

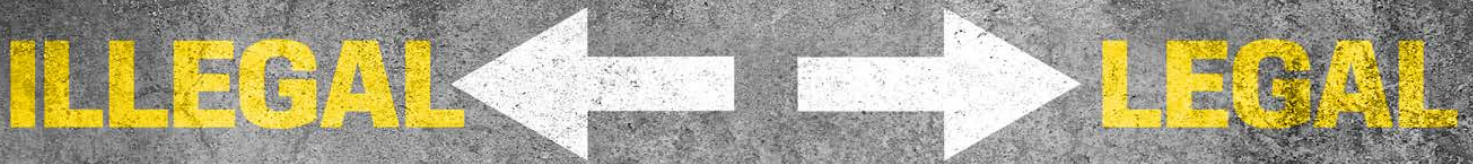
MAY 12, 2022



## WALL STREET'S ONGOING CRIME SPREE

430 Major Legal Actions and  
Nearly \$200 Billion in Fines and Settlements






## INTRODUCTION

Over the past 15 months, the widespread and egregious illegal conduct by the six largest U.S. banks has continued. Their RAP Sheets now include 35 more new cases, which have resulted in \$1,003,087,005 in additional fines arising from the banks' ripping off, discriminating against, or financially endangering their customers, including the following:

- In February 2021, Citibank [agreed](#) to refund \$4.2 million to customers as part of a settlement of allegations brought by multiple state attorneys general that it overcharged credit card customers by failing to reduce APRs as required by federal law.
- In March 2021, J.P. Morgan entered a [conciliation agreement](#) with a borrower who alleged that J.P. Morgan undervalued her home because of racial discrimination. This followed an enforcement action in January 2017, in which J.P. Morgan paid \$55 million to [settle](#) allegations it engaged in racially discriminatory practices with regard to mortgages.
- In May 2021, Bank of America [settled](#) a class action lawsuit for \$75 million, based on allegations that it had ripped off customers by charging overdraft fees that it had no right to collect.
- In January 2022, Morgan Stanley [settled](#) a class-action lawsuit for \$60 million, based on allegations of widespread failures to protect customers' personal data.
- In May 2022, the CFPB [ordered](#) Bank of America to pay a \$10 million civil penalty for illegally processing out-of-state garnishment orders against customers' bank accounts.

These cases (and the others detailed in this report) demonstrate that the banks' ongoing, repeated, and unlawful conduct directly impacts the wallets and lives of Main Street Americans, many of whom are vulnerable and simply unable to sustain the losses when they are victimized. Unfortunately, each of these cases tends to be presented, discussed, and reported as if it were a discrete, isolated event and as if the bank is little more than a first-time offender. Yet, as the RAP Sheets make unmistakably clear, each of Wall Street's biggest banks are notorious, unrepentant, and long-time recidivists, breaking virtually every financial law and rule imaginable, often multiple times.



It is rarely mentioned—by the DOJ, regulators, or the media—that each one of these banks has a decades-long RAP Sheet that merited far more serious consequences, including severe limits on their business practices, prison sentences for the responsible individuals, or even orders putting the bank out of business. That’s what would have happened if the lawbreakers were not powerful and well-connected Wall Street banks, which are allowed to repeatedly use their shareholders’ money to buy get-out-of-jail free cards for their executives.

Their ongoing indifference to—if not contempt for—the law, legal compliance, and so-called enforcement is demonstrated by the facts showing that their latest lawbreaking follows closely on the heels of some of the most shocking illegal conduct in the history of these banks. For example, in the eighteen months prior to the actions covered in this Report,

- [Goldman Sachs pled guilty to its first criminal charge](#) in its 150 year history, settling with the Department of Justice (DOJ) and others for \$2.9 billion, after [settling with the country of Malaysia for \\$2.5 billion](#);
- [JPMorgan Chase paid \\$920 million to settle its third criminal case in the last several years](#), this time for manipulating two different financial markets for 7 and 8 years respectively; and
- [Citigroup was fined \\$400 million](#) for unsafe and unsound banking practices, including its repeated failure to have systems in place to catch money launderers.<sup>1</sup>


And their RAP Sheets have grown steadily over time. Our initial report, [released](#) in April 2019, showed that these six banks’ illegal conduct had resulted in 351 legal actions and over \$180 billion in fines and other monetary sanctions over the prior two decades. Our second [Rap Sheet](#), released in January 2021 (which included the details of the three actions listed immediately above), showed that those numbers had spiked to 395 actions and over \$197 billion in sanctions. And now, yet again, the RAP Sheet has grown, and the banks continue with “business as usual.”<sup>2</sup> That means routinely breaking the law, getting sweetheart settlements, paying paltry fines, and moving on to even more violations of law.

Our reports show that the banks’ decades-long pattern of recidivist behavior continues unabated, and it confirms that these giant financial institutions are not only too-big-to-fail but also too-big-to-manage, too-big-to-regulate, and too-big-to-jail.

How and why does this keep happening? The answer is three-fold. First, the opportunity to reap vast riches in a very short period of time is irresistible for too many banks and their executives. Second, enforcement is so infrequent, ineffective, and weak that it virtually rewards past lawbreaking and incentivizes future lawbreaking. Third, as mentioned, the banks’ lawbreaking is treated as if it were an isolated misstep by a first-time offender, rather than just the latest egregious example of recidivism that would have resulted in any other business in American being shut down as a corrupt if not criminal enterprise.

<sup>1</sup> Individual bank RAP Sheets were issued in September 2020 for JPMorgan Chase ([here](#)) and for Goldman Sachs ([here](#)). In 2019, we also issued a related report detailing Goldman Sachs notorious involvement with the 1MDB crime spree, which is ([here](#)). Finally, in October 2020, Better Markets released a report detailing each of Goldman’s 37 major legal actions ([here](#)).

<sup>2</sup> Some of the newly announced cases cited in this report relate to older misconduct, while others involve more recent violations of the law.



The first factor will always be present, although it can be influenced by appropriate regulation and supervision. The second is something regulators and prosecutors can do something about. That must include making the punishment actually fit the crime and meaningfully sanctioning individual executives and supervisors personally. Better Markets will soon be issuing a report that focuses on the ineffective and opaque approach to oversight and enforcement by the federal banking regulators. The third factor is easily addressable by treating recidivists banks and bankers as the repeat offenders they are. That means treating them like everyone else gets treated in America when they break the law. And the media could help address all of these problems by properly reporting on the crime spree.

