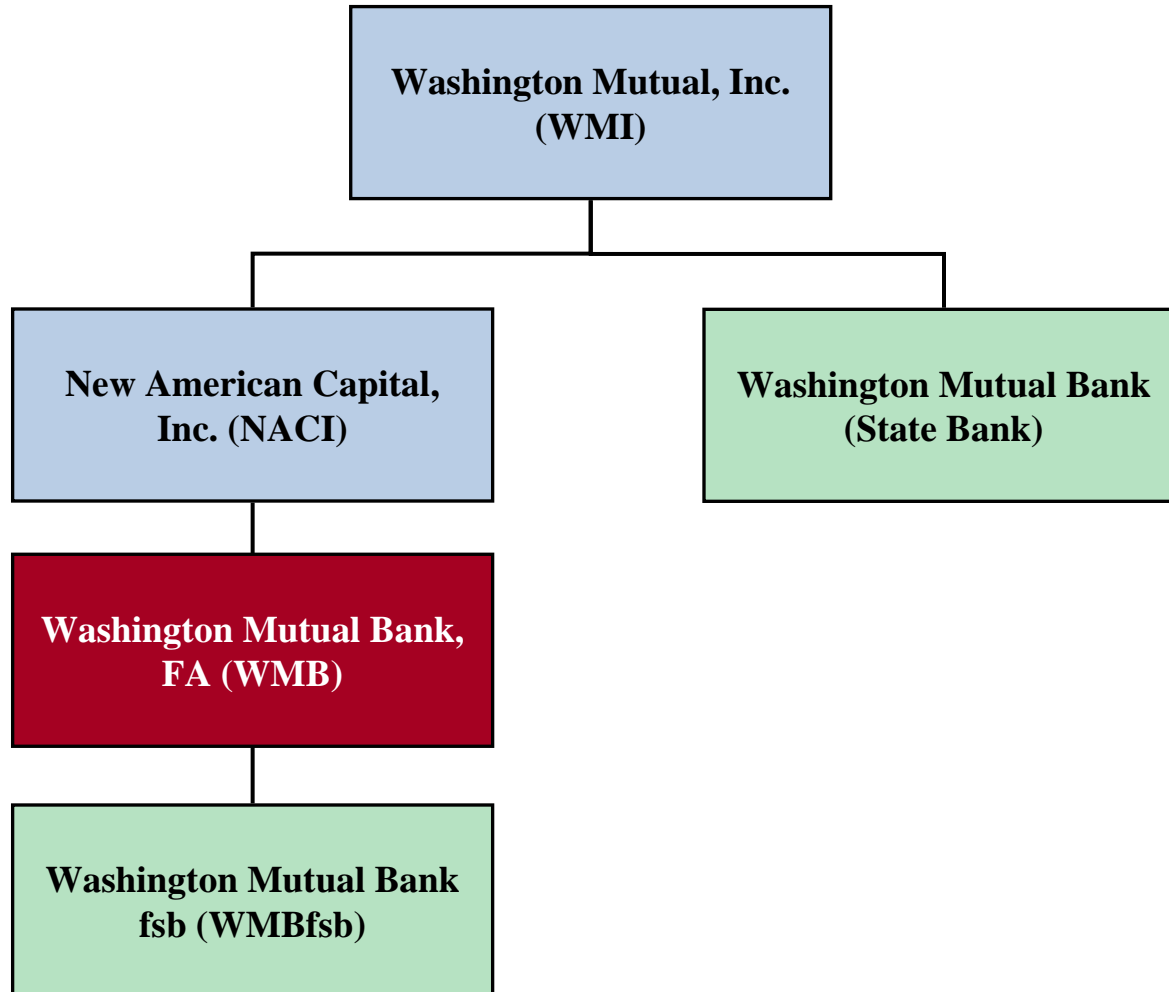
(1/28/2004)



## NOTES

Through a series of transactions, on 1/28/2004, the stock of WMBfsb was contributed by WMI to WMB.

