



November 6, 2013

By Email and Overnight Delivery

Eric H. Holder, Jr.
Attorney General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Re: JP Morgan Chase, Settlement Negotiations & Final Agreement

Dear Attorney General Holder:

The Department of Justice is engaged in secret settlement negotiations with JP Morgan Chase¹ regarding numerous civil and criminal matters involving egregious, widespread illegal conduct. Those negotiations have involved unprecedented access to the Department of Justice by the country's largest and most powerful Wall Street bank; the personal involvement of its high profile and politically connected CEO; the settlement of what is reported to be knowing criminal conduct (including that related to the Madoff Ponzi scheme); and the stated intention to make any settlement a model for future settlements with Wall Street's other "too-big-to-fail" and "too-big-to-jail" banks and bankers.

Given all of these extraordinary circumstances, Better Markets² urges you to require that any settlement with JP Morgan Chase provide full, comprehensive, and detailed public disclosure regarding all matters settled, including the facts related to each matter, the damages and harm caused, the gains received, the executives involved, and the other specific terms relating to each matter. The American people, who have suffered so much³, deserve to judge for themselves whether any settlement is in fact fair, adequate, reasonable, and in the public interest.

Such disclosure is particularly important here, where not only are the negotiations on matters of historic importance being conducted secretly behind closed doors, but they involve the most politically connected, highly visible, and powerful Wall Street bank and

¹ "JP Morgan Chase" refers to JPMorgan Chase & Co and includes all of its subsidiaries, affiliates, directors, officers, and employees as appropriate.

² Better Markets, Inc. ("Better Markets") is a nonprofit organization based in Washington, DC, that promotes the public interest in the capital and commodity markets. It advocates for greater transparency, accountability, and oversight in our financial system through a variety of activities, including regulatory comment, public advocacy, litigation, and independent research.

³ See BETTER MARKETS, THE COST OF THE WALL STREET-CAUSED FINANCIAL COLLAPSE AND ONGOING ECONOMIC CRISIS IS MORE THAN \$12.8 TRILLION, at 36-39 (Sept. 15, 2012), *available at* http://bettermarkets.com/sites/default/files/Cost%20of%20The%20Crisis_0.pdf.

banker in the U.S., and they raise numerous conflicts of interest related to you, the Department of Justice, and the administration.⁴

Indeed, the power, might, and access of JP Morgan Chase and its CEO, Jamie Dimon, have already been dramatically and starkly revealed to the American people: It was reported that Mr. Dimon called you just moments before your press conference to announce the filing of a lawsuit against JP Morgan Chase. The fact that a simple phone call from Mr. Dimon directly to you was reportedly sufficient for you to cancel the press conference and to prevent the filing of the lawsuit demonstrates a level of access and influence unimaginable for almost any other American.

Given these highly visible, widely reported facts and circumstances (in addition to the ongoing leaks, speculation, and related stories about the impending settlement), the reputation, integrity, and performance of the Justice Department, and you as the Attorney General, are going to be – and should be – very carefully scrutinized in connection with any settlement. At stake are the trust, confidence, and faith of the American people in the U.S. justice system, which has been severely eroded due to a clear double standard: one for Wall Street and its CEOs, where the law apparently does not apply, and one for Main Street, where prosecutors regularly throw the book at people who are not powerful, wealthy, or well-connected. Your personal statements that gigantic Wall Street banks like JP Morgan Chase are “too-big-to-jail” have only confirmed that indefensible double standard.

The stakes are doubly high in this case, since in addition to the compelling need for transparency to rebuild the public trust and serve justice, it has been reported that this settlement will be a “template” for future settlements with the “too-big-to-fail” and “too-big-to-jail” megabanks on Wall Street. The American people should never have to rely on the claims and representations of the negotiators or parties to any government settlement, which, of course, will have their own self-interested motives to sell and spin any settlement reached behind closed doors.

