BETTER MARKETS

RAP SHEET REPORT

OCTOBER 12, 2023



# WALL STREET'S ONGOING CRIME SPREE

## 490 Major Legal Actions and Nearly $207 Billion in Fines and Settlements





September 21, 2022 in Washington, DC: Major Bank CEOs testify In House Committee on Financial Services hearing "Holding Megabanks Accountable: Oversight of America's Largest Consumer Facing Banks." (L-R) Andy Cecere (U.S. Bancorp ), William Demchak (PNC Financial Services Group), Jamie Dimon (JPMorgan Chase & Co.), Jane Fraser (Citigroup), Brian Moynihan (Bank of America), William Rogers Jr. (Truist Financial Corporation), and Charles Scharf (Wells Fargo & Company).

# INTRODUCTION

For years, Better Markets has been tracking the enforcement actions against the nation's six largest banks (the "Six Megabanks"), along with some of the most prominent civil cases. The number of actions and the dollar amounts of penalties and damages imposed on the banks have grown with each passing report. And the violations and fines keep piling up, apparently having no impact on the lawbreaking habits at these banks.

Over the past 15 months, since the most recent report in May 2022, the pattern of illegal conduct by the Six Megabanks has continued. Their RAP Sheets[1] now include 60 more new cases, which have resulted in over $9 billion in additional fines arising from the banks' ripping off, discriminating against, or financially endangering their customers.[2] That means the totals from last year's RAP Sheet report have risen from 430 actions to 490 actions and from $198.5 billion in monetary sanctions to $207.7 billion in monetary sanctions. The latest examples of illegal activity by the six largest U.S. banks during the past 15 months includes these cases:

- In May 2022, Bank of America, Chase Bank, and other financial institutions reached a $66.7 million settlement with a group of consumers to resolve claims that the banks had fixed prices with credit card issuers to keep ATM fees artificially inflated.

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[1] Technically, "RAP" narrowly stands for "Record of Arrests and Prosecutions." However, it has a colloquial meaning that is much broader and includes the entire range of predatory misconduct and unlawful behavior, which is how it is used here. *See also* 2022 RAP Sheet (here), 2021 RAP Sheet (here), and 2019 RAP Sheet (here). Individual bank RAP Sheets were issued in September 2020 for JPMorgan Chase (here) and for Goldman Sachs (here).

[2] As reflected below, this conduct is sometimes alleged, sometimes proved, sometimes admitted, and sometimes neither admitted nor denied. To provide a full picture of the various ways predatory and illegal conduct is addressed in the legal system, all types of case resolution are included below.

- In September 2022, Morgan Stanley agreed to pay $35 million to resolve SEC charges that the company demonstrated extensive failures, over a five-year period, to protect the personal identifying information, or PII, of approximately 15 million customers.
- In September 2022, after a Labor Department investigation found that participants in Wells Fargo's 401(k) plan overpaid for company stock, Wells Fargo agreed to pay $131.8 million to plan participants, along with a penalty of $13.2 million.
- In December 2022, Wells Fargo was required to pay more than $2 billion in redress to consumers, as well as a $1.7 billion civil penalty, in a consent order with the CFPB to resolve allegations that the company repeatedly misapplied loan payments, wrongfully foreclosed on homes and illegally repossessed vehicles, incorrectly assessed fees and interest, and charged surprise overdraft fees, along with other illegal activity affecting over 16 million consumer accounts.
- In April 2023, the CFTC ordered Goldman Sachs to pay $15 million for illegally failing to disclose dozens of pre-trade-mid-market marks, as well as failing "to communicate to clients in a fair and balanced manner based on principles of fair dealing and good faith."
- In April 2023, Goldman Sachs was fined $3 million by FINRA for mistakenly marking tens of millions of stock orders as long instead of short, leading to inaccurate records and reports at the bank, as well as executing 12,335 short orders while a short-sale circuit-breaker was in effect.
- In May 2023, Wells Fargo agreed to pay its shareholders $1 billion to settle a class-action lawsuit alleging the bank and its former leadership misled investors and the public about its response to allegations that the bank was improperly opening consumer accounts without permission.
- In May 2023, Bank of America agreed to pay $8 million to customers after a class-action lawsuit alleged the bank improperly charged customers repeated fees for insufficient funds.
- In May 2023, Goldman Sachs agreed to pay $215 million to settle a years-long class-action lawsuit that claimed the bank discriminated against women employees' pay, performance evaluations, and promotions.
- In June 2023, JPMorgan agreed to pay roughly $290 million to settle a class-action lawsuit by victims of Jeffrey Epstein alleging that the bank not only ignored but in fact facilitated Epstein's crimes because he had been a valuable client and helped introduce new wealthy clients to the bank.
- In June 2023, JPMorgan Chase agreed to pay $4 million to the SEC after approximately 47 million emails belonging to its retail banking group were mistakenly and permanently deleted in violation of federal record-keeping requirements.
- In July 2023, the OCC and the CFPB collected $150 million in penalties and $100 million in disgorgement from Bank of America for illegally charging junk overdraft fees, withholding credit card rewards, and opening fake accounts.
- In July 2023, the SEC and FINRA assessed $6 million penalties each against Merril Lynch for anti-money laundering program failures extending from 2009 to late 2019.
- In August 2023, Citigroup agreed to pay a $2.9 million fine to the SEC to settle charges that the bank's broker-dealer unit intentionally violated record-keeping requirements with respect to the expenses incurred in its underwriting business.

