JPMORGAN CHASE & CO. AGREES TO PAY $92 MILLION TO RESOLVE ANTICOMPETITIVE CLAIMS

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Oregon issuers will be entitled to receive approximately $300,000 in restitution under a nationwide settlement

The Oregon Department of Justice today announced a national agreement with JPMorgan Chase & Co. (JPMC) to resolve allegations that the company engaged in illegal and anti-competitive practices related to municipal bond derivative transactions.

"Manipulating investments involving government and not-for-profit dollars is unacceptable," said Deputy Attorney General Mary Williams.

Headquartered in New York, NY, JPMC is one of the world's leading financial firms, with clients in more than 100 countries. The case against JPMC involves the market for municipal bonds, which governments and non-profits typically sell in order to finance capital projects such as roads, schools and mass transit projects. The proceeds typically are re-invested until the money is actually needed to pay for a phase of the project. What are known as municipal bond derivatives are contracts that tax-exempt issuers use to reinvest these proceeds, or to hedge interest rate risk. These transactions are often awarded by a competitive bidding process or direct negotiations.

Today's settlement is the result of an ongoing nationwide investigation conducted by a working group of states into violations of state and federal antitrust laws, and false claims statutes in the marketing, sale and placement of municipal bond derivatives. The states entered into settlements with Bank of America in December of 2010, and with UBS in May of 2011 involving similar allegations. To date, the state working group has obtained settlements approaching $250 million.

Other states joining in the JPMC settlement include: Alabama, California, Colorado, Connecticut, the District of Columbia, Florida, Idaho, Illinois, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Tennessee and Wisconsin.

The allegations against JPMorgan Chase suggested that the company and other financial institutions and certain brokers rigged bids, provided false certifications and made misrepresentations on municipal bond derivative transactions and negotiated interest rate risk management products. As a result of such alleged wrongful conduct, competition was reduced and government and not-for-profit entities received less advantageous terms.

Under today's settlement, JPMC agrees to pay a total of $92 million because of its alleged anticompetitive and fraudulent conduct in the municipal bond derivative industry. A total of $65.5 million will be used as a fund to provide restitution to governmental and not-for-profit victims. JPMC will pay the states $6 million in fees as compensation for costs incurred in the investigation, as well as civil penalties in the amount of $3.5 million. An additional payment of $17 million will be made to the
Securities and Exchange Commission and the Office of the Comptroller of the Currency to be disbursed to eligible entities.

The Oregon Attorney General is charged with enforcing federal and state antitrust laws. Senior Assistant Attorney General Tim Nord handled the case for the Department of Justice.

Attorney General John Kroger leads the Oregon Department of Justice. The Department's mission is to fight crime and fraud, protect the environment, improve child welfare, promote a positive business climate, and defend the rights of all Oregonians.

**Contact:**

Tony Green, (503) 378-6002  tony.green@doj.state.or.us