For example, the selective leaks about a possible \$13 billion settlement appear to be part of a Justice Department and/or JP Morgan Chase public relations campaign to pre-sell the settlement as historic and tough. However, such claims are by no means obvious based on the available information. For example, a \$13 billion settlement would be an utter disgrace if it eliminated \$200 billion in liability and held no individuals accountable, particularly in light of numerous shocking allegations of knowing illegal and criminal conduct. For example, JP Morgan Chase was Bernie Madoff’s banker and it has been alleged that JP Morgan Chase senior executives knowingly turned a “blind eye” to the largest Ponzi scheme in history, causing up to \$19 billion in damages and untold suffering among his innocent victims. And, that is only one of numerous matters, investigations, and lawsuits reportedly being settled.

⁴ These apparent and potential conflicts of interest are why Better Markets previously wrote to you requesting the appointment of a special prosecutor. Your decision not to do so makes the disclosure requested herein all the more imperative. A copy of that letter is attached hereto.

A \$13 billion settlement, therefore, might well be a pennies-on-the-dollar, cost-of-doing business, sweetheart settlement that amounts to little more than a purchased “get out of jail free card” for everyone at JP Morgan Chase, including those who knowingly violated the law. Thus, while leaking a huge number like \$13 billion may serve the interests of the Justice Department and JP Morgan Chase to pre-empt questions, obscure the actual facts, and suppress unwanted scrutiny of the settlement, it would be a gross disservice to the American people who have suffered so much and deserve better.

Therefore, (and regardless of whether this case will indeed become the model for future settlements), any failure to fully explain, justify, and detail all aspects of any settlement will be inexcusable: It will confirm suspicions that the settlement is in fact a carefully choreographed charade, devised behind closed doors primarily to satisfy the interests of the bank and the Department, not the public. That outcome will do long-lasting damage to our markets, our justice system, and our democracy itself.

Only a full, detailed public disclosure of all the terms of the settlement and the underlying matters settled will enable the American people to determine if it was the product of an arm’s-length negotiation that in fact serves the public interest, or a sweetheart deal designed to look tough and enhance the tarnished image of the Department of Justice. If the American people cannot judge for themselves whether any such settlement is in fact the right thing to do, then it won’t be a victory no matter how vociferously and how often you and the Department proclaim that it is.

Disclosures That Must Be Made

Therefore, any settlement must include at least the following public disclosures:

1. A detailed description of every matter, investigation, and lawsuit of any type and at any stage, however described or denominated, that is being directly or indirectly settled (“Settled Matter”), and a detailed specification of all matters, investigations, and/or lawsuits of any type that are **not** being settled;
2. A detailed description of
 - a. The nature and scope of the investigation conducted as to each Settled Matter, including without limitation the number of prosecutors, lawyers, investigators, agents, and others (however described) assigned to **and** actively engaged in each Settled Matter and the amount of resources actually expended in connection with each Settled Matter;
 - b. The number of documents actually individually reviewed (as distinguished from those merely produced and/or scanned by computer or otherwise) as to each Settled Matter;

- c. As to each Settled Matter:
 - i. the number of people and/or witnesses who were interviewed (with a breakdown of how many were interviewed in person, by telephone, or otherwise);
 - ii. the number of people and/or witnesses who were deposed under oath (with a breakdown of how many were deposed in person, by telephone, or otherwise);
 - iii. the number of people and/or witnesses who provided statements (with a breakdown of how many provided statements orally, in writing, sworn, or unsworn);
 - iv. the number of people and/or witnesses who appeared before a grand jury and gave substantive testimony; and
 - d. The identification by title of each such person and/or witness included in subparagraph c. above, including without limitation the identification of all senior officers of JP Morgan Chase;
3. The total direct and indirect damages or other harms sustained by investors, market participants, or any other persons, caused proximately or otherwise, in each Settled Matter; and to the extent such damages or harms are asserted to be difficult to reliably calculate, a good faith estimate of the range of damages or harms, combined with a detailed explanation of the assumptions used for such estimates or ranges and an explanation detailing why greater specificity is impossible (without reliance on purported lack of data that is available to or obtainable by the parties);
4. The specific factual details relating to each Settled Matter, including without limitation, the acts and omissions of the executives, supervisors, and employees involved (or who should have been involved), identified by name as well as title; how their individual conduct related to the damages or other harms inflicted; and the liability their actions created;
5. To the extent intentional violations of law by any individual or entity are not alleged in connection with any Settled Matter, an explanation of why, in light of the facts alleged, as to each individual or entity;
6. To the extent that violations based on a pervasive, widespread pattern, and/or practice of illegal conduct, whether pursuant to RICO or otherwise, are not being alleged, whether settled or not, a detailed explanation of why that is the case;
7. As to each Settled Matter, the gross revenue received directly or indirectly from any and all sources, however denominated, by JP Morgan Chase for any deal, transaction, or business matter involved;