- In August 2023, Morgan Stanley agreed to pay 5.41 million British pounds—equal to approximately $6.82 million—to the United Kingdom's energy markets regulator to settle allegations that its traders used banned messaging applications that violated requirements to retain written communications.
- In August 2023, three Wells Fargo units agreed to pay a total of $125 million to the SEC to resolve allegations that its employees were routinely using unofficial communications like WhatsApp, personal texts, or emails to conduct business in violation of record-keeping requirements. In a separate but related case from the CFTC, Wells Fargo agreed to pay $75 million to resolve similar allegations of record-retention violations.
- In August 2023, Wells Fargo agreed to pay the SEC a $35 million civil penalty to settle federal charges that Wells Fargo overcharged more than 10,900 investment advisory accounts more than $26.8 million in advisory fees.
- In August 2023, Goldman Sachs agreed to pay $5.5 million to the CFTC to settle charges that the bank had violated a previous cease-and-desist provision and made recordkeeping errors related to its mismanagement of specific audio files.
- In September 2023, Bank of America agreed to pay $8 million to a class of Bank of America customers to settle allegations that the bank charged the customers multiple fees due to bounced checks. In addition to the monetary award, Bank of America agreed to change its practices and to not assess disputed fees for a period of five years.
- In September 2023, Goldman Sachs paid a $6 million penalty to the SEC to settle charges that the company failed to provide complete and accurate securities trading information, known as blue sheet data, to the SEC. As part of the settlement, Goldman Sachs admitted that it "willfully violated the broker-dealer recordkeeping and reporting provisions of the federal securities laws."
- In September 2023, JPMorgan Chase agreed to pay $75 million to the government of the U.S. Virgin Islands to settle a federal suit alleging that the bank processed over $1 billion for Jeffrey Epstein related to his sex trafficking activity between 2003 and 2019.
- In September 2023, Citigroup agreed to pay a $1,975,000 civil monetary penalty to the SEC for making securities recommendations to retail customers without complying with the disclosure requirements under Regulation Best Interest (Reg. BI) or the requirement to deliver the Form Client Relationship Summary (Form CRS).
- In September 2023, Goldman Sachs agreed to pay the CFTC a $30,000,000 fine for failing to diligently supervise a wide range of its swap dealer activities, and for unprecedented failures regarding swap data reporting and the disclosure of pre-trade mid-market mark information in violation of multiple sections of the Commodity Exchange Act (CEA) and CFTC regulations.
- In September 2023, JPMorgan Chase agreed to pay a $15,000,000 fine for violations related to swaps reporting.
- In September 2023, Bank of America agreed to pay an $8 million civil penalty to the CFTC for failing to diligently supervise swaps reporting and failing to comply with swaps reporting obligations.
- In September 2023, Goldman Sachs agreed to pay a $3 million fine to the CFTC for failure to maintain adequate supervisory systems and controls to ensure its customers' trading was not disruptive and for material omissions in a letter to the CFTC's Division of Enforcement.

# KEY TAKEAWAYS

All of the cases reflected in this report, brought by the government and by private plaintiffs, starkly confirm a core truth about our country's largest banks. While banks portray themselves as upstanding corporate citizens whose primary mission is to help Americans fulfill their financial dreams, in truth they each have a dark side as unrepentant recidivists, breaking virtually every financial law and rule imaginable, often multiple times. 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 bear the losses when they are victimized.

