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### **OCC Assesses \$300 Million Civil Money Penalty Against JPMorgan Chase, N.A., Related to Derivatives Trading Activity**

WASHINGTON — The Office of the Comptroller of the Currency (OCC) announced today a \$300,000,000 civil money penalty (CMP) action against JPMorgan Chase Bank, N.A., for unsafe and unsound practices related to derivatives trading activities conducted on behalf of the bank by the Chief Investment Office (CIO).

The OCC found that the bank's controls failed to identify and prevent certain credit derivatives trading conducted by the CIO that resulted in substantial loss to the bank, which has exceeded \$6 billion. The OCC has conducted several targeted exams which found the following deficiencies related to the credit derivatives trading practices conducted by the CIO: inadequate oversight and governance to protect the bank from material risk, inadequate risk management processes and procedures, inadequate control over pricing of trades, inadequate development and implementation of models used by the bank, and inadequate internal audit processes.

Concurrent with the OCC's enforcement action, the Board of Governors of the Federal Reserve System assessed a \$200,000,000 penalty, the Securities and Exchange Commission assessed a \$200,000,000 penalty and the UK's Financial Conduct Authority (FCA) assessed a penalty of 137,610,000 pounds, or approximately \$220,000,000. The Federal Reserve and SEC actions are against the bank's holding company, while the OCC and FCA actions are against the bank.

The CMP follows a cease and desist order issued in January 2013 that directed the bank to correct deficiencies in its derivatives trading activity.

#### **Related Link**

- [Consent Order for a Civil Money Penalty \(PDF\)](#)

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