8. As to each Settled Matter, the net revenue received directly or indirectly from any and all sources, however denominated, by JP Morgan Chase for any deal, transaction, or business matter involved and an explanation of each deduction (however denominated or described) from gross revenue that resulted in the net revenue calculation;
9. As to each Settled Matter, any and all other benefits of any type or character not described above received directly or indirectly by JP Morgan Chase, including without limitation losses avoided by virtue of the conduct alleged; other deals and transactions that were made possible or facilitated by the misconduct alleged; and any support in the share price of JP Morgan Chase traceable to the conduct alleged.
10. As to each individual identified above in item 4, the gross compensation received by that individual related to the Settled Matter and the composition of that gross compensation, including without limitation, base salary and bonuses;
11. To the extent any executives, supervisors, and employees involved in any Settled Matter are not also being charged or penalized individually, a specific explanation of the reasons for not charging or penalizing such individuals;
12. The monetary settlement amount and the other terms relating to each Settled Matter, and how that amount and those terms were determined in light of the nature and scope of the misconduct alleged; the damages and other harms inflicted; the revenues and other benefits received by JP Morgan Chase; and the prior history of misconduct by JP Morgan Chase; which shall not include generic, uninformative, generally applicable descriptions like "litigation risk";
13. An explanation of how and to what degree the terms of each Settled Matter can and will effectively punish JP Morgan Chase for the alleged past misconduct and deter future misconduct, given the size, revenues, profits, and, if applicable, recidivist history of JP Morgan Chase;
14. The net amount of each fine or penalty that JP Morgan Chase and any individual will actually pay after any deduction for taxes, insurance contribution, indemnification, or any other offset of any type or character, however denominated or described, for each Settled Matter;
15. As to any amounts relating to any Settled Matter that JP Morgan Chase may deduct or otherwise offset (due to tax benefits or other amounts), explain why and how that deduction or offset serves the public interest and the interests of justice;
16. Each and every amount that JP Morgan Chase will or can claim be covered by any third party, including without limitation to the FDIC;

17. Any credit or consideration of any kind provided to JP Morgan Chase due to or related in any way to its acquisitions of Bear Stearns and/or Washington Mutual and a precise accounting of the basis for any such credit or consideration, including without limitation the detailing of and consideration given to the tremendous benefits received by JP Morgan Chase in connection with and as a result of those acquisitions (as partially set forth in Appendix A attached hereto);
18. Any collateral consequences that will or could be imposed as a result or consequence of any Settled Matter, and if any such collateral consequence otherwise provided by law will not or might not be imposed in connection with said Settled Matter, a detailed explanation of why those consequences will not or might not be imposed due to the Settled Matter;
19. The consideration given to imposing penalties under any of the provisions of the Sarbanes Oxley Act of 2002, including without limitation Section 906 regarding criminal liability for false certifications by CEOs, in connection with any Settled Matter and, if such consideration was not given, why not;
20. The detailed history of each of JP Morgan Chase's violations of law as set forth in all prior settlements; judgments; and other civil, criminal, administrative, or other actions, for not less than the past ten years, and, in light of that recidivist history, an explanation of how the Settled Matter is fair, reasonable, adequate, and in the public interest; how it is an appropriate punishment; and how will deter future wrongful conduct by JP Morgan Chase;
21. To the extent JP Morgan Chase is not required to admit the material facts alleged, to admit liability for the actions alleged, or to otherwise specifically and expressly accept responsibility for the material misconduct at issue, explain why as to each material aspect of each Settled Matter, without trumpeting admissions required as to non-material facts or liability;
22. Any undertakings or conduct remedies imposed with respect to each Settled Matter purportedly to reduce the likelihood of a recurrence, and to the extent no such conduct remedies are imposed, an explanation of why each such undertaking and/or conduct remedy was or was not imposed and why they will be effective this time in light of the recidivist record, detailed in response to question 20 above, notwithstanding prior undertakings and remedies;
23. To the extent the relief imposed includes an injunction, an explanation of how that injunction will deter future misconduct, in light of the frequency with which injunctive relief is enforced by the plaintiffs, as reflected in the response to question 20 above;
24. To the extent any Settled Matter involves what is or may be described directly or indirectly as a "mortgage relief" program, disclose without limitation precisely how any such program will be instituted, how it will be monitored, how any dollar amount assigned to such program was arrived at, how it will be