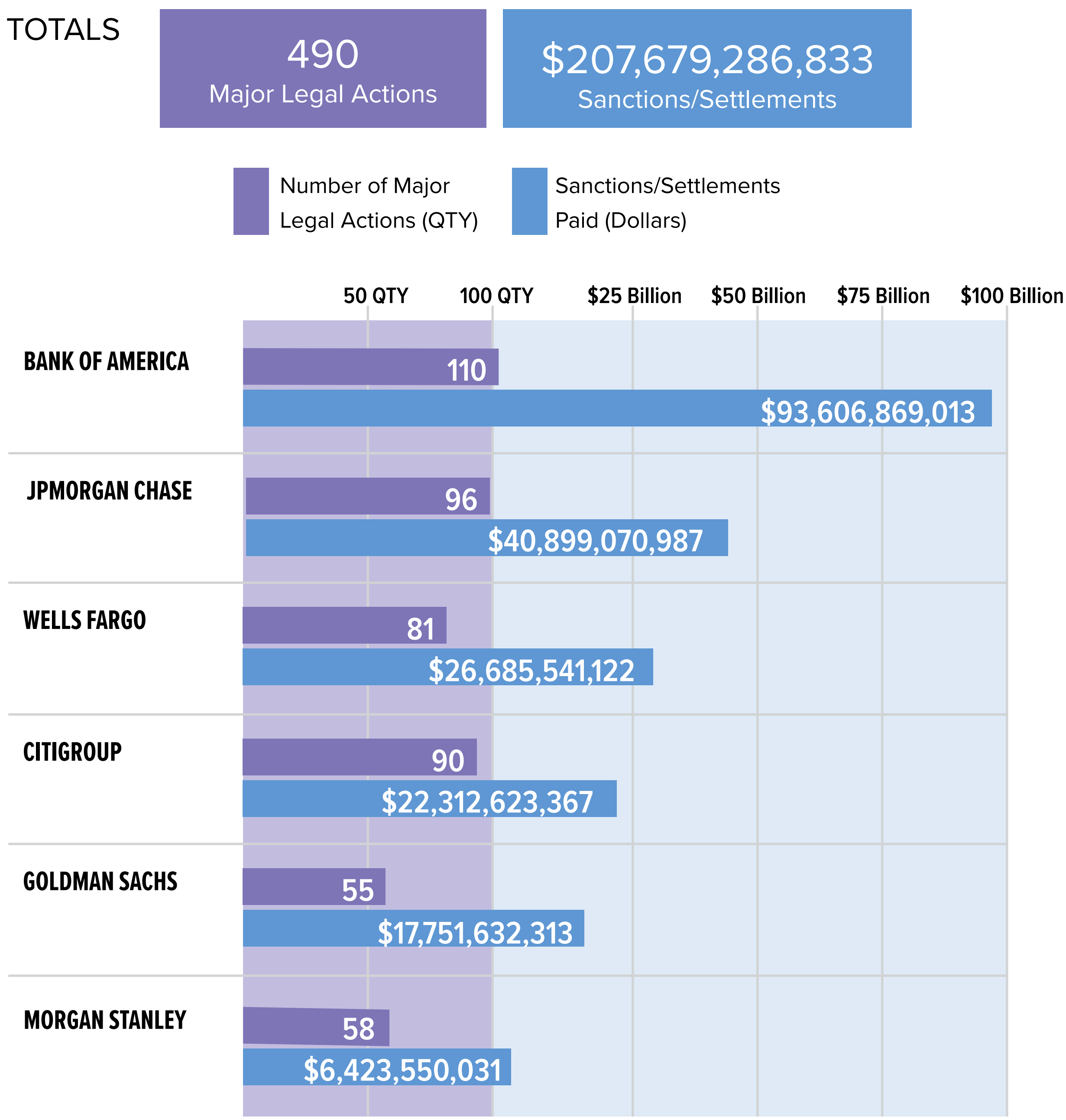
Unfortunately, each of these cases tends to be reported, presented, and discussed as if it were a discrete, isolated event and as if the bank were a first-time offender. Yet, as the RAP Sheets make unmistakably clear, each of Wall Street's biggest banks is a repeat offender and has been for years. Moreover, although rarely mentioned by the DOJ, regulators, or the media, each one of these banks has a decades-long RAP Sheet that merited far more serious consequences, including stringent limits on their business practices, prison sentences for the responsible individuals, and even orders putting the banks 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.

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, showed that those numbers had spiked to 395 actions and over $197 billion in sanctions. Last year's RAP Sheet, released in May 2022, showed the numbers had grown to 430 actions and nearly $200 billion in monetary sanctions. And now, yet again, over the past 15 months, the RAP Sheet has grown, reaching 490 actions and over $207.7 billion in monetary sanctions. In short, the banks continue their lawbreaking as "business as usual." That means routinely breaking the law, getting sweetheart settlements, paying fines that are less than the cost-of-doing-business, and moving on to commit even more violations of law.

The bottom line is 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 decidedly too-big-to-jail.

# THE TWENTY-THREE YEAR OVERVIEW

This report now details each of the 490 major legal actions that the Six Megabanks have been involved in over the past 23 years, which have resulted in over $207.7 billion in fines and settlements. Here's the bank-by-bank snapshot:




The violations giving rise to these major legal actions were serious and wide-ranging, spanning almost every conceivable type of financial crime or violation.

**Before the 2008 financial crisis**, the violations included: 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.

**Leading up to and during the 2008 crisis**, the violations included: 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.

**And post-crisis**, the violations included: 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, including unlawful repossession of loan collateral; bond price-fixing; failure to disclose adviser conflicts of interest; misrepresentations about foreign exchange trading programs; forcing clients into insurance policies; kickback schemes involving title insurance; price fixing; failure to protect personal identifying information or PII; overcharging for bank stock in 401(k) plans; violations of rules governing short sales; double-dipping by repeatedly charging overdraft fees; gender discrimination; recordkeeping violations; overcharging advisory fees; and even providing banking services that facilitated sex trafficking.

Moreover, it is clear that these fines and settlements have been simply 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 the banks view these fines and settlements—even on the scale of tens of billions of dollars—as just a cost of doing business, a speed bump on the road to ever-larger bonuses. That is why those banks keep breaking the law, occasionally getting caught but always buying their way out of serious consequences through forgiving settlements.

# A CLOSER LOOK AT THE BANKS' MOST OUTRAGEOUS ILLEGAL ACTIVITIES

## Massive Frauds That Fueled the Financial Crash

With the fifteenth anniversary of the 2008 financial crisis in September, marked by the collapse of Lehman Brothers, it is appropriate to remember some of the most reckless and illegal activity conducted by the Six Megabanks that triggered and fueled the crash. Here is 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.

- **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 its accuracy. In short, they were lying under oath and committing 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.

## The Beat Goes on As Major Violations of Law Continue to the Present Day

The evidence compiled in this report also shows 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. Each of the Six Megabanks was 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.