# Post WMBfsb Transaction

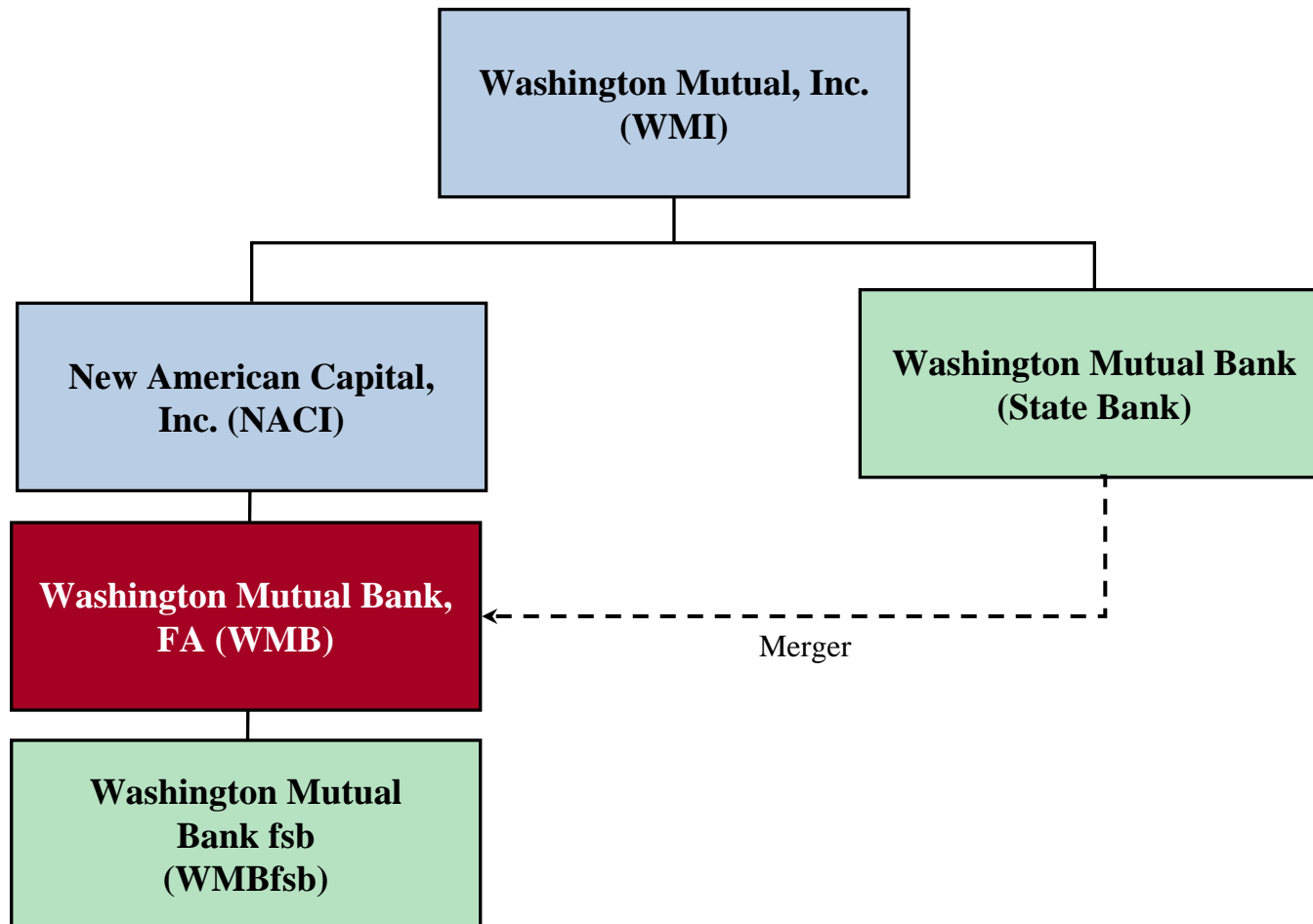


**Exhibit D**



# Merger of State Bank into WMB

(1/1/2005)