ensured that no less than those amounts will be expended, how the gross amount relates to the alleged damages done and revenues received, and any other details that would be necessary for a reasonably informed third party to evaluate any such program at inception and when ostensibly completed;

25. Any other information related to each Settled Matter that the public should be aware of to properly evaluate the conduct of the parties and the appropriateness of any settlement.

To the extent JP Morgan Chase has the foregoing information or materials, it should be required to disclose them as a material term and condition of any settlement; to the extent the Department of Justice has any of the information or materials required to be disclosed as set forth above, JP Morgan Chase should expressly waive as a material term and condition of the settlement any and all rights, claims, or entitlements of any type or description to the confidentiality of the information or materials. To the extent there are actual specific legal confidentiality limitations relating to the testimony of certain individuals, the rights of third parties, or otherwise, those limitations should be specifically identified in the settlement itself and/or the filings associated with the settlement and not used to withhold information and/or materials not otherwise required by law to be maintained as confidential. Moreover, the Department of Justice must disclose and describe any and all such information and materials to the fullest extent possible given any applicable legal confidentiality limitations.

CONCLUSION

Equal justice for all without fear or favor is the bedrock of our democracy and, indeed, our country. As the Attorney General and the leader of the U.S. Department of Justice, it is your duty and responsibility to ensure that the faith, confidence, and trust of Americans in the justice system are high, strong, and unwavering. That simply is not the case today. This is an opportunity to fix that or make it worse.

That is the choice facing you today and it is as important as the decision to settle or not with JP Morgan Chase. The eyes of the American people are on you, as are the eyes of history. Don't let them down again. Require that any settlement with JP Morgan Chase include the detailed disclosures set forth above, enable the American people to see and judge for themselves, and begin the process of restoring the people's faith and confidence in the Department of Justice and our justice system more broadly.

Sincerely,



Dennis M. Kelleher
President & CEO
Better Markets, Inc.
dkelleher@bettermarkets.com

CC:

Mr. James Cole
Deputy Attorney General of the United States
Department of Justice

Mr. Tony West
Associate Attorney General of the United States
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Ms. Mythili Raman
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Department of Justice

Mr. Stuart Delery
Assistant Attorney General for the Civil Division
Department of Justice

Mr. Brian Fallon
Director, Office of Public Affairs
Department of Justice

Mr. Benjamin Wagner
United States Attorney for the Eastern District of California
United States Attorney's Office

Mr. Preet Bharara
US Attorney for the Southern District of New York
United States Attorney's Office

Mr. Eric Schneiderman
Attorney General of New York State



By Email and Overnight Delivery

May 21, 2012

Eric H. Holder, Jr.
Attorney General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Re: Appointment of a Special Counsel to investigate possible violations of law in connection with over \$2 billion in derivatives trading losses at JPMorgan Chase & Co.

Dear Attorney General Holder:

Due to conflicts of interest and the appearance of conflicts of interest, Better Markets, Inc., requests that you appoint an independent Special Counsel to investigate possible violations of the law in connection with the more than \$2 billion derivatives trading loss announced by JPMorgan Chase & Co. (“JP Morgan”) on May 10, 2012. With Americans distrustful and suspicious of government and Wall Street, particularly in light of the government’s multi-trillion dollar bailout of Wall Street while Main Street suffered, it is imperative that an independent, thorough, and full investigation of the largest, most powerful, and most politically connected bank in the country be conducted expeditiously by an unconflicted Special Counsel.