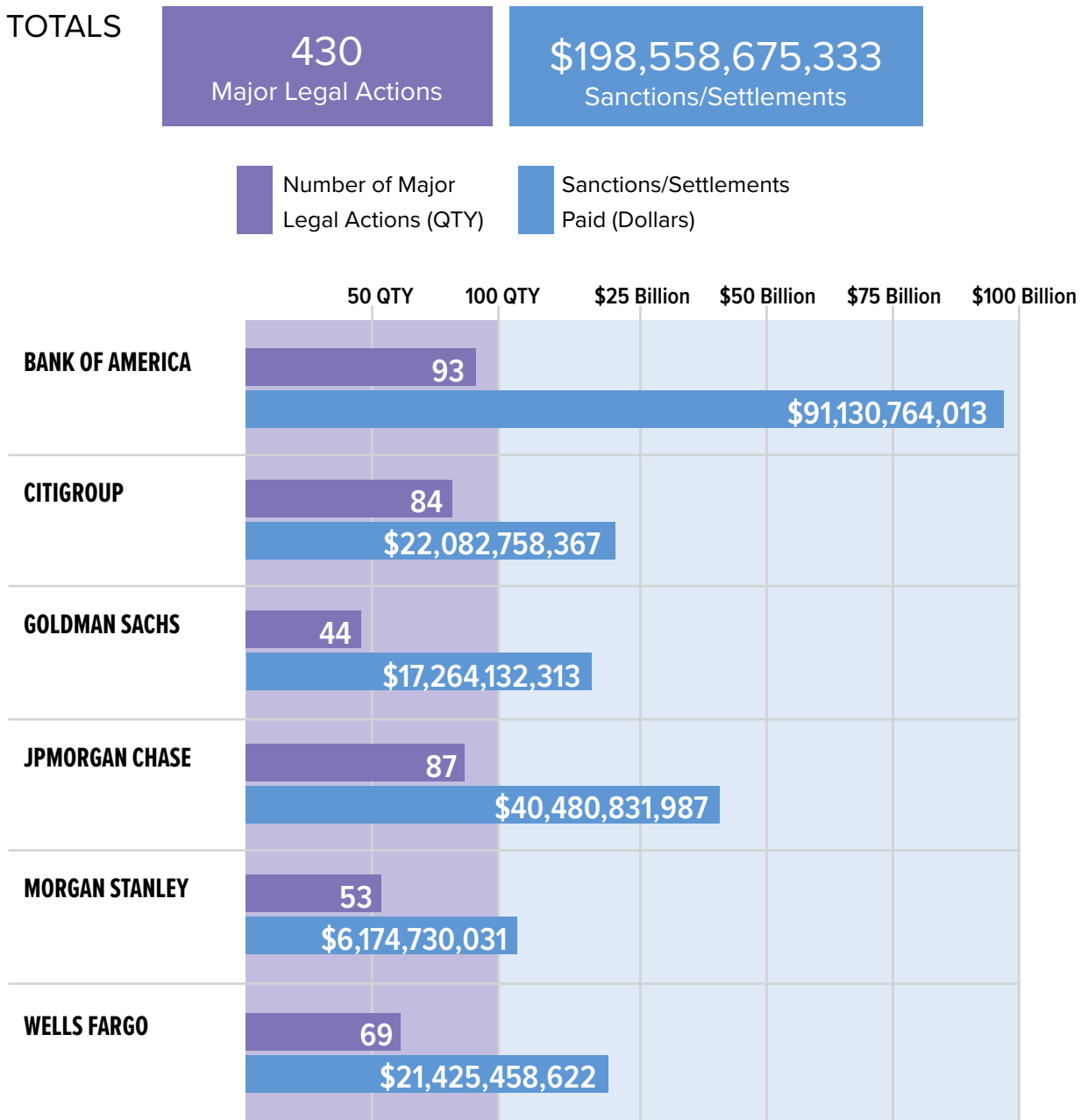
Until that happens, these Rap Sheet reports will continue to highlight the banks' ongoing recidivism, the grossly insufficient enforcement of the laws they break, the patent inadequacy of the so-called penalties imposed on them, the injustice of the serial sweetheart settlements that these banks are able to strike with the DOJ and other prosecutors and regulators, and the inadequate reporting on the Wall Street crime spree.

This report now details each of the 430 major legal actions that all six Wall Street banks have been involved in over the past 20+ years, which have resulted in nearly \$200 billion in fines and settlements. As detailed below, that alleged or settled illegal conduct spans almost every conceivable type of financial crime or violation:

- money laundering;
- bribery;
- massive fraud in the sale of mortgage-backed securities;
- credit card and checking account abuses;
- foreclosure and debt collection violations;
- breaches of fiduciary duty;
- antitrust violations;
- market manipulation;
- enabling Ponzi schemes; and
- even violations of election law.

As is clear, while the fines and penalties levied against these banks appear significant, their recidivism tells a different story: Even tens of billions of dollars in fines are little more than a cost of doing business for these institutions, which is why those banks keep breaking the law, occasionally getting caught but always buying their way out through forgiving settlements like the ones [Goldman](#) and [JPMorgan Chase](#) have recently entered. And as explained above, these cases represent a failure of the cops on the Wall Street beat, who are supposed to punish and deter illegal activity in our financial markets. Moreover, they highlight the failure of the media, which hasn't informed the public about what is really going on with these banks and their incessant lawbreaking.

We hope that this snapshot of over 400 major legal actions, reflecting the shocking breadth, depth, and persistence of lawbreaking by these banks, will help inspire prosecutors to give this recidivism the weight it deserves in their future cases and also cause the media to report more thoroughly about the causes and consequences of this unremitting pattern of lawless behavior. Here's the snapshot:





The violations giving rise to these major legal actions were serious and wide-ranging:

**Pre-crash:** Bogus charges for credit monitoring services, overdrafts based on false balance information, illegal bid rigging, tricking subprime borrowers into buying credit insurance, selling unnecessary credit-card add-on products, providing conflict-ridden stock research analysis, trading ahead of clients, misrepresentations in the sale of auction rate securities, anticompetitive practices in the bond market, unlawful payment schemes to win muni-bond business, misallocation of public offering shares, antitrust violations, excessive overdraft fees on checking accounts, and opening millions of fake accounts;

**Crash-related:** Fraud and abuse in the sale of mortgage-backed securities, including sales to public servant pensions, loan servicing and foreclosure violations, betting against mortgage-backed securities that were sold to clients, use of invalid credit ratings for mortgage-backed securities, and steering subprime borrowers into more costly loans and falsifying their income information;

**Post-crash:** Bribery and other acts facilitating a massive fraud against Malaysia's sovereign wealth fund, running a criminal enterprise engaged in fraud on the precious metals market, unlawful debt collection practices, breach of fiduciary duty, market manipulation, anti-money laundering violations, unlawful securities lending practices, claims relating to the London Whale derivatives trades, abuses in the sale of credit monitoring services, error-ridden debt collection practices, bond price-fixing, failure to disclose adviser conflicts of interest, misrepresentations about foreign exchange trading programs, forcing clients into insurance policies, and kickback schemes involving title insurance.

Moreover, it is clear that all these fines and settlements have been grossly inadequate. They have not been nearly enough to punish these banks for their prior illegal behavior or to deter them from engaging in future illegal conduct. In fact, it appears that these fines and settlements are just a cost of doing business, a speed bump on the road to ever larger bonuses, however they are generated.<sup>3</sup>

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<sup>3</sup> The failure to effectively punish and deter illegal activity at the banks is the result of numerous weaknesses in the current approach to white collar crime on Wall Street. For example, monetary amounts, including penalties, although sometimes headline grabbing, typically represent just a fraction of a bank's profits. Moreover, those amounts are typically significantly less than they appear because the settlements often assign unrealistically high values to future purported remedial actions (many of which the banks would have undertaken anyway) and because the settlements are usually structured to be largely tax deductible. And most importantly, rarely, if ever, are penalties brought to bear against the executives or individuals who preside over—and benefit enormously from—the bank's illegal activities. To the extent those executives insist they had no knowledge of the wrongdoing—and assuming that is even a credible claim—then it is clear that their banks are at least too-big-to-manage. Corporate leadership cannot have it both ways, protesting their innocence due to lack of knowledge while insisting that they are capable of managing such massive, sprawling, and unwieldy banks and that they deserve gigantic bonuses whenever the bank's stock goes up. See Better Markets Blog, *SEC Enforcement Has Incentivized, Rewarded & Guaranteed More Wall St Crime* (Jan. 9, 2013) (highlighting the SEC's failure to impose meaningful penalties or hold individual executives accountable), <https://bettermarkets.com/blog/sec-enforcement-has-incentivized-rewarded-guaranteed-more-wall-st-crime>; see also, e.g., Better Markets Comment Letter re *Proposed Guidance on Supervisory Expectation for Boards of Directors*, (Feb. 15, 2018), <https://bettermarkets.com/sites/default/files/FRS-%20CL-%20BoD%20Supervision%20Expectations%202-15-18.pdf> (highlighting the need for greater accountability and more rigorous supervisory expectations for boards of directors). For more insight into the weak approach to law enforcement against the largest banks, look for our soon-to-be-released report.