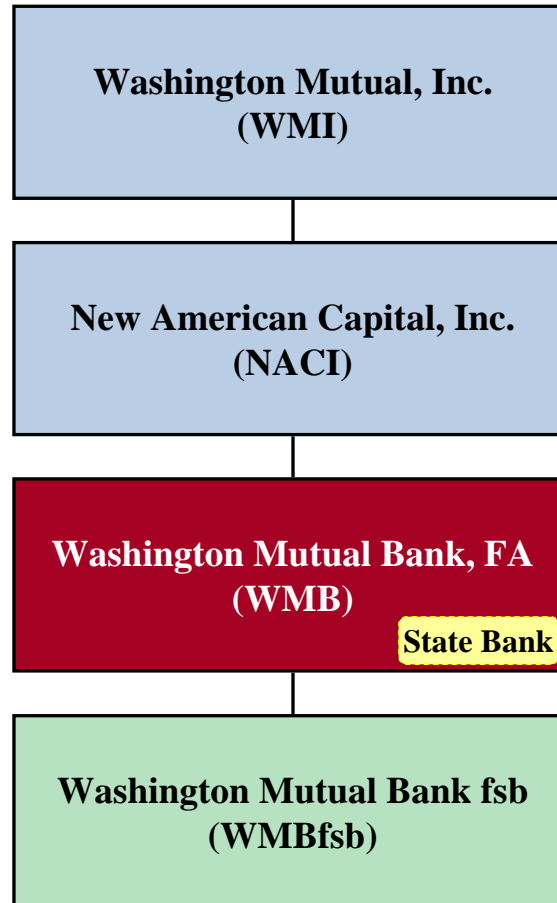
## NOTES

On January 1, 2005, State Bank merged with and into WMB and ceased to exist. The subsidiaries of State Bank became subsidiaries of WMB. All of the outstanding State Bank shares were cancelled and 29,068 newly issued shares of WMB were transferred to WMI.

According to the merger agreement and Plan of Reorganization, State Bank merged with and into WMB, with WMB the surviving corporation.

# Post-Merger of State Bank into WMB

(1/1/2005)

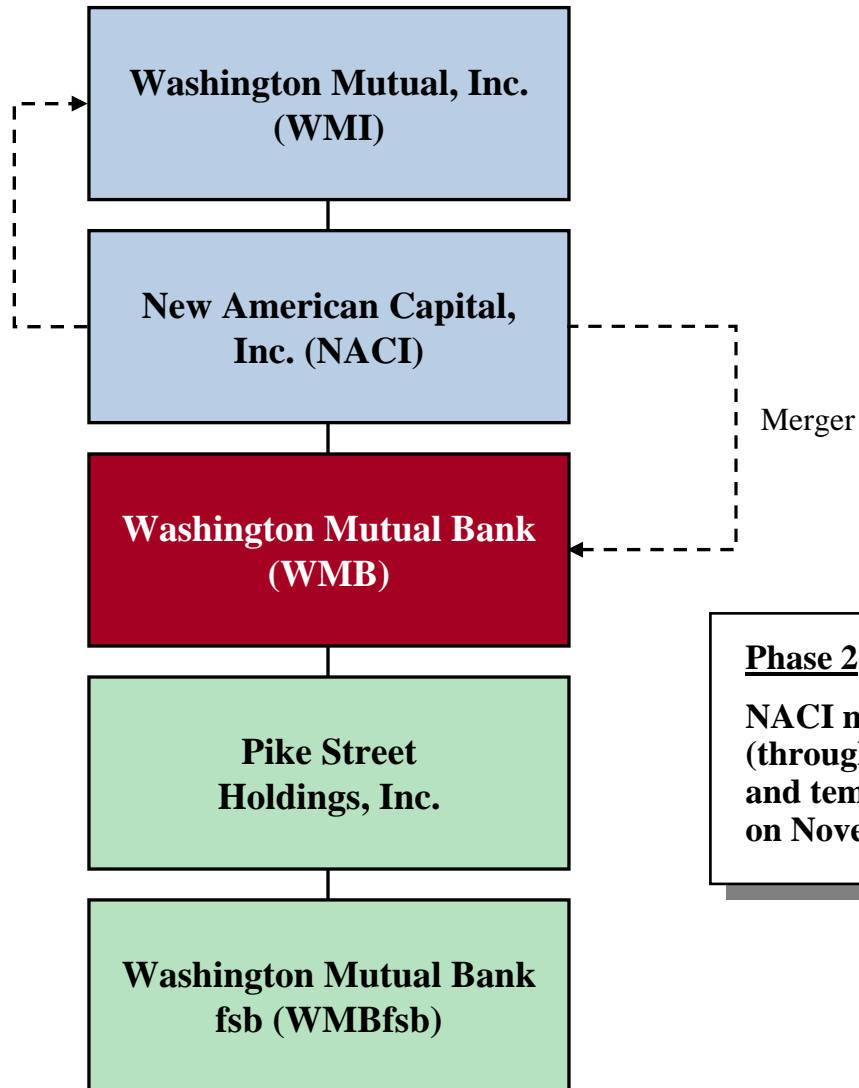


**Exhibit E**

# NACI Rationalization

(11/01/2007)

**Phase I**  
NACI distributes certain assets (including the tax accounts) and liabilities - September 2007



**Phase 2**  
NACI merges into WMB (through an intermediate and temporary subsidiary) on November 1, 2007

**NOTES**

Pike Street Holdings, Inc. was formed on October 1, 2007 to act as a direct subsidiary of WMB and a holding company for WMBfsb.

# Post Rationalization of NACI

(11/2007)