This is especially important here where the Wall Street bank, JP Morgan, and its CEO, Jamie Dimon, are well known to have—or are at least widely believed and reported to have— access to and influence with this administration and the President himself. Not only has Mr. Dimon been frequently mentioned as a possible Treasury Secretary for this administration, but the President has also repeatedly and publicly praised and complimented this specific bank and its CEO. The President has even praised JP Morgan and Mr. Dimon in the days **since** the multi-billion dollar loss was announced. And, this very weekend, the President pre-judged the ongoing investigations by calling this all “a big mistake” in his weekly radio address.¹ Such a public, high-profile Presidential exoneration will only further erode the public’s confidence in any investigation conducted by his administration.

Even without the many other conflicts of interest detailed below, these statements alone raise reasonable suspicions that this administration cannot and will not conduct a full, fair, and complete investigation. The trust and faith of the American people in the American

¹ Remarks of President Barack Obama, Weekly Address, The White House, May 19, 2012 (available at <http://www.whitehouse.gov/the-press-office/2012/05/19/weekly-address-congress-must-move-forward-not-back-wall-street-reform>).

justice system is at stake here and the prompt appointment of a Special Counsel is essential to protect and preserve that trust.

As explained below, the appointment is necessary and appropriate under the applicable statute and regulations because (1) a criminal investigation of the matter is warranted, (2) an investigation by the Department of Justice “would present a conflict of interest for the Department or other extraordinary circumstances,” and (3) it would be in the public interest to appoint an outside Special Counsel to assume responsibility for the investigation. 28 C.F.R. § 600.1(a), (b).

We urge you to act expeditiously on this request and to make the Special Counsel appointment without delay, particularly in light of press reports indicating that the Department of Justice (“Department”) and others have already initiated investigations into the matter.

Better Markets.

Better Markets, Inc. (“Better Markets”) is a nonprofit organization that promotes the public interest in the capital and commodity markets. It advocates for greater transparency, accountability, and oversight in our financial system through a variety of activities, including regulatory comment, public advocacy, and litigation.

The Statutory Requirements for Appointment of a Special Counsel Have Been Met Here.

1. An investigation is warranted.

An investigation into the matter is clearly warranted. JP Morgan apparently engaged in high risk trading activity in illiquid synthetic derivatives, sustained billions of dollars in losses, and issued a series of contradictory and misleading statements to the public—and failed to disclose material information—as reports about the trading losses began to emerge.

In light of the gravity of these potential violations, including securities fraud, and the scope of the harm inflicted on the bank’s shareholders,² an investigation is clearly necessary. Reports indicating that the Department as well as the SEC and the CFTC have already commenced inquiries into the matter establish that an investigation is warranted. The only open issue is whether an independent, unbiased, and thorough investigation will be conducted through the exercise of your clear authority to appoint a Special Counsel.

2. The investigation will present a conflict of interest for the Department or other extraordinary circumstances.

The investigation or prosecution of this matter by the Department will create an actual conflict of interest on multiple grounds. Furthermore, under the circumstances detailed below, the handling of the investigation by the Department will also create the

² Class action suits have already been filed against JP Morgan alleging securities fraud in connection with the trading losses and seeking damages arising from a nearly 10% drop in the price of JP Morgan shares once the magnitude of the losses was disclosed. *See, e.g.*, Class Action Complaint at 11, *Smith v. JPMorgan Chase & Co.*, No. 12-cv-3852 (S.D.N.Y. May 14, 2012).

appearance of a conflict of interest, intensifying the public's belief that the largest and most powerful banks on Wall Street are never held truly accountable for their conduct.