## WALL STREET'S RAP SHEET

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### Illegal Activity at the Nation's Six Largest Megabanks Has Continued Since the 2008 Crash and Bailouts

Six of the nation's largest banks have amassed RAP sheets showing that the financial crash of 2008 did nothing to slow the pace of illegal activity that was well underway in the years leading up to the crash. All six of these megabanks were heavily engaged in illegal activity before the crash; they reached new heights of lawlessness in connection with the crash; and they continued to violate the law with abandon in the post-crash era. In fact, it's gotten worse.


Below is a list of the major actions taken against the nation's Six Megabanks since 2000, which captured violations of law spanning roughly the last 24 years, from 1998 to 2022. The cases have been grouped into three categories for each bank: Pre-Crash Actions, Crash-Related Actions, and Post-Crash Actions. Here is what the RAP sheet shows:

- ✓ **The NUMBER OF CASES against the banks HAS INCREASED** relative to the pre-crash years, for all Six Megabanks.
- ✓ **The DOLLAR AMOUNT OF SANCTIONS imposed on the banks HAS ALSO INCREASED** relative to that same pre-crash period, for all but one of the Six Megabanks.<sup>4</sup>
- ✓ **The NATURE AND VARIETY OF THE VIOLATIONS throughout the period is ASTOUNDING**, spanning virtually every conceivable type of white-collar crime, fraud, or breach of contract that a bank could commit. They encompass everything from fraud, money laundering, and market manipulation to foreclosure abuses, unlawful debt collection practices, antitrust violations, conflicts of interest, and kickback schemes.

In short, these institutions have continued to commit frequent and serious violations of law, spanning an extraordinary variety of civil and criminal misconduct and resulting in tens of billions of dollars in

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<sup>4</sup> The only aberration arises from an enforcement action against Bank of America in the pre-crash era for its role in widely misrepresenting the risks associated with auction rate securities, which led to an unusually large \$4.5 billion repurchase obligation. But for that case, the total amount of post-crash sanctions would have exceeded the pre-crash totals by several billion dollars.



penalties, civil judgments, and other monetary sanctions. The Six Megabanks have not skipped a beat when it comes to committing fraud, market manipulation, and other abuses against their clients, investors, and the financial markets themselves. They continue to violate the law and to generate massive profits and huge compensation packages for their executives, without facing any meaningful punishment, deterrence, or accountability.

## How We Grouped the Data

**Six of the Nation's Largest Banks.** We have catalogued the major legal actions against the nation's six largest banks since 2000, which led to monetary sanctions in some form. The banks include (1) Bank of America; (2) Citigroup; (3) Goldman Sachs; (4) JPMorgan Chase; (5) Morgan Stanley; and (6) Wells Fargo.

**The three groups.** The cases were grouped into three categories:

- Pre-Crash, representing misconduct that occurred primarily before 2008 and was not related to the mortgage underwriting practices, residential mortgage-backed securities ("RMBS") offerings, or foreclosure abuses directly tied to the financial crash;
- Crash-Related, representing the core violations in the areas of mortgage underwriting practices, fraudulent RMBS offerings, and foreclosure abuses that helped trigger and fuel the financial crash; and
- Post-Crash, representing misconduct that occurred primarily after 2008 and was not related to the financial crash.

**Types of Actions.** Included in the review were civil enforcement actions, administrative enforcement actions, and criminal actions at the federal level; state actions; and private litigation. These cases were brought by federal regulators and prosecutors; self-regulatory organizations (FINRA); state regulators; state attorneys general; private claimants; and others.

**Sanctions.** The monetary sanctions reflected in the review include civil penalties, criminal penalties, disgorgement of ill-gotten gains, civil damages, re-purchase obligations, and other amounts such as consumer relief and mandated payments to public interest groups or causes.

**A conservative approach.** The list of actions taken against the Six Megabanks is undoubtedly conservative in that it does not include every governmental action taken against these banks in response to their illegal activities. In addition, it includes relatively few private lawsuits against the banks alleging financial fraud and other abuses because those suits were difficult to identify. Hence, this survey actually understates the magnitude of the unlawful actions by the banks.

The following sections set forth (1) the collective RAP sheet for all Six Megabanks, (2) summaries for each bank with prime examples, and (3) a closer look at the banks' most outrageous misconduct. A detailed rundown, with links, of each action reflected in our report for each bank can be found [here](#).



# The 6 Largest U.S. Banks – Collective RAP Sheet Highlights

*Total Actions: 430 – Total Sanctions: \$198,558,675,333*

TIME PERIOD:	Pre-Crash	Crash-Related	Post-Crash
<b>ACTIONS:</b>	90	108	232
<b>SANCTIONS:</b>	\$14,358,799,785	\$156,283,675,000	\$27,916,200,548

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| <ol style="list-style-type: none"> <li>1. Residential mortgage-backed securities fraud</li> <li>2. Tax evasion</li> <li>3. Money laundering</li> <li>4. Manipulation of the foreign currency market and the Forex benchmark rate</li> <li>5. Short sales violations</li> <li>6. Manipulation of LIBOR</li> <li>7. Illegal derivatives trading and reporting</li> <li>8. Fraud in the sale of auction rate securities</li> <li>9. Predatory lending</li> <li>10. Proxy fraud</li> <li>11. Loan servicing and foreclosure violations</li> <li>12. Anticompetitive activity in the municipal bond, commodities, and electricity capacity markets</li> <li>13. Price fixing (credit card fees)</li> <li>14. Overcharging for mortgage insurance</li> <li>15. Non-compliant mortgage loans submitted for insurance coverage in violation of the False Claims Act</li> <li>16. Bid rigging in the muni-bond market</li> <li>17. Misuse of client order information</li> <li>18. Improper interest rate increases on credit cards</li> <li>19. Fraud in the sale of phony credit protection services</li> <li>20. Misrepresentations regarding loan interest rates</li> <li>21. Misrepresentation of mutual fund risks</li> <li>22. Debt collection abuses</li> <li>23. Illegal kickbacks and pricing schemes regarding home insurance</li> <li>24. Undisclosed billing for identity theft protection</li> <li>25. Unlawful credit monitoring service charges</li> <li>26. Failure to supervise employees' handling of customer accounts and information</li> <li>27. Unsafe and unsound foreign exchange trading</li> <li>28. Misuse of customers' cash</li> <li>29. Failure to safeguard customer securities</li> <li>30. Failure to control erroneous order flow, leading to mini flash crashes</li> <li>31. Futures market trading violations and obstructing exchange investigations</li> <li>32. Records preparation and retention violations</li> <li>33. Reporting violations, including failure to file Suspicious Activity Reports and failure to report certain futures and options positions</li> <li>34. "Yieldburning" – overcharging municipalities for government securities</li> </ol> | <ol style="list-style-type: none"> <li>35. Improper influence of investment banking interests on brokerage firms' securities research</li> <li>36. Improper allocation of IPO stock to institutional investors</li> <li>37. Failure to meet best execution requirements in OTC market</li> <li>38. Failure to disclose conflicts of interest</li> <li>39. Unlawful execution, processing, and reporting of off-exchange futures trades</li> <li>40. Exceeding speculative position limits in commodity futures contract trading</li> <li>41. Fund segregation violations</li> <li>42. Pre-arranged trading ("parking") to favor certain advisory clients</li> <li>43. Pay-to-play violations</li> <li>44. Violations of SEC market access rules</li> <li>45. Failure to implement controls to prevent fraudulent overvaluation of investments</li> <li>46. Manipulative conduct in trading credit default swaps</li> <li>47. Failure to report suspicious transactions associated with the Madoff Ponzi scheme</li> <li>48. Illegal retaliation against whistleblowers</li> <li>49. Foreign Corrupt Practices Act violations</li> <li>50. Discrimination against Hispanic and African-American mortgage borrowers</li> <li>51. Illegal opening of unauthorized deposit and credit card accounts</li> <li>52. Unauthorized transfers of funds from customer accounts to unauthorized accounts</li> <li>53. Illegal practices in private student loan servicing</li> <li>54. Bribery and kickback schemes used to win municipal bond business</li> <li>55. Fictitious prearranged trade of Treasury Note future spreads</li> <li>56. Unsafe and unsound practices related to derivatives trading</li> <li>57. Criminal money laundering violations in connection with the Madoff scandal</li> <li>58. Improper sales below the minimum denomination set in a junk bond offering</li> <li>59. Misuse of inside information and failure to enforce adequate supervision policies</li> <li>60. Chinese wall violations</li> <li>61. Spoofing orders in the U.S. Treasury futures market</li> <li>62. Misrepresentations surrounding acquisition of Merrill Lynch</li> </ol> |
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# Bank of America RAP Sheet Highlights