- ✓ **The NUMBER OF CASES against the banks INCREASED** over a post-crisis period comparable to the pre-crash years.[3]
- ✓ **The DOLLAR AMOUNT OF SANCTIONS imposed on the banks ALSO INCREASED** relative to the pre-crash period.[4]
- ✓ **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 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 generate massive profits and huge compensation packages for their executives, without facing any meaningful punishment, deterrence, or accountability. Here are some of the most important cases:

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[3] *See* Better Markets, *Wall Street's Six Biggest Bailed-Out Banks: Their RAP Sheets & Their Ongoing Crime Spree* (Apr. 9, 2019), https://bettermarkets.org/sites/default/files/Better%20Markets%20-%20Wall%20Street%27s%20Six%20Biggest%20Bailed-Out%20Banks%20FINAL.pdf.

[4] *See id*. The only aberration arose 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 resulted in an unusually large $4.5 billion repurchase obligation. But for that settlement, Bank of America's post-crash sanctions would have exceeded its pre-crash sanctions by several billion dollars during the relevant period.

- **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. To date, six JPMorgan traders have been indicted for manipulating the precious metals markets, enriching themselves and the bank at the expense of counterparties and clients.[5] 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 it entered into a deferred prosecution agreement with the Department of Justice, to settle the charges.[6]

- **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."[7] 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."[8]

  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.[9] 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 further agreed to nearly $7 billion in penalties and

[5] Sentences have been handed down for two of those traders. *See Former J.P. Morgan Precious Metals Traders Sentenced to Prison*, Department of Justice, https://www.justice.gov/opa/pr/former-jp-morgan-precious-metals-traders-sentenced-prison.

[6] Better Markets issued an individual bank RAP sheet for JPMorgan Chase in September 2020. Better Markets, *After 20 Years of Repeated Illegal Conduct, the DOJ Must Bring Criminal Charges Against JPMorgan Chase and Its Executives* (Sep. 29, 2020), https://www.bettermarkets.org/sites/default/files/documents/JPMorgan_Chase_20-Year_RAP_Sheet_Sept_2020.pdf.

[7] *See* Louise Lucas, *Corruption, vanity, and greed: the story of 1MDB*, FINANCIAL TIMES (Sep. 7, 2018), https://www.ft.com/content/0750ded2-b002-11e8-99ca-68cf89602132.

[8] *See* Romil Patel, *Malaysia 1MDB scandal: Death toll mounts in multimillion-dollar graft probe*, INTERNATIONAL BUSINESS TIMES (Mar. 9, 2016), https://www.ibtimes.co.uk/malaysia-1mdb-scandal-death-toll-mounts-multimillion-dollar-graft-probe-1548461.

[9] *See* Better Markets, *Goldman Sachs' 1MDB "Four Monkeys" Defense and CEO Solomon's Golden Opportunity* (Apr. 25, 2019), https://bettermarkets.com/sites/default/files/Better%20Markets%20-%20Goldman%20Sachs%27%201MDB%20Four%20Monkeys%20Defense%2004-25-2019.pdf.

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.[10]

With respect to individuals involved in the scandal, only the mid-level actors were pursued. Former Goldman Sachs banker Tim Leissner pleaded guilty in 2018 to conspiring to launder money and to violate the Foreign Corrupt Practices Act, although he has yet to be sentenced. According to Leissner's guilty plea, he was ordered to forfeit $43.7 million as a result of his crimes. In April 2022, former Goldman Sachs banker Roger Ng was found guilty by a jury of conspiring with Leissner to bribe foreign officials in violation of the Foreign Corrupt Practices Act, as well as conspiring to embezzle and launder billions of dollars. In March of 2023, he was sentenced to 10 years in federal prison. The third Goldman Sachs affiliate indicted in the 1MDB scheme, Jho Low, remains an international fugitive. Though he has yet to resolve his criminal indictments in the United States and elsewhere, Low reached a settlement with the United States in 2019 to settle civil charges related to the 1MDB scheme.

- **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 was particularly worrisome because it showed 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. LIBOR was used to underpin 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 is the latest megabank to pay 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.

[10] An individual bank RAP Sheet was issued in September 2020 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).

- **Excessive Insurance Fees Resulting from a Kickback Scheme**

  In February 2014, **Bank of America** settled a class action lawsuit brought by homeowners who had mortgage loans 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 virtually 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.

- **Longstanding Failure to Establish Effective Risk Management**

  In 2020, two months after one of its bankers accidentally sent almost $1 billion to the wrong people, **Citigroup** agreed to pay $300 million to federal regulators over long-running problems keeping its daily operations under control. According to the Federal Reserve and the Office of the Comptroller of the Currency, Citi had engaged in numerous "unsafe and unsound banking practices," failed to fix problems that had been identified over a period of several years, and generally demonstrated a "longstanding failure to establish effective risk management."

- **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 order required $24 million in civil penalties from Wells Fargo and over $10 million in redress 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.

And most recently, in December 2022, Wells Fargo settled an enforcement action brought by the Consumer Financial Protection Bureau for $3.7 billion, representing more than $2 billion in redress to consumers and a $1.7 billion civil penalty for legal violations across several of its largest product lines. The bank's illegal conduct led to billions of dollars in financial harm to its customers and, for thousands of customers, the loss of their vehicles and homes. Consumers were illegally assessed fees and interest charges on auto and mortgage loans, had their cars wrongly repossessed, and had payments to auto and mortgage loans misapplied by the bank. Wells Fargo also charged consumers unlawful surprise overdraft fees and applied other incorrect charges to checking and savings accounts. Under the terms of the order, Wells Fargo will pay redress to the over 16 million affected consumer accounts, and pay a $1.7 billion fine, which will go to the CFPB's Civil Penalty Fund, where it will be used to provide relief to victims of consumer financial law violations.