The following facts and circumstances present the types of conflict and the "extraordinary circumstances" that justify appointment of a Special Counsel:

- President Obama prejudged the ongoing investigations and essentially exonerated JP Morgan and Mr. Dimon on May 19, 2012, when he stated in his radio address to the nation that the massive trading losses at JP Morgan (which were first disclosed by the bank on May 10th but which Mr. Dimon personally and publicly denied on April 13th) were merely "a big mistake at one of our biggest banks."³ The President further prejudged not only the fundamental nature of these still-unfolding events, but also the scope of the harm, describing it as a "two billion dollar loss."⁴ In fact, recent reporting on the losses indicates that they could well exceed \$5 billion—more than twice the \$2 billion figure cited by the President.⁵
- President Obama made these statements even after wide-spread reports indicated that (1) Mr. Dimon personally transformed the JP Morgan Chief Investment Office ("CIO") (where the trading bets were made and the losses have been incurred) from a low-risk, highly liquid hedging operation into a high-risk, illiquid synthetic derivatives profit-seeking proprietary trading desk, (2) the shift caused an "exodus ... of traders who specialize in more-liquid markets where risk was easier to measure," and (3) the CIO "housed a lot of former traders from the bank's proprietary trading business."⁶
- This would appear to confirm reports that President Obama regards Mr. Dimon as one of his "favorite bankers." Indeed, as recently as May 15th, **after** allegations of highly questionable conduct by JP Morgan and Mr. Dimon were widely reported, President Obama still described JP Morgan as "one of the best-managed banks there is," and Mr. Dimon as "one of the smartest bankers we got."⁷
- President Obama was widely reported to have considered Mr. Dimon for nomination to be his Secretary of the Treasury.⁸

³ Remarks of President Barack Obama, Weekly Address, The White House, May 19, 2012 (available at <http://www.whitehouse.gov/the-press-office/2012/05/19/weekly-address-congress-must-move-forward-not-back-wall-street-reform>).

⁴ *Id.*

⁵ David Henry, *Analysis: JPMorgan to be haunted by change in risk model*, REUTERS, May 18, 2012, <http://www.reuters.com/article/2012/05/18/us-jpmorgan-risk-idUSBRE84H15120120518>.

⁶ See, e.g., Dawn Kopecki & Max Abelson, *Dimon Fortress Breached As Push From Hedges to Bets Blows Up*, BLOOMBERG, May 14, 2012, <http://www.bloomberg.com/news/2012-05-14/dimon-fortress-breached-as-push-from-hedging-to-betting-blows-up.html>; Tom Braithwaite, Tracy Alloway & Shahien Nasiripour, *How JPMorgan Shock Hit the War on Volcker*, FIN. TIMES, May 11, 2012, <http://www.ft.com/intl/cms/s/0/f7845f6e-9b82-11e1-8b36-00144feabdc0.html#axzz1vWUVMkUV>.

⁷ See Ben White & Darren Samuelsohn, *The President Obama-Jamie Dimon saga*, POLITICO, May 15, 2012, <http://www.politico.com/news/stories/0512/76304.html>; Andrew Tangel & Jim Puzanghera, *JPMorgan CEO may lose chairman post amid trading loss fallout*, L.A. TIMES, May 14, 2012; Jackie Calmes & Louise Story, *In Washington, One Bank Chief Still Holds Sway*, N.Y. TIMES, July 18, 2009.

⁸ See Andrew Tangel & Jim Puzanghera, *JPMorgan CEO may lose chairman post amid trading loss fallout*, L.A. TIMES, May 14, 2012; David Reilly, *JPMorgan Might Lose Dimon to a Geithner Flameout*, BLOOMBERG, Mar. 20, 2009,

- President Obama has a personal banking relationship with JP Morgan, reportedly maintaining a \$1 million dollar account at the bank.⁹
- Jamie Dimon reportedly has enjoyed extensive access to Treasury Secretary Timothy Geithner since the financial crisis, and has exerted a strong influence on the Administration's policies.¹⁰
- Mr. Dimon sits on the Board of Directors of the Federal Reserve Bank of New York, regarded as the single most important Federal Reserve Bank. As a director, Mr. Dimon exerts considerable influence in three areas: "overseeing the management of the Reserve Banks, participating in the formulation of national monetary and credit policies, and acting as a 'link' between the government and the private sector."¹¹
- Mr. Dimon and JP Morgan have contributed heavily to President Obama's political campaign. For example, JP Morgan contributed over \$808,000 to President Obama's 2008 election campaign. Mr. Dimon personally contributed \$50,000 to President Obama's Inaugural Committee. In addition, Michael Cavanagh, recently designated by JP Morgan to lead an internal investigation into the over \$2 billion trading loss, served as a "bundler" for the 2008 Obama campaign, raising between \$50,000 and \$100,000.¹²
- JP Morgan is currently a client of your former law firm, Covington and Burling. As Lloyd Cutler, former White House Counsel, once observed on the subject of conflicts of interest, "when a private lawyer enters government service and a matter comes before him affecting his former law firm or its clients," conflicts arise.¹³