Total Actions: 93

Total Sanctions: \$91,130,746,013

TIME PERIOD:	Pre-Crash	Crash-Related	Post-Crash
<b>ACTIONS:</b>	15	41	25
<b>SANCTIONS:</b>	\$6,798,650,000	\$82,503,950,000	\$1,710,824,000
<b>PRIME EXAMPLES:</b>	<b>\$747 million</b> for illegally charging 1.9 million consumer accounts for credit monitoring and reporting services that they did not receive. <sup>4</sup>	<b>\$16.65 billion settlement</b> to resolve federal and state claims against Bank of America, and its former and current subsidiaries, for abuses in the packaging and sale of RMBS. <sup>5</sup>	<b>\$228 million</b> class action settlement for a kickback scheme inflating the cost of insurance that homeowners were forced to buy. <sup>6</sup>
	<b>\$410 million</b> for debit card overdraft charges stemming from false or misleading balance information. <sup>7</sup>	<b>\$10.956 billion</b> as Bank of America's share of the \$25 billion National Mortgage Settlement between the nation's five largest mortgage servicers and the federal government and 49 state AGs, for widespread mortgage loan servicing and foreclosure abuses. <sup>8</sup>	<b>\$32 million</b> class action settlement resolving claims of harassing debt-collection calls to customers' cell phones in violation of the 1991 Telephone Consumer Protection Act. <sup>9</sup>
	<b>\$137.3 million</b> for the bank's participation in a municipal bond derivatives market bid rigging conspiracy. <sup>10</sup>	<b>\$2.43 billion</b> shareholder class action settlement for false and misleading statements regarding Merrill Lynch before the acquisition. <sup>11</sup>	<b>\$10 million</b> civil penalty for illegally garnishing customers bank accounts through out-of-state court orders. <sup>12</sup>

<sup>5</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-bank-of-america-to-pay-727-million-in-consumer-relief-for-illegal-credit-card-practices>.

<sup>6</sup> <https://www.justice.gov/opa/pr/bank-america-pay-1665-billion-historic-justice-department-settlement-financial-fraud-leading>.

<sup>7</sup> <https://www.reuters.com/article/us-bankofamerica-settlement-idUSBREA361FJ20140407>.

<sup>8</sup> <https://www.reuters.com/article/us-bankofamerica-overdraft-settlement/bofa-410-million-overdraft-settlement-wins-court-ok-idUSTRE74M63K20110523>.

<sup>9</sup> [https://d9klfgibkqcuc.cloudfront.net/Consent\\_Judgment\\_BoA-4-11-12.pdf](https://d9klfgibkqcuc.cloudfront.net/Consent_Judgment_BoA-4-11-12.pdf).

<sup>10</sup> <https://www.reuters.com/article/bankofamerica-robocalls-settle/bank-of-america-in-record-settlement-over-robocall-complaints-idus1n0hq0hu20130930>; <https://www.law360.com/articles/572788/bofa-strikes-historic-32m-settlement-to-end-tcpa-action>.

<sup>11</sup> <https://www.justice.gov/opa/pr/bank-america-agrees-pay-1373-million-restitution-federal-and-state-agencies-condition-justice>; <https://dealbook.nytimes.com/2010/12/07/bofa-pays-137-million-to-settle-bid-rigging-charges/?mtrref=www.google.com&q-wh=524BAC635CA95737ECF525BD8A2B32F3&qwt=pay>.

<sup>12</sup> <https://www.reuters.com/article/us-bofa-lawsuit/bofa-pays-2-4-billion-to-settle-claims-over-merrill-idUSBRE88R0PR20120928>.

<sup>13</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-bank-of-america-to-pay-10-million-penalty-for-illegal-garnishments/>.

# Citigroup RAP Sheet Highlights

Total Actions: 84

Total Sanctions: \$22,082,758,367

TIME PERIOD:	Pre-Crash	Crash-Related	Post-Crash
<b>ACTIONS:</b>	18	14	52
<b>SANCTIONS:</b>	\$1,465,062,857	\$15,891,300,000	\$4,726,395,510
<b>PRIME EXAMPLES:</b>	<b>\$215 million</b> to resolve Federal Trade Commission allegations that two subsidiaries engaged in systematic and widespread deceptive and abusive subprime lending practices including inducing borrowers to unknowingly purchase credit insurance. <sup>13</sup>	<b>\$7 billion</b> to settle charges relating to the packaging and sale of toxic mortgage-backed securities leading up to the financial crash. <sup>14</sup>	<b>\$925 million</b> for conspiracy to fix foreign currency rates. Citigroup was fined and put on probation for three years. <sup>15</sup>
	<b>\$735 million</b> to settle CFPB allegations that it misled customers into purchasing unnecessary add-on products for their credit cards. <sup>16</sup>	<b>\$2.2 billion</b> as Citigroup's share of the \$25 billion National Mortgage Settlement between the nation's five largest mortgage servicers and the federal government and 49 state AGs, for widespread mortgage loan servicing and foreclosure abuses. <sup>17</sup>	<b>\$175 million</b> penalty to resolve allegations three Citigroup subsidiaries manipulated the LIBOR interest rate benchmark. <sup>18</sup>
	<b>\$180 million</b> to settle SEC claims that two Citigroup affiliates defrauded investors in two hedge funds by falsely claiming they were safe, low-risk, and suitable for traditional bond investors. <sup>19</sup>	<b>\$285 million</b> to settle SEC charges that Citigroup defrauded investors in a \$1 billion CDO tied to the U.S. housing market, where Citi failed to disclose that it had taken a proprietary short position against those assets. <sup>20</sup>	<b>\$97.44 million</b> to resolve DOJ claims that Banamex USA, a subsidiary of Citigroup Inc., willfully failed to maintain an effective anti-money laundering compliance program. <sup>21</sup>

<sup>14</sup> <https://www.ftc.gov/news-events/press-releases/2002/09/citigroup-settles-ftc-charges-against-associates-record-setting>.

<sup>15</sup> <https://www.justice.gov/opa/pr/justice-department-federal-and-state-partners-secure-record-7-billion-global-settlement>.

<sup>16</sup> <https://www.justice.gov/opa/pr/five-major-banks-agree-parent-level-guilty-pleas>.

<sup>17</sup> <https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-citibank-to-pay-700-million-in-consumer-relief-for-illegal-credit-card-practices/>.

<sup>18</sup> [https://d9klfgibkqcuc.cloudfront.net/Consent\\_Judgment\\_Citibank-4-11-12.pdf](https://d9klfgibkqcuc.cloudfront.net/Consent_Judgment_Citibank-4-11-12.pdf).