## EXPLANATIONS AND SOLUTIONS

How and why does this keep happening? The answer is three-fold. **First**, the opportunity to acquire vast corporate and personal wealth 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. In fact, 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. **Third** and finally, 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. The media has contributed to this fundamental misperception, by failing to inform the public about what is really going on with these banks and their incessant lawbreaking.

The first factor will always be present, although it can be influenced by appropriate regulation and supervision, such as the SEC's rules requiring more disclosure of executive compensation and placing limits on compensation arrangements that encourage inappropriate risks.[11] 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. The third factor is easily addressable by treating recidivist 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.

Better Markets issued a separate report in May 2023 that focuses on the ineffective and opaque approach to oversight and enforcement by the federal banking regulators.[12] While the report is largely based on the recent failures of Silicon Valley Bank, Signature Bank, and First Republic Bank, its takeaways can and should be applied to the banking industry more broadly, especially the country's largest institutions.

As the report highlights, since the implementation of the Dodd-Frank Act, both the number of enforcement actions and total dollar amount of sanctions against the country's largest banks have increased. While

[11] The latter rule, to be fashioned by the SEC along with the prudential regulators under Section 956 of the Dodd-Frank Act, has progressed in fits and starts since 2011 and has not yet been finalized.

[12] Better Markets, *Banking Crisis Exemplifies the Fed's Enforcement Failures: Here's What to Do About It* (May 15, 2023), https://bettermarkets.org/wp-content/uploads/2023/05/Banking-Enforcement-Report-5.15.23-Final.pdf.

this may seem like the desired result, it is actually indicative of a bigger and more dangerous problem. Banks continue to break the law, prioritizing profits over doing the right thing, protecting consumers, and supporting financial stability. And, they are getting caught in many cases, but it's not enough to stem the tide.

Our May 2023 banking [report](report) emphasizes the need to strengthen banking regulators' enforcement practices and it offers a number of possible changes to make the system of large bank oversight safer and more effective, including:

1. Focus on large banks' boards of directors to ensure that they are successfully carrying out their responsibilities and holding them accountable when they are not;[13]

2. Revise the structure of penalties that result from banks' unlawful behavior to make the financial and reputational costs commensurate with the nature of the offense and severe enough to incentivize a change in behavior;[14] and

3. Increase the public disclosure of supervisory information related to the unlawful behavior and risky practices at banks to leverage the power of market discipline.

As banks' size, scope, complexity, importance, and interconnectedness have increased, their too-big-to-fail, too-big-to-manage, too-big-to-regulate, and too-big-to-jail status has been solidified by the light-touch approach to enforcement. The report highlights a concerning study by the Federal Reserve Bank of New York that showed only 1.5 percent of about 1500 supervisory "actions" issued during the study period were "formal" and made publicly available. This suggests hesitancy, resistance, or avoidance by the regulators to recognize problems, inform the public, and take sufficiently strong action.

The regulatory and supervisory approach must evolve to hold both bank management[15] and boards of directors responsible for their institution's actions, or inactions. The current approach is indefensibly weak, as exemplified by the prosecution of Carrie Tolstedt in the Wells Fargo scandal, one of the longest and most damaging frauds in the history of banking.[16] She was the sole bank employee subject to

[13] *See also*, *e.g.*, Better Markets Comment Letter re *Proposed Guidance on Supervisory Expectation for Boards of Directors* (Feb. 15, 2018) (highlighting the need for greater accountability and more rigorous supervisory expectations for boards of directors), https://bettermarkets.com/sites/default/files/FRS-%20CL-%20BoD%20Supervison%20Expectations%202-15-18.pdf.

[14] 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.

[15] In addition to an increased focus on board accountability, individual executives must also be a greater focus of enforcement. 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.org/newsroom/sec-enforcement-has-incentivized-rewarded-guaranteed-more-wall-st-crime/

[16] Chirs Prentice and Jonathan Stempel, *Former Wells Fargo Executive Avoids Prison in Fake-Accounts Scandal*, REUTERS (Sept. 15, 2023), https://www.reuters.com/business/finance/former-wells-fargo-exec-tolstedt-avoids-prison-time-fake-accounts-scandal-wsj-2023-09-15/#:~:text=N)%20retail%20bank%20on%20Friday,Josephine%20Staton%20in%20Los%20Angeles.

prosecution; under her sentence, she was essentially “sent to her room” for six months under a home confinement order; and she appears to have retained tens of millions of dollars in personal wealth after paying various fines.[17]

At the same time, banking agencies that are responsible for overseeing our nation’s banks must also improve. Supervisors must become more assertive and public disclosure of supervisory information must increase to promote transparency for all Americans to become informed about the activities at the institutions that they have entrusted to protect their life savings.

We hope that this RAP Sheet snapshot of 490 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 prompt the media to report more thoroughly about the causes and consequences of this unremitting pattern of lawless behavior. 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.