These personal, financial, and political relationships between the Administration and JP Morgan and Mr. Dimon create the type of conflict of interest that the Special Counsel provisions were written to address. Moreover, at a minimum, they create an appearance of a conflict of interest, making it impossible for the public to believe that the President's Attorney General and the Department will conduct a thorough investigation of someone reportedly so close to the President.

<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aVo3AMbZl0Ko>; Brian Wingfield & Liz Moyer, *Obama's Economic Plan*, FORBES.COM, Nov. 7, 2008, http://www.forbes.com/2008/11/07/obama-treasury-economy-biz-beltway-cx_lm_1107braintrust.html.

⁹ See Byron Tau, *Obama has up to \$1M in JP Morgan Chase holdings*, POLITICO, May 15, 2012, <http://www.politico.com/politico44/2012/05/obama-has-up-to-m-in-jpmorgan-chase-holdings-123545.html>.

¹⁰ *Mr. Geithner, Wall Street is on Line 1 (again)*, MSNBC, Oct. 8, 2009, http://www.msnbc.msn.com/id/33222590/ns/business-us_business/t/mr-geithner-wall-street-line-again/.

¹¹ Federal Reserve Bank of New York website, <http://www.newyorkfed.org/aboutthefed/governance.html>.

¹² See <http://www.opensecrets.org/pres08/contrib.php?cid=N00009638>; <https://www.opensecrets.org/obama/inaug.php>; <https://www.opensecrets.org/pres08/bundlers.php?id=N00009638>; see also Liz Moyer, *Jamie Dimon's Mr. Fix It: Michael Cavanagh*, WSJ Blog, May 14, 2012, <http://blogs.wsj.com/deals/2012/05/14/jamie-dimons-mr-fix-it-michael-cavanagh/>.

¹³ See Peter Schweizer, *Obama's DOJ And Wall Street: Too Big For Jail?*, FORBES, May 7, 2012.

3. Appointing a Special Counsel would serve the public interest.

The public interest is best served when the laws are enforced without fear or favor, and when the public believes that their government follows this basic principle of impartial justice. Adherence to this principle is most important when the law is being enforced—or held in abeyance—against those who enjoy wealth, power, and high public profile. If such a person or entity is also politically connected at the highest levels of government, then the need for—and a belief in—a full, fair, and thorough investigation is all the more important.

The derivatives trading losses at JP Morgan, Mr. Dimon's subsequent attempts to explain and minimize their significance, and the power and stature of the bank and its CEO collectively present exactly the set of circumstances that cry out for the appointment of an independent Special Counsel to conduct an investigation. The trust and faith of the American people in the American justice system is at stake in such circumstances.

Appointment of a Special Counsel takes on added urgency and importance in light of the financial collapse just over three years ago, which has inflicted so much pain and suffering throughout our country. Not only did rescuing the financial system cost trillions of dollars, stopping the economic crisis created by the financial collapse has cost trillions more. Those costs, of course, do not take into account the additional and immeasurable human suffering caused by widespread and prolonged unemployment, millions of home foreclosures, and the myriad other social costs that the country continues to grapple with.

Moreover, throughout the financial collapse, economic crisis, and financial reform efforts over the last several years, JP Morgan and Mr. Dimon personally have been high profile players. And now, not four years after the financial collapse, JP Morgan has sustained multi-billion dollar losses from high risk trading in illiquid derivatives. Making matters worse, the reported trade (selling credit default swaps or CDS) is the same type of trade that required US taxpayers in September 2008 to bailout AIG, which is still majority-owned by the US taxpayers. And, it appears that false information was provided to the public, shareholders, regulators, the media, and everyone else on April 13, 2012 by JP Morgan and Mr. Dimon.