<sup>19</sup> <https://www.cftc.gov/PressRoom/PressReleases/7372-16>.

<sup>20</sup> <https://www.sec.gov/litigation/admin/2015/33-9893.pdf>.

<sup>21</sup> <https://dealbook.nytimes.com/2014/08/05/after-long-fight-judge-rakoff-reluctantly-approves-citigroup-deal/>.

<sup>22</sup> <https://www.justice.gov/opa/press-release/file/967871/download>.

# Goldman Sachs RAP Sheet Highlights

Total Actions: 41  
Total Sanctions: \$17,258,174,000

TIME PERIOD:	Pre-Crash	Crash-Related	Post-Crash
<b>ACTIONS:</b>	14	7	23
<b>SANCTIONS:</b>	\$257,918,357	\$9,198,825,000	\$7,807,388,956
<b>PRIME EXAMPLES:</b>	<b>\$110 million</b> as Goldman's share of a settlement between the SEC, state securities regulators, and ten of the nation's top investment firms for undue influence by investment banking interests on securities research at brokerage firms. <sup>22</sup>	<b>\$5.06 billion</b> settlement for Goldman's role in the packaging, securitization, marketing, sale, and issuance of residential mortgage-backed securities leading up to the crash. <sup>23</sup>	<b>\$120 million</b> for manipulating and making false reports concerning the U.S. Dollar International Swaps and Derivatives Association Fix (USD ISDAFIX), a global benchmark for interest rate products. <sup>24</sup>
	<b>\$45.2 million</b> to resolve claims by the NYSE and the SEC that the bank's subsidiary violated federal securities laws and Exchange rules by executing orders for their dealer accounts ahead of executable public customer or "agency" orders. <sup>25</sup>	<b>\$3.15 billion</b> for securities law violations in connection with private-label mortgage-backed securities purchased by Fannie Mae <sup>26</sup> and Freddie Mac. <sup>27</sup>	<b>\$54.75 million</b> civil money penalty for the firm's unsafe and unsound practices in its foreign exchange (FX) trading business, including failure to detect and address its traders' use of electronic chatrooms to communicate with competitors about trading positions. <sup>28</sup>
	<b>\$22.5 million</b> for making misrepresentations in the marketing and sales of auction rate securities, portraying them as safe, cash-equivalent products, when in fact they faced increasing liquidity risk. <sup>29</sup>	<b>\$550 million</b> for securities fraud when it misled investors in the ABACUS 2007-AC1 CDO offering just as the U.S. housing market was starting to collapse. <sup>30</sup>	<b>\$7 billion, across several jurisdictions</b> , and a guilty plea by a subsidiary, for its actions enabling the looting of 1MDB, the Malaysian sovereign wealth fund.

<sup>23</sup> <https://www.sec.gov/news/press/2003-54.htm>.

<sup>24</sup> <https://www.justice.gov/opa/pr/goldman-sachs-agrees-pay-more-5-billion-connection-its-sale-residential-mortgage-backed>.

<sup>25</sup> <https://www.cftc.gov/sites/default/files/idc/groups/public/@lrenforcementactions/documents/legalpleading/enfgoldmansachsorder122116.pdf>.

<sup>26</sup> <https://www.sec.gov/news/press/2004-42.htm>.

<sup>27</sup> [https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/2014%208%2022%20%20FHFA-Goldman%20Sachs%20Settlement%20Agreement\\_Fannie%20Mae.pdf](https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/2014%208%2022%20%20FHFA-Goldman%20Sachs%20Settlement%20Agreement_Fannie%20Mae.pdf).

<sup>28</sup> <https://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/2014%208%2022%20%20FHFA-Goldman%20Sachs%20Settlement%20Agreement-Freddie%20Mac.pdf>.

<sup>29</sup> <https://www.federalreserve.gov/newsevents/pressreleases/enforcement20180501b.htm>.

<sup>30</sup> <https://ag.ny.gov/press-release/2008/attorney-general-cuomo-announces-settlements-merrill-lynch-goldman-sachs-and>.

<sup>31</sup> <https://www.sec.gov/news/press/2010/2010-123.htm>.

# JPMorgan Chase RAP Sheet Highlights

Total Actions: 87

Total Sanctions: \$40,480,831,987

TIME PERIOD:	Pre-Crash	Crash-Related	Post-Crash
ACTIONS:	16	17	54
SANCTIONS:	\$4,298,085,714	\$29,790,700,000	\$6,392,046,273
PRIME EXAMPLES:	<p><b>\$461 million</b> for willfully violating the Bank Secrecy Act by failing to report suspicious transactions arising out of Bernard L. Madoff's decades-long, multi-billion dollar fraudulent investment scheme.<sup>31</sup></p>	<p><b>\$13 billion</b> settlement with DOJ to resolve claims arising out of the packaging, marketing, sale, and issuance of residential mortgage-backed securities contributing to the financial crash.<sup>32</sup></p>	<p><b>\$920 million</b> paid to the Federal Reserve, Securities and Exchange Commission, Office of Comptroller of the Currency, and the United Kingdom's Financial Conduct Authority to settle claims relating to derivatives trading in the "London Whale" disaster.<sup>33</sup></p>
	<p><b>\$228 million</b> in restitution, penalties, and disgorgement to federal and state agencies for engaging in in anticompetitive activity in the municipal bond market.<sup>34</sup></p>	<p><b>\$5.3 billion</b> as JPMorgan Chase's share of the \$25 billion National Mortgage Settlement between the nation's five largest mortgage servicers and the federal government and 49 state AGs, for widespread mortgage loan servicing and foreclosure abuses.<sup>35</sup></p>	<p><b>\$329 million</b> for engaging in unfair billing practices that harmed 2.1 million consumers by charging them for credit monitoring services they did not receive and for mistakes in thousands of debt-collection lawsuits.<sup>36</sup></p>
	<p><b>\$75 million</b> to settle allegations relating to an unlawful payment scheme that enabled the bank to win business involving municipal bond offerings and swap agreement transactions with Jefferson County, Ala.<sup>37</sup></p>	<p><b>\$153.6 million</b> for misleading investors in a complex mortgage securities offering as the housing market was starting to plummet.<sup>38</sup></p>	<p><b>\$920 million</b> for defrauding the precious metals and U.S. Treasuries markets for over 8 years, with DOJ labeling JPMorgan's precious metals desk a "criminal enterprise."<sup>39</sup></p>

<sup>32</sup> <https://www.fincen.gov/news/news-releases/jpmorgan-admits-violation-bank-secrecy-act-failed-madoff-oversight-fined-461>.

<sup>33</sup> <https://www.justice.gov/iso/opa/resources/69520131119191246941958.pdf>.

<sup>34</sup> <https://www.nbcnews.com/businessmain/jpmorgan-pay-920-million-london-whale-probes-4B11198211>.

<sup>35</sup> <https://www.justice.gov/opa/pr/jpmorgan-chase-admits-anticompetitive-conduct-former-employees-municipal-bond-investments>.

<sup>36</sup> <https://www.justice.gov/opa/pr/federal-government-and-state-attorneys-general-reach-25-billion-agreement-five-largest>.

<sup>37</sup> [https://files.consumerfinance.gov/f/201309\\_cfpb\\_jpmc\\_consent\\_order.pdf](https://files.consumerfinance.gov/f/201309_cfpb_jpmc_consent_order.pdf).

<sup>38</sup> <https://www.sec.gov/news/press/2009/2009-232.htm>.

<sup>39</sup> <https://www.sec.gov/news/press/2011/2011-131.htm>; <https://www.sec.gov/litigation/complaints/2011/comp-pr2011-131-jpmorgan.pdf>.

