

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of:)	
)	
JPMorgan Chase Bank, N.A.)	AA-EC-11-63
)	
Columbus, OH)	
)	

CONSENT ORDER FOR A CIVIL MONEY PENALTY

The Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”), through his national bank examiners and other staff, has conducted examinations of the banking activities of JP Morgan Chase Bank, N.A., Columbus, Ohio (“Bank”), including certain derivatives transactions executed by the municipal derivatives trading desk, and has identified deficiencies in applicable internal controls that resulted in violations of law and/or unsafe or unsound banking practices related to the sale of certain derivative financial products prior to 2006. The OCC’s findings have been made known to the Bank.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order for a Civil Money Penalty,” dated July 6, 2011 (“Stipulation”), that is accepted by the Comptroller. By this Stipulation, which is incorporated by reference, the Bank, without admitting or denying any wrongdoing, has consented to the issuance of this Consent Order for a Civil Money Penalty (“Order”) by the Comptroller.

The Bank, by and through its Board, has also executed a written Agreement By and Between the Bank and the Comptroller, dated July 6, 2011 (“Agreement”) by which the Bank neither admits nor denies any wrongdoing.

ARTICLE I

COMPTROLLER'S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) Beginning in at least 1999 and continuing through 2005, employees and/or agents of the Bank and/or its predecessors in interest (hereinafter "Bank employees") participated in schemes with individuals outside of the Bank to agree on bids and to artificially set prices in connection with the sale of certain derivative financial products to certain municipalities and non-profit organizations. Many of the transactions were awarded to the Bank and/or its predecessors in interest through a competitive bidding process, or by negotiation. All such transactions were subject to antitrust laws prohibiting price-fixing.

(2) Bank employees and/or agents of the Bank participated in the schemes by, among other things and in connection with certain transactions, submitting false or sham courtesy bids, communicating with direct competitors and/or coordinating with third party brokers to fix bid prices, and/or coordinating with direct competitors and/or third party brokers to determine which bidder would win a particular transaction. In addition, Bank employees and/or agents of the Bank manipulated certain negotiated transactions to inflate the prices paid by certain municipalities and non-profit organizations that were counter-parties to such transactions. A list identifying certain of these transactions is attached to the Formal Agreement as Exhibit A.

(3) The Bank failed to detect and prevent these violations of law and/or unsafe or unsound practices. As a result, certain municipalities and non-profit organizations that entered into such transactions were harmed by purchasing derivative financial products at inflated prices.

(4) By reason of the foregoing conduct, the Bank engaged in violations of law, including violation of federal antitrust law, securities law, and IRS regulations, and/or unsafe or unsound banking practices.

ARTICLE II

ORDER FOR A CIVIL MONEY PENALTY

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, 12 U.S.C. § 1818, the Comptroller orders, and the Bank consents to the following:

(1) The Bank shall make payment of a civil money penalty in the amount of twenty-two million dollars (\$22,000,000), which shall be paid to the Treasurer of the United States upon execution of this Order.

- (a) If a check is the selected method of payment, the check shall be made payable to the Treasurer of the United States and shall be delivered to:
Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri
63197-9000.
- (b) If a wire transfer is the selected method of payment, it shall be sent to the Comptroller's account #xxxxxxx, ABA Routing # xxxxxxxx.
- (c) The docket number of this case (AA-EC-11-63) shall be entered on the payment document or wire confirmation and a photocopy of the payment document or confirmation of the wire transfer shall be sent immediately, by overnight delivery, to the Director of Enforcement and Compliance, Office of the Comptroller of the Currency, 250 E Street, S.W., Washington, D.C. 20219.

(2) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818(h) and (i).

ARTICLE III

OTHER PROVISIONS

(1) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(i), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(2) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

(3) This Order shall not be construed to be a “consent order” for the purposes of, and within the meaning of 12 C.F.R. §§ 5.3(g)(4), 5.51(c)(6), and 24.2(e)(4), unless the OCC informs the Bank otherwise.

IT IS SO ORDERED, this 6th day of July 2011.

/s/Sally G. Belshaw

Sally G. Belshaw
Deputy Comptroller for Large Bank Supervision
Office of the Comptroller of the Currency

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)	
JPMorgan Chase Bank, N.A.)	AA-EC-11-63
Columbus, Ohio)	

**STIPULATION AND CONSENT TO THE ISSUANCE
OF AN ORDER FOR A CIVIL MONEY PENALTY**

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate civil money penalty proceedings against JPMorgan Chase Bank, N.A., Columbus, Ohio (“Bank”), pursuant to 12 U.S.C. § 1818(i), for unsafe or unsound banking practices and violations of law and regulation relating to the Bank’s role in the sale of certain derivative financial products to municipalities and certain non-profit organizations during 1999 through 2005;

The Bank, in the interest of compliance and cooperation, and without any adjudication on the merits, consents to the issuance of a Consent Order for a Civil Money Penalty, dated July 6, 2011 (“Order”);

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

CONSENT

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his/her supervisory responsibilities.

(4) The OCC releases and discharges the Bank from all potential claims and charges that have been or might have been asserted by the OCC based on the conduct described in Article I of the Order, to the extent known to the OCC as of the effective date of this Order. However, the violations and unsafe or unsound practices described in Article I of the Order may be utilized by the OCC in other future enforcement actions against the Bank to establish a pattern or practice of violations or unsafe or unsound practices, or the continuation of a pattern or practice of violations or unsafe or unsound practices. This release shall not preclude or affect any right of the OCC to determine and ensure compliance with the terms and provisions of this Stipulation, Order and/or the Agreement.

(5) The Bank agrees that the provisions of this Stipulation shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, he/she deems it appropriate to do so to fulfill the responsibilities placed upon him/her by the several laws of the United States of America.

(6) The Bank agrees that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein constitutes, nor shall the Bank contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

(7) The terms and provisions of this Stipulation and Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or the Order.

WAIVERS

- (1) The Bank, by signing this Stipulation, hereby waives:
- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19;
 - (c) all rights to seek any type of administrative or judicial review of the Order;
 - (d) any and all rights to challenge or contest the validity of the Order; and
 - (e) any and all claims for fees, costs or expenses against the Comptroller, or any of its agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set her hand on behalf of the Comptroller.

/s/Sally G. Belshaw
Sally G. Belshaw
Deputy Comptroller for Large Bank Supervision
Office of the Comptroller of the Currency

07/06/11
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/Frank Bisignano

Frank Bisignano

July 6, 2011

Date

/s/Douglas Braustein

Douglas Braustein

July 6, 2011

Date

/s/James Crown

James Crown

July 6, 2011

Date

/s/James Dimon

James Dimon

July 6, 2011

Date

/s/Laban Jackson

Laban Jackson

July 6, 2011

Date

/s/Barry Zubrow

Barry Zubrow

July 6, 2011

Date