[17] Better Markets, *The Double Standard of Justice Lives as Wells Fargo Executive Avoids Prison, Keeps Tens of Millions of Dollars, and the Other Wells Fargo Executives Get Off* (Sept. 15, 2023), https://bettermarkets.org/newsroom/the-double-standard-of-justice-lives-as-wells-fargo-executive-avoids-prison-keeps-tens-of-millions-of-dollars-and-the-other-wells-fargo-executives-get-off/; *see also* Better Markets, *Lone Wells Fargo Executive Charged Criminally, Carrie Tolstedt, To Be Sentenced Tomorrow for Crimes in Phony Accounts Scandal* (Sept. 14, 2023), https://bettermarkets.org/newsroom/lone-wells-fargo-executive-charged-criminally-carrie-tolstedt-to-be-sentenced-tomorrow-for-crimes-in-phony-accounts-scandal/.

# HOW WE GROUPED THE MAJOR CASES FOR EACH BANK

On the subsequent pages, we set forth a summary of all the actions against the six banks, followed by a catalogue of prime examples for each of the banks. Here's how we assembled 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.

**Time period.** We collected data since 2000, which captured violations of law spanning roughly the last 23 years, from 2000 to 2023.

**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 and state level. We also include some major private actions, but our emphasis here is on government enforcement. These cases were brought by federal regulators and prosecutors; self-regulatory organizations (FINRA); state regulators; state attorneys general; and private claimants in some cases.

**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.

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: 490 – Total Sanctions: $207,679,286,833

| TIME PERIOD: | Pre-Crash | Crash-Related | Post-Crash |
|---|---|---|---|
| ACTIONS: | 89 | 111 | 290 |
| SANCTIONS: | $14,353,730,368 | $158,154,937,500 | $35,170,618,965 |

1. Residential mortgage-backed securities fraud
2. Tax evasion
3. Money laundering
4. Manipulation of the foreign currency market and the Forex benchmark rate
5. Short sales violations
6. Manipulation of LIBOR
7. Illegal derivatives trading and reporting
8. Fraud in the sale of auction rate securities
9. Predatory lending
10. Proxy fraud
11. Loan servicing and foreclosure violations
12. Anticompetitive activity in the municipal bond, commodities, and electricity capacity markets
13. Price fixing (credit card fees)
14. Overcharging for mortgage insurance
15. Non-compliant mortgage loans submitted for insurance coverage in violation of the False Claims Act
16. Bid rigging in the muni-bond market
17. Misuse of client order information
18. Improper interest rate increases on credit cards
19. Fraud in the sale of phony credit protection services
20. Misrepresentations regarding loan interest rates
21. Misrepresentation of mutual fund risks
22. Debt collection abuses
23. Illegal kickbacks and pricing schemes regarding home insurance
24. Undisclosed billing for identity theft protection
25. Unlawful credit monitoring service charges
26. Failure to supervise employees' handling of customer accounts and information
27. Unsafe and unsound foreign exchange trading
28. Misuse of customers' cash
29. Failure to safeguard customer securities
30. Failure to control erroneous order flow, leading to mini flash crashes
31. Futures market trading violations and obstructing the exchange investigations
32. Records preparation and retention violations
33. Reporting violations, including failure to file Suspicious Activity Reports and failure to report certain futures and options positions
34. "Yieldburning" – overcharging municipalities for government securities
35. Improper influence of Investment banking interests on broker firm's securities research Improper allocation of IPO stock to institutional investors
36. Failure to meet best execution requirements in OTC market
37. Failure to disclose conflicts of interest
38. Unlawful execution, processing, and reporting of off-exchange futures trades
39. Exceeding speculative position limits in commodity futures contract trading
40. Fund segregation violations
41. Pre-arranged trading ("parking") to favor certain advisory clients
42. Pay-to-play violations
43. Violations of SEC market access rules
44. Failure to implement controls to prevent fraudulent overvaluation of investments
45. Manipulative conduct in trading credit default swaps
46. Failure to report suspicious transactions associated with the Madoff Ponzi scheme
47. Illegal retaliation against whistleblowers
48. Foreign Corrupt Practices Act violations
49. Discrimination against Hispanic and African-American mortgage borrowers
50. Illegal opening of unauthorized deposit and credit card accounts
51. Unauthorized transfers of funds from customer accounts to unauthorized accounts
52. Illegal practices in private student loan servicing
53. Bribery and kickback schemes used to win municipal bond business
54. Fictitious pre-arranged trade of Treasury Note future spreads
55. Unsafe and unsound practices related to derivatives trading
56. Criminal money laundering violations in connection with the Madoff scandal
57. Improper sales below the minimum denomination set in a junk bond offering
58. Misuse of inside information and failure to enforce adequate supervision policies
59. Chinese wall violations
60. Spoofing orders in the U.S. Treasury futures market
61. Misrepresentations surrounding acquisition of Merrill Lynch
62. Failure to protect personal identifying information of bank customers
63. Processing illegal, out-of-state garnishment orders against customers' bank accounts
64. Botching the disbursement of state unemployment benefits at the height of the pandemic
65. Recordkeeping violations
66. Charging surprise overdraft fees
67. Overcharging advisory fees
68. Failure to report suspicious activities associated with Jeffrey Epstein
69. Discrimination against women employees' pay, performance evaluations, and promotions
70. Discrimination against women employees' pay, performance evaluations, and promotions