<sup>40</sup> <https://www.justice.gov/opa/pr/jpmorgan-chase-co-agrees-pay-920-million-connection-schemes-defraud-precious-metals-and-us>.

# Morgan Stanley RAP Sheet Highlights

Total Actions: 53

Total Sanctions: \$6,174,730,031

TIME PERIOD:	Pre-Crash	Crash-Related	Post-Crash
<b>ACTIONS:</b>	11	12	30
<b>SANCTIONS:</b>	\$259,700,00	\$5,447,800,000	\$125,135,198
<b>PRIME EXAMPLES:</b>	<b>\$50 million</b> to settle allegations that it failed to provide customers important information relating to their purchases of mutual fund shares. <sup>40</sup>	<b>\$2.6 billion</b> settlement with DOJ to resolve claims related to its marketing, sale, and issuance of residential mortgage-backed securities contributing to the financial crash. <sup>41</sup>	<b>\$60 million</b> to settle allegations that it failed to protect sensitive customer data by neglecting to retire outdated, insecure data centers on which customer data was stored. <sup>42</sup>
	<b>\$40 million</b> to settle allegations relating to the firms' allocations of stock to institutional customers in initial public offerings underwritten by the firm. <sup>43</sup>	<b>\$1.25 billion</b> for violations of federal and state securities laws and common law fraud in connection with private-label mortgage-backed securities purchased by Fannie Mae and Freddie Mac. <sup>44</sup>	<b>\$8 million</b> for violations in connection with the sale of inverse ETF investments recommended to advisory clients. <sup>45</sup>
	<b>\$4.8 million</b> for antitrust violations that restrained competition in the New York City electricity capacity market. <sup>46</sup>	<b>\$75 million</b> to settle a lawsuit filed by a group of institutional investors charging that the bank negligently conveyed ratings from agencies such as S&P and Moody's that were invalid. <sup>47</sup>	<b>\$2.96 million</b> to settle allegations of false and misleading statements about a foreign exchange trading program sold to investors. <sup>48</sup>

<sup>41</sup> <https://www.sec.gov/news/press/2003-159.htm>.

<sup>42</sup> <https://www.justice.gov/opa/pr/morgan-stanley-agrees-pay-26-billion-penalty-connection-its-sale-residential-mortgage-backed>.

<sup>43</sup> <https://finance.yahoo.com/news/morgan-stanley-pay-60-million-165325200.html>.

<sup>44</sup> <https://www.sec.gov/news/press/2005-10.htm>.

<sup>45</sup> <https://www.fhfa.gov/Media/PublicAffairs/Documents/MorganStanleySettlementAgreement.pdf>.

<sup>46</sup> <https://www.sec.gov/news/pressrelease/2017-46.html>.

<sup>47</sup> <https://www.justice.gov/opa/pr/justice-department-requires-morgan-stanley-disgorge-48-million-profits-anticompetitive>.

<sup>48</sup> <https://www.reuters.com/article/us-moodys-sp-settlement-wsj-idUSBRE93S11920130429>.

<sup>49</sup> <https://www.sec.gov/litigation/admin/2017/33-10290.pdf>.

# Wells Fargo RAP Sheet Highlights

Total Actions: 69

Total Sanctions: \$21,425,458,622

TIME PERIOD:	Pre-Crash	Crash-Related	Post-Crash
<b>ACTIONS:</b>	15	17	37
<b>SANCTIONS:</b>	\$1,274,740,000	\$13,449,100,000	\$6,701,618,622
<b>PRIME EXAMPLES:</b>	<b>\$203 million</b> to resolve class action for misleading customers regarding its practice of processing charges in chronological order and imposing excessive overdraft fees on checking account customers. <sup>49</sup>	<b>\$5.3 billion</b> as Wells Fargo's share of the \$25 billion National Mortgage Settlement between the nation's five largest mortgage servicers and the federal government and 49 state AGs, for widespread mortgage loan servicing and foreclosure abuses. <sup>50</sup>	<b>\$1 billion</b> to resolve CFPB claims that the bank maintained an abusive mandatory insurance program related to its customers' auto loans and for unlawfully charging mortgage interest rate-lock extensions. <sup>51</sup>
	<b>\$185 million</b> for opening deposit and credit card accounts without the consent of clients for over a decade. <sup>52</sup>	<b>\$2.1 billion</b> for the bank's role in the fraudulent origination and sale of subprime residential mortgage loans that contributed to the financial crash. <sup>53</sup>	<b>\$34.8 million</b> for engaging in an illegal marketing-services-kickback scheme with Genuine Title. <sup>54</sup>
	<b>\$3.25 million</b> to settle allegations that brokers steered retail investors toward riskier mutual fund investments than desired. <sup>55</sup>	<b>\$85 million</b> to the Federal Reserve Board to resolve claims that employees steered potential prime borrowers into more costly subprime loans and separately falsified income information in mortgage applications. <sup>56</sup>	<b>\$5.1 million</b> to settle charges that the bank improperly encouraged clients to actively trade certain investments that were intended to be held to maturity. <sup>57</sup>

<sup>50</sup> <https://www.reuters.com/article/us-wellsfargo-overdraft-decision-idUSBRE94E14320130515>.

<sup>51</sup> [https://d9kfgibkqcuc.cloudfront.net/Consent\\_Judgment\\_WellsFargo-4-11-12.pdf](https://d9kfgibkqcuc.cloudfront.net/Consent_Judgment_WellsFargo-4-11-12.pdf).

<sup>52</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_wells-fargo-bank-na\\_consent-order\\_2018-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_wells-fargo-bank-na_consent-order_2018-04.pdf).

<sup>53</sup> <https://money.cnn.com/2018/02/05/news/companies/wells-fargo-timeline/index.html>.

<sup>54</sup> <https://www.justice.gov/usao-ndca/press-release/file/1084341/download>.

<sup>55</sup> [https://files.consumerfinance.gov/f/201510\\_cfpb\\_stamped-exhibit-a-wells-consent-judgment-document-4-1.pdf](https://files.consumerfinance.gov/f/201510_cfpb_stamped-exhibit-a-wells-consent-judgment-document-4-1.pdf).

<sup>56</sup> <https://www.finra.org/media-center/news-releases/2013/finra-orders-wells-fargo-and-banc-america-reimburse-customers-more-3>;  
[https://www.finra.org/sites/default/files/fda\\_documents/2008014350501\\_FDA\\_TX117236.pdf](https://www.finra.org/sites/default/files/fda_documents/2008014350501_FDA_TX117236.pdf).

<sup>57</sup> <https://www.federalreserve.gov/newsevents/pressreleases/files/enf20110720a1.pdf>.

<sup>58</sup> <https://money.cnn.com/2018/06/25/investing/wells-fargo-advisors-sec-settlement/index.html>.



## A CLOSER LOOK:

### Examples of the Six Megabanks' Most Outrageous Illegal Activities

#### A. Massive Frauds that Fueled the Financial Crash.

With the twelfth anniversary of the Dodd-Frank Act approaching in July, it is worth remembering some of the most reckless and illegal activity conducted by these Six Megabanks that triggered and fueled the crash. Here is a just a brief overview, centered around rampant fraud in the offer and sale of countless residential mortgage-backed securities.


- **JPMorgan Chase:** In November 2013, the DOJ, along with other federal agencies and six states, reached a settlement with JPMorgan Chase for \$13 billion over its fraudulent sale of residential mortgage-backed securities. As the DOJ observed when announcing the settlement, the bank was “packaging risky home loans into securities, then selling them without disclosing their low quality to investors,” eventually “sow[ing] the seeds of the mortgage meltdown.”

Earlier, in November 2012, JPMorgan Chase and Credit Suisse agreed to pay a combined \$417 million to settle SEC charges that the two firms misled investors in the sale of nearly \$2 billion in troubled mortgage securities. The director of the SEC’s Division of Enforcement observed that “misrepresentations [like these] in connection with the creation and sale of mortgage securities contributed greatly to the tremendous losses suffered by investors once the U.S. housing market collapsed.”