This all has far too familiar a ring to the American people: a gigantic Wall Street bank engages in reckless trading in illiquid derivatives, sustains huge losses, and makes apparently false statements to avoid responsibility. It is, to say the least, uncomfortably reminiscent of the crisis that began in 2008.

The public interest in getting the truth, determining whether any laws were broken, and holding those involved accountable could not be higher. Furthermore, ensuring that the American people have full confidence in the investigation is equally critical. Many question whether there is a double standard in this country: one set of laws for the large, well-connected, and powerful Wall Street banks and one set of laws for everyone else.

This is the backdrop against which any consideration of the appointment of Special Counsel must be considered.

Conclusion.

Under all of the foregoing circumstances, it would be in the public interest for you to appoint a Special Counsel to investigate whether JP Morgan, Mr. Dimon, or others have committed securities fraud or other violations of law in connection with the reported derivatives trading losses. Taking this action would ensure the impartiality of the investigation, and it would further reassure the public that whatever the outcome of the investigation, it was not influenced by the various relationships that exist between the President and his Administration and JP Morgan and Mr. Dimon.

Importantly, the appointment of a Special Counsel is necessary regardless of the outcome of the investigation. We are not prejudging the outcome or assuming that laws have been broken. The public trust and confidence in government generally and in connection with an investigation of Wall Street in particular are at stake no matter the outcome. Indeed, appointment of a Special Counsel would also be in the best interest of JP Morgan itself because, if it were to be exonerated, that result would only be credible if the investigation were conducted by an independent Special Counsel.

Thus, the appointment of an independent Special Counsel is essential to ensure that a thorough and uncompromising investigation is conducted into these matters, and if appropriate, a vigorous prosecution is pursued against those who violated the law.

For all of the foregoing reasons, we urge you to exercise your authority to appoint a Special Counsel without delay.








Sincerely,



Dennis M. Kelleher
President & CEO
Better Markets, Inc.
dkelleher@bettermarkets.com

Appendix A

JPMORGAN CHASE: BEFORE AND AFTER BUYING BEAR STEARNS AND WAMU

<u>Before</u>		<u>After</u>
Annual Revenue: <ul style="list-style-type: none"> JPMC's annual revenue in 2007: \$71.4B 		Annual Revenue: <ul style="list-style-type: none"> Annual revenue in 2012: \$97B
Investment Bank: <ul style="list-style-type: none"> JPMC's investment bank only top in debt rankings 		Investment Bank: <ul style="list-style-type: none"> Since 2008, JPMC's investment bank has ranked either No. 1 or No. 2 in league tables globally in every meaningful category
<ul style="list-style-type: none"> JPMC investment bank's average daily assets for top clients before Bear: \$755.8B 		<ul style="list-style-type: none"> First full quarter after acquiring Bear: \$890B
<ul style="list-style-type: none"> JPMC investment bank revenue: \$3B, with a net loss of \$87M 	 <p>Revenue: 173% Profits: 2,629%</p>	<ul style="list-style-type: none"> First full quarter after Bear: \$4B in revenue, \$882M in profits By third quarter: \$8.2B in revenue, \$2.2B in profits
Retail: <ul style="list-style-type: none"> No bank retail in Florida or California. Jamie Dimon: "Believe me, we would love to be much bigger in FL and we'll find some way to do it." 		Retail: <ul style="list-style-type: none"> JPMC now has 3rd most deposits in California and 5th most deposits in Florida
<ul style="list-style-type: none"> Daily average before WaMu: \$222.2B in deposits, 3,157 branches 	 <p>Deposits: 106% +2,495 Branches</p>	<ul style="list-style-type: none"> After WaMu: \$358.5B in deposits, 5,474 branches Today: \$457B in deposits, 5,652 branches
<ul style="list-style-type: none"> Retail earnings before WaMu: \$247M 		<ul style="list-style-type: none"> First quarter after acquiring WaMu: \$624M Third quarter of 2013: \$2.7B