## Bank of America RAP Sheet Highlights

Total Actions: 110 | Total Sanctions: $93,606,869,013

| TIME PERIOD: | Pre-Crash | Crash-Related | Post-Crash |
|---|---|---|---|
| ACTIONS: | 16 | 42 | 52 |
| SANCTIONS: | $6,803,292,857 | $84,303,950,000 | $2,499,626,156 |
| PRIME EXAMPLES: | **$747 million** for illegally charging 1.9 million consumer accounts for credit monitoring and reporting services that they did not receive. Link | **$16.65 billion settlement** 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. Link | **$228 million** class action settlement for a kickback scheme inflating the cost of insurance that homeowners were forced to buy. Link |
| | **$410 million** for debit card overdraft charges stemming from false or misleading balance information. Link | **$10.956 billion** 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. Link | **$32 million** class action settlement resolving claims of harassing debt-collection calls to customers' cell phones in violation of the 1991 Telephone Consumer Protection Act. Link 1; Link 2 |
| | **$137.3 million** for the bank's participation in a municipal bond derivatives market bid rigging conspiracy. Link 1; Link 2 | **$2.43 billion** shareholder class action settlement for false and misleading statements regarding Merrill Lynch before the acquisition. Link | **$10 million** civil penalty for illegally garnishing customers bank accounts through out-of-state court orders. Link |
| | **$484 million** in penalties and restitution for unfair billing of 1.9 million consumer accounts for identity theft protection and other products. Link | **$1.8 billion** settlement for violating contract with bond issuer relating to securitizations of home loans by disregarding underwriting guidelines. Link | **$225 million** in penalties for failing to preserve electronic communications of the firm and employees as mandated by law. Link |
| | | | **$150 million** in penalties and **$100 million** in disgorgement for unlawfully imposing unnecessary overdraft charges, not providing promised credit card rewards, and creating unauthorized accounts. Link |
| | | | **$8 million** civil penalty to CFTC due to neglect in overseeing swaps reporting and not fulfilling swaps reporting requirements. Link |

## JPMorgan Chase RAP Sheet Highlights

Total Actions: 87 | Total Sanctions: $40,899,070,987

| **TIME PERIOD:** | Pre-Crash | Crash-Related | Post-Crash |
|---|---|---|---|
| **ACTIONS:** | 16 | 17 | 63 |
| **SANCTIONS:** | $4,296,566,797 | $29,790,700,000 | $6,811,804,190 |
| **PRIME EXAMPLES:** | **$461 million** 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. Link | **$13 billion** 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. Link | **$920 million** 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. Link |
| | **$228 million** in restitution, penalties, and disgorgement to federal and state agencies for engaging in in anticompetitive activity in the municipal bond market. Link | **$5.3 billion** 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. Link 1; Link 2 | **$329 million** 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. Link |
| | **$75 million** 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. Link | **$153.6 million** for misleading investors in a complex mortgage securities offering as the housing market was starting to plummet. Link 1; Link 2 | **$920 million** 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." Link |
| | **$1.7 billion** in criminal charges and a settlement of civil claims, including anti-money laundering deficiencies, in connection with the bank's relationship with Bernard L. Madoff Investment Securities. Link | **$797 million** settlement to end all litigation brought on behalf of Lehman Brothers Holdings alleging JPMorgan, as Lehman's main clearing bank, exploited its leverage to siphon away liquidity in days before bankruptcy. Link | **$290 million** settlement to victims of Jeffrey Epstein over the bank's failures in reporting suspicious activities connected to human trafficking. Link |
| | | | **$15 million** penalty for failing to report more than 40 million swap transactions consistent with federal regulations. Link |

## Wells Fargo RAP Sheet Highlights
### Total Actions: 81 | Total Sanctions: $26,685,541,122

| TIME PERIOD: | Pre-Crash | Crash-Related | Post-Crash |
|---|---|---|---|
| ACTIONS: | 15 | 18 | 48 |
| SANCTIONS: | $1,274,740,000 | $13,516,862,500 | $11,893,938,622 |
| PRIME EXAMPLES: | **$203 million** 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. Link | **$5.3 billion** 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. Link | **$1 billion** 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. Link |
| | **$185 million** for opening deposit and credit card accounts without the consent of clients for over a decade. Link | **$2.1 billion** for the bank's role in the fraudulent origination and sale of subprime residential mortgage loans that contributed to the financial crash. Link | **$34.8 million** for engaging in an illegal marketing-services-kickback scheme with Genuine Title. Link |
| | **$3.25 million** to settle allegations that brokers steered retail investors toward riskier mutual fund investments than desired. Link 1; Link 2 | **$85 million** 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. Link | **$5.1 million** to settle charges that the bank improperly encouraged clients to actively trade certain investments that were intended to be held to maturity. Link |
| | | **$67 million** to the Federal Reserve Board for the firm's unsafe or unsound practices relating to historical inadequate oversight of sanctions compliance risks. Link | **$3.7 billion** to the CFPB to resolve allegations that the bank repeatedly misapplied loan payments, wrongfully foreclosed on homes and illegally repossessed vehicles, incorrectly assessed fees and interest, charged surprise overdraft fees, along with other illegal activity affecting over 16 million consumer accounts. Link |
| | | | **$131.8 million** settlement with the U.S. Department of Labor after an investigation found found that participants in Wells Fargo's 401(k) plan overpaid for company stock. Link |
| | | | **$35 million** civil penalty for overcharging investment accounts in advisory fees. Link |