- **Citigroup:** In July 2014, Federal and State authorities secured a \$7 billion settlement with Citigroup “for misleading investors about securities containing toxic mortgages.” Citigroup acknowledged that it seriously misrepresented the nature of the mortgage loans it securitized and sold in the years leading up to and during the financial crash, prompting the DOJ to announce that the “bank’s activities contributed mightily to the financial crisis that devastated our economy in 2008.”

Earlier, in October 2011, the SEC charged Citigroup with misleading investors about a \$1 billion Collateralized Debt Obligation (CDO) tied to the housing market. This CDO defaulted only a few months after being sold, and Citigroup paid a \$285 million fine to settle the charges.



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- **Bank of America:** In August 2014, the DOJ announced that it had reached a \$16.65 billion settlement with Bank of America, resolving federal and state claims relating to financial fraud leading up to and during the financial crash. The bank “acknowledged that it sold billions of dollars of RMBS [Residential Mortgage Backed Securities] without disclosing to investors key facts about the quality of the securitized loans . . . The bank has also conceded that it originated risky mortgage loans and made misrepresentations about the quality of those loans to Fannie Mae, Freddie Mac and the Federal Housing Administration.”
  - **Morgan Stanley:** In February of 2016, Morgan Stanley agreed to pay a \$2.6 billion penalty to settle DOJ allegations that the bank had sold billions of dollars in subprime RMBS to investors while making false claims about the underlying mortgage loans and knowing that many of the loans backing the securities were toxic.
  - **Goldman Sachs:** In April of 2016, the DOJ, along with other federal and state regulators, announced a \$5 billion settlement with Goldman Sachs for its part in packaging, securitizing, marketing, and selling RMBS in the years leading up to the crash. The settlement makes clear that the bank falsely assured investors that its RMBS were backed by sound mortgages, when it knew that they were in fact full of mortgages likely to fail.

Earlier, in July 2010, Goldman Sachs agreed to pay \$550 million to settle SEC charges that the firm misled investors in the sale of a mortgage-backed security called Abacus 2007-AC1. The SEC charged “that Goldman misled investors in a subprime mortgage product just as the US housing market was about to collapse.” In agreeing to pay the penalty, Goldman “acknowledged that its marketing materials for the subprime product contained incomplete information.”

- **Wells Fargo:** In August of 2018, Wells Fargo agreed to a settlement with the DOJ requiring the bank to pay \$2.09 billion for its role in the fraudulent origination and sale of subprime residential mortgage loans, which led to billions of dollars in losses among investors. The agreement revealed that Wells Fargo actually conducted repeated internal testing showing that over half of the loans in question had flaws for which there was no plausible explanation, yet the bank withheld that information from investors and the public.
- In March 2012, the five largest mortgage-servicing companies—**JPMorgan Chase, Citigroup, Bank of America, Wells Fargo**, and Ally Financial (the successor to GMAC)—entered a \$25 billion settlement with the U.S. DOJ and 49 state attorneys general to resolve a host of abusive servicing and foreclosure practices. Principal among them was the mass-signing of affidavits to be filed in court that were required to foreclose on homes in states with a judicial foreclosure process; although the signers were swearing under oath that they had personal knowledge that the foreclosure was valid, they were in fact automatically signing the affidavits without reviewing any of the underlying documentation to ensure their accuracy. In short, they were lying under oath and committing a fraud on the court system. Unsurprisingly, these affidavits routinely got many of the facts wrong, leading to countless improper foreclosures. This was the most massive perjury conspiracy in the history of the country.

## B. The Beat Goes On: Major Violations of Law Continue to the Present Day.

Even after this series of historically large settlements and sanctions resulting from the Six Megabanks' pervasive frauds, which were largely responsible for the worst financial crash since the Great Depression, the banks have apparently learned little. Since the crash, these banks have continued to engage in a wide range of illegal activities. Here are some of the most prominent examples.

- **Running a Precious Metals Criminal Enterprise**

Perhaps nothing illustrates the persistent culture of illegality at **JPMorgan Chase** more than the fact that a criminal enterprise was operated from within the bank for at least a decade. At least six JPMorgan traders were indicted for manipulating the precious metals markets, enriching themselves and the bank at the expense of counterparties and clients. Remarkably, the Department of Justice took the extraordinary step of labeling JPMorgan's precious metals trading desk a criminal enterprise under RICO—the same law typically used to prosecute gangsters. Ultimately, JPMorgan agreed to pay \$920 million in penalties, disgorgement and restitution, and entered into a deferred prosecution agreement with the Department of Justice, to settle the charges.

- **International Corruption on a Grand Scale**

Also illustrating the post-crisis pattern of illegal activity among the nation's largest banks is **Goldman Sachs'** years-long involvement with the 1MDB criminal scheme, which has been referred to as “one of the greatest financial heists in history.” Billions of dollars were looted from Malaysia's sovereign investment fund, raised by Goldman, and hundreds of millions of those dollars were allegedly diverted and used as bribes to steal an election. That enabled the allegedly corrupt prime minister of Malaysia to remain in power for five additional years—a period during which his opponents were crushed and at least one prosecutor was brutally murdered, suffering “a horrific death.”

Goldman managed three no-bid, privately placed Malaysian bond issues from May 2012 to March 2013 that raised about \$6.5 billion from investors around the world. However, more than half of that was reportedly looted by the prime minister and his cronies. Goldman's take for the three offerings alone was reportedly an astonishing \$600 million. While much of the reporting has suggested that this was the extent of Goldman's involvement, nothing could be farther from reality. Goldman maintained a relationship with 1MDB for over five years, from 2009 and through 2014 and the crime spree appears to have been made possible only by the actions, fundraising, and imprimatur of 1MDB's premier global banker—Goldman—as detailed in a Better Markets report on the scandal. Goldman entered a deferred prosecution agreement with the Department of Justice, admitted to the factual predicate for the case, and arranged for its Malaysian subsidiary to plead guilty to crimes related to its conduct with regard to 1MDB. It has further agreed to nearly \$7 billion in penalties and disgorgement under settlements with a variety of jurisdictions and enforcement agencies in the U.S. and around the world, illustrating the wide ranging nature of this scandal.

- **Reckless derivatives trading by the London Whale.**

In May 2012, **JPMorgan Chase** revealed that it had sustained an estimated \$2 billion in losses associated with a series of complex credit default swap (CDS) transactions made through its London branch. It was later revealed that the losses exceeded \$6 billion. JPMorgan Chase agreed in September 2013 to pay a combined \$920 million in penalties to U.S. and U.K. authorities for engaging in “unsafe and unsound practices.” The following month, the bank agreed to pay \$100 million in fines to the CFTC because, by pursuing an aggressive trading strategy, its “traders recklessly disregarded” the principle that markets should set prices. This illegal conduct is particularly worrisome because it shows that only a few years after 2008, JPMorgan Chase was once again engaged in the type of large-scale, risky, proprietary trading in complex derivatives that contributed to the financial crash. While the direct losses exceeded \$6 billion, the resulting loss to JPMorgan Chase’s stockholders in market value exceeded \$22 billion.

- **Manipulation of the LIBOR benchmark interest rate.**


Beginning in 2012, international authorities conducted a lengthy investigation into a widespread plot by multiple banks, including **Citibank** and **JPMorgan Chase**, to manipulate the London Interbank Offered Rate, or LIBOR, for profit. At one time, LIBOR underpinned over \$300 trillion worth of loans worldwide, including home, auto, and personal loans affecting virtually every American. The scandal shook trust in the global financial system. Regulators in the United States, United Kingdom, and European Union fined banks more than \$9 billion in response. An assistant attorney general referred to the scandal as “epic in scale, involving people who have walked the halls of some of the most powerful banks in the world.” Citigroup was among the megabanks that paid a penalty for manipulating LIBOR and related indices, having admitted to reporting consistently false information during a period in 2010 in order to maximize profit. It paid a \$175 million civil penalty to the CFTC for its part in manipulating LIBOR.

