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**J.P. Morgan Chase to Pay $92 Million for Bid-Rigging Municipal Investment Contracts**

**Under settlement with AG Coakley's Office, Massachusetts entities to receive $2 million in restitution in connection with nationwide bid-rigging scheme**

**BOSTON** – J.P. Morgan Chase Co. (JPMC) will pay $92 million after an investigation into anticompetitive and fraudulent conduct in the municipal bond derivative industry, Attorney General Martha Coakley announced today. The settlement with Attorneys General from 24 other states, includes an estimated $2 million in restitution for Massachusetts non-profit and government entities.

Massachusetts and the other states have alleged that JPMC engaged in bid-rigging and other anticompetitive conduct that defrauded state agencies, municipalities, school districts and not-for-profit entities in their purchase of municipal bond derivatives and other municipal finance contracts.

"This settlement is the result of our continuing effort to combat anticompetitive conduct in the market for municipal bond derivatives and to recover restitution for those harmed by these wrongful practices," said Attorney General Martha Coakley. "We are pleased that JPMC has taken responsibility for its conduct and will pay restitution to the Massachusetts governmental and non-profit entities harmed by this fraud. Our investigation is particularly important given the financial constraints that many state entities, municipalities and non-profits are facing in these difficult economic times."

Certain governmental and nonprofit entities nationwide that entered into municipal derivative agreements with JPMC between 2001 and 2005 will be entitled to $65.5 million in restitution from the state settlement. The agreement also provides that JPMC will pay the states $3.5 million in penalties and $6 million in fees and costs of the investigation. The states’ settlement also requires JPMC to pay $17 million in restitution directly to certain government and not-for-profit entities as part of an agreement with the U.S. Securities and Exchange Commission (SEC).

Under the settlement, eligible government and not-for-profit entities in Massachusetts will be entitled to claim approximately $2 million from the states’ settlement fund as restitution for estimated overcharges that resulted from JPMC’s fraudulent conduct. Eligible entities will be notified of the settlement through a claims administration process.

The settlement involves an investigation of widespread price-fixing and bid-rigging conspiracies among providers and brokers of municipal bond derivatives. The settlement agreement principally alleges that JPMC and its marketers profited by rigging bids and receiving “last looks” for municipal bond derivatives. As a result of their agreements, JPMC marketers were able to win more business for JPMC in the municipal bond derivatives industry and to obtain that business at artificially determined price levels. Absent the collusive conduct, the business would have gone to other providers, or may have been awarded to JPMC on better terms for issuers. As a result of this misconduct, state, local and not-for-profit entities entered into contracts at suppressed rates of return on investments or paid higher rates on interest rate hedging instruments than they would have in a competitive market.

JPMC is the third financial institution to settle with the state working group in the ongoing investigation of this conduct. In May, 2011, Attorney General Coakley announced a similar settlement with UBS, AG. In December, 2010, Attorney General Coakley announced a similar settlement with Bank of America. In a related case, in November, 2010, Attorney General Coakley sued Tradition (North America) Inc. in Massachusetts Superior Court for its role as a broker for the Commonwealth on several municipal investment agreements. The states continue to
pursue investigations of various other providers and brokers in this industry.


Assistant Attorney General Mary Freeley and paralegal Helen Hood of Attorney General Coakley’s Antitrust Division and Assistant Attorney General Aaron Lamb and Legal Analyst Melissa Swindel of the Insurance and Financial Services Division are handling the case for the Commonwealth.

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