## Citigroup RAP Sheet Highlights

### Total Actions: 90 | Total Sanctions: $22,312,623,367

| **TIME PERIOD:** | Pre-Crash | Crash-Related | Post-Crash |
|---|---|---|---|
| **ACTIONS:** | 17 | 15 | 58 |
| **SANCTIONS:** | $1,461,562,857 | $15,894,800,000 | $4,956,260,510 |
| **PRIME EXAMPLES:** | **$215 million** 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. Link | **$7 billion** to settle charges relating to the packaging and sale of toxic mortgage-backed securities leading up to the financial crash. Link | **$925 million** for conspiracy to fix foreign currency rates. Citigroup was fined and put on probation for three years. Link |
| | **$735 million** to settle CFPB allegations that it misled customers into purchasing unnecessary add-on products for their credit cards. Link | **$2.2 billion** 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. Link | **$175 million** penalty to resolve allegations three Citigroup subsidiaries manipulated the LIBOR interest rate benchmark. Link |
| | **$180 million** 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. Link | **$285 million** 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. Link | **$97.44 million** to resolve DOJ claims that Banamex USA, a subsidiary of Citigroup Inc., willfully failed to maintain an effective anti-money laundering compliance program. Link |
| | **$208 million** in disgorgement and penalties for fraud relating to the creation and operation of an affiliated transfer agent in breach of advisory fiduciary duty. Link | **$968 million** to Fannie Mae settle claims that it misrepresented the quality of home loans sold to the agency. Link | **$225 million** in penalties for failing to preserve electronic communications of the firm and employees as mandated by law. Link |
| | | | **1.975 million** fine to the SEC for advising retail customers on securities without adhering to the disclosure requirements of Regulation Best Interest and requirement to deliver Form Client Relationship Summary. Link |

## Goldman Sachs RAP Sheet Highlights

### Total Actions: 55 | Total Sanctions: $17,751,632,313

| TIME PERIOD: | Pre-Crash | Crash-Related | Post-Crash |
|---|---|---|---|
| ACTIONS: | 14 | 7 | 34 |
| SANCTIONS: | $257,917,857 | $9,198,825,000 | $8,294,889,456 |
| PRIME EXAMPLES: | **$110 million** 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. Link | **$5.06 billion** settlement for Goldman's role in the packaging, securitization, marketing, sale, and issuance of residential mortgage-backed securities leading up to the crash. Link | **$120 million** 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. Link |
| | **$45.2 million** 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. Link | **$3.15 billion** for securities law violations in connection with private-label mortgage-backed securities purchased by Fannie Mae[26] and Freddie Mac. Link 1; Link 2 | **$54.75 million** 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. Link |
| | **$22.5 million** 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. Link | **$550 million** 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. Link | **$7 billion, across several jurisdictions,** and a guilty plea by a subsidiary, for its actions enabling the looting of 1MDB, the Malaysian sovereign wealth fund. |
| | **$40 million** each for Goldman Sachs and Morgan Stanley for attempting to induce certain customers who received allocations of IPOs to place purchase orders for additional shares in the aftermarket. Link | **$330 million** to settle claims for wrongful foreclosures on homeowners during the financial crisis. Link | **$215 million** class action settlement for discrimination claims against women in relation to pay, performance evaluations, and promotions. Link |
| | | | **$15 million** for not disclosing numerous pre-trade-mid-market values and for not conveying information to clients in an unbiased and honest manner, grounded in principles of fair transactions and integrity. Link |
| | | | **$30 million** fine to CFTC for failing to supervise a range of swap dealer activities, including swap data reporting and filing necessary disclosures. Link |
| | | | **$3 million** fine for failing to have sufficient supervisory mechanisms in place to prevent disruptive trading by its customers and for significant oversights in a letter to the CFTC's Division of Enforcement. Link |

## Morgan Stanley RAP Sheet Highlights

### Total Actions: 58 | Total Sanctions: $6,423,550,031

| TIME PERIOD: | Pre-Crash | Crash-Related | Post-Crash |
|---|---|---|---|
| ACTIONS: | 11 | 12 | 35 |
| SANCTIONS: | $259,650,000 | $5,449,800,000 | $714,100,031 |
| PRIME EXAMPLES: | **$50 million** to settle allegations that it failed to provide customers important information relating to their purchases of mutual fund shares. Link | **$2.6 billion** settlement with DOJ to resolve claims related to its marketing, sale, and issuance of residential mortgage-backed securities contributing to the financial crash. Link | **$60 million** 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. Link |
| | **$40 million** to settle allegations relating to the firms' allocations of stock to institutional customers in initial public offerings underwritten by the firm. Link | **$1.25 billion** 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. Link | **$8 million** for violations in connection with the sale of inverse ETF investments recommended to advisory clients. Link |
| | **$4.8 million** for antitrust violations that restrained competition in the New York City electricity capacity market. Link | **$75 million** 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. Link | **$2.96 million** to settle allegations of false and misleading statements about a foreign exchange trading program sold to investors. Link |
| | | | **$7 million** to settle allegations that Morgan Stanley conspired with several other banks to rig the price of derivatives based on an Australian foreign exchange benchmark. Link |
| | | | **$35 million** to settle SEC charges for failing to protect personal identifying information of approximately 15 million customers. Link |

BETTER MARKETS

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**Better Markets** is a public interest 501(c)(3) non-profit based in Washington, D.C. 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.

By being a counterweight to Wall Street's biggest financial firms through the policymaking and rulemaking process, Better Markets is supporting pragmatic rules and a strong banking and financial system that enables stability, growth, and broad-based prosperity. Better Markets also fights to refocus finance on the real economy, empower the buyside, and protect investors and consumers.

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