- **Excessive insurance fees resulting from a kickback scheme.**

In February 2014, **Bank of America** settled a class action lawsuit brought by homeowners who had a mortgage loan through Bank of America or Countrywide Home loans and ended up with force-placed insurance. Class members alleged that Bank of America and Countrywide violated state and federal laws, including the U.S. Racketeering Influenced and Corrupt Organizations Act, when the banks charged excessive insurance fees in order to cover the cost of kickbacks received from insurance providers. The lawsuit, filed in 2012, provided relief to customers that were charged for force-placed insurance between January 2008 and February 2014.

- **Manipulation of the foreign currency (“FX”) market.**

In May of 2015, the DOJ announced that **Citigroup**, **JPMorgan Chase**, Barclays and Royal Bank of Scotland had agreed to plead guilty to charges of conspiring to manipulate the price of U.S. dollars and euros exchanged in the foreign currency exchange spot market. Together, the banks agreed to pay criminal fines of more than \$2.5 billion. Attorney General Loretta Lynch referred to their conduct as “egregious.” Another official castigated the banks for “undermining the integrity



and competitiveness of foreign currency exchange markets.” These violations sound esoteric, but they impacted virtually every consumer in the United States because the FX markets are used by nearly every company producing goods that are purchased in the U.S. The FX markets are also used by and in connection with anyone traveling overseas. All those people were likely victims of this scheme to rig the FX markets.

- **Illegal credit card practices.**

In February of 2021, **Citibank** agreed to pay \$4.2 million in refunds to customers to settle allegations brought by the attorneys general of multiple states that it had overcharged credit card customers who were entitled to APR reductions under federal law. That was in addition to a July 2015 consent order issued by the CFPB imposing sanctions against **Citibank** for deceptive and unfair practices in connection with credit card add-on products and services, which lasted from 2000 to 2013. The CFPB explained that the bank had engaged in a pattern of misrepresenting the costs, fees, and benefits of the products and had illegally enrolled customers for the services. The order imposed \$700 million in monetary relief for the benefit of 8.8 million affected customer accounts.

- **Fraud and breach of fiduciary duty.**

In December of 2015, the SEC announced the imposition of \$267 million in penalties against **JPMorgan Chase** for fraud, failure to disclose conflicts of interest, and breach of fiduciary duty by its wealth management units. Those units failed to disclose that they operated various investment programs with a preference for proprietary funds and third-party managed private hedge funds that shared client fees with a JPMorgan Chase affiliate. The misconduct extended from 2008 to 2013.

- **Manipulation of the “U.S. Dollar ISDA Fix.”**

In December of 2016, the CFTC issued a consent order against **Goldman Sachs** for its attempts to manipulate a leading global benchmark used to price a range of interest rate derivatives, all for the benefit of Goldman’s trading positions. The violations extended from 2007 into 2012, and involved multiple traders, including the head of the bank’s interest rate products trading group in the U.S. The sanctions included a \$120 million civil penalty.

- **Overdraft fees.**

In May 2021, **Bank of America** settled a class action lawsuit for \$75 million that alleged it had ripped off customers by extracting unearned overdraft fees. Just three years earlier, in September of 2018, a federal judge had approved a class action settlement to resolve claims that Bank of America improperly charged overdraft fees amounting to interest, which when annualized far exceeded the limits on maximum interest rates set by the National Bank Act. The settlement required the bank to pay over \$66 million in reimbursements and debt relief.

- **Unsuitable investment recommendations.**

In February of 2017, the SEC announced a settlement with **Morgan Stanley** for recommending complex inverse ETF investments to clients with retirement and other accounts without ensuring that those investments were suitable. In some instances, the bank failed to obtain documents signed by clients acknowledging the special risks and features surrounding those products. Under the agreement, the bank agreed to pay an \$8 million penalty.

- **Fixing the Price of Fannie and Freddie Bonds**


In 2019, **Bank of America, JPMorgan Chase, Morgan Stanley,** and **Goldman Sachs,** along with several other large banks, contributed to a \$250 million settlement of a lawsuit alleging that they engaged in a widespread conspiracy to fix the prices of bonds issued by Fannie Mae and Freddie Mac. The victims of the banks' price-fixing misconduct included large pension funds for cities, states, and unions.

- **15-Year Crime Spree: Wells Fargo.**

**Wells Fargo** has engaged in a truly breathtaking series of violations that are unrelated to the financial crash, some of which began years before the crash while others are of more recent vintage. It includes, first and foremost, an illegal pattern and practice, under the guise of “cross-selling,” of ripping off millions of customers by fraudulently opening and funding bogus accounts with stolen customer money. It began more than 15 years ago and since then, thousands of Wells Fargo employees in hundreds of branches around the country appear to have engaged in illegal, if not criminal, business practices involving fraud, identity theft, falsification of the banks' books and records, fabrication of customer account information, and the unauthorized charging of fees and debiting of accounts, all in connection with opening millions of bank and credit card accounts their customers did not know about.

Wells Fargo settled the coordinated action of the CFPB, the OCC, and the Los Angeles City Attorney in September 2016 for \$185 million in monetary sanctions. In May of 2018, a federal judge approved a \$142 million settlement for the benefit of customers who paid improper fees or were otherwise harmed by the fake-accounts scandal. And in September of 2018, another federal judge approved a \$480 million settlement in a class action brought by Wells Fargo shareholders who suffered losses after the fake-account scandal came to light. The scheme also included defrauding investors. In February 2020, Wells Fargo was fined \$3 billion by the SEC and DOJ for misrepresenting to investors how successful its cross-selling strategy was—in fact, much of this cross-selling “success” was actually a result of the fraudulent account opening scheme.

That was only the beginning. Immediately after the crash of 2008, Wells Fargo continued to cheat customers. In 2015, Wells Fargo settled allegations brought by the CFPB and the State of Maryland that, between 2009 and 2013, the bank was involved in an illegal marketing-services-kickback scheme with Genuine Title, LLC, which provided Wells Fargo's loan officers with cash, as well as consumer information and marketing services aimed at helping them drum up more loan business.



In return, the loan officers referred real estate settlement service business to Genuine Title. The consent orders required \$24 million in civil penalties from Wells Fargo and \$10.8 million in restitution to consumers whose loans were involved in this scheme.

In July 2012, the bank settled DOJ allegations that it engaged in a pattern or practice of discrimination against qualified African-American and Hispanic borrowers in its mortgage lending from 2004 through 2009. The final price tag to settle was \$203 million.

In 2018, Wells Fargo was ordered to pay \$1 billion to the CFPB and OCC to settle allegations that Wells Fargo violated the Consumer Financial Protection Act in its administration of a mandatory insurance program related to its auto loans and in how it charged certain borrowers for mortgage interest rate-lock extensions. Wells Fargo was ordered to remediate harmed consumers and undertake certain activities related to its risk management.



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Better Lives | Better Communities

**Better Markets** is a public interest 501(c)(3) non-profit based in Washington, DC that advocates for greater transparency, accountability, and oversight in the domestic and global capital and commodity markets, to protect the American Dream of homes, jobs, savings, education, a secure retirement, and a rising standard of living.

Better Markets fights for the economic security, opportunity, and prosperity of the American people by working to enact financial reform to prevent another financial crash and the diversion of trillions of taxpayer dollars to bailing out the financial system.

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