U.S. SECURITIES AND EXCHANGE COMMISSION

JPMorgan Chase Paying $264 Million to Settle FCPA Charges

FOR IMMEDIATE RELEASE
2016-241
Washington D.C., Nov. 17, 2016 —
The Securities and Exchange Commission today announced that JPMorgan Chase & Co. has agreed to pay more than $130 million to settle SEC charges that it won business from clients and corruptly influenced government officials in the Asia-Pacific region by giving jobs and internships to their relatives and friends in violation of the Foreign Corrupt Practices Act (FCPA).

JPMorgan also is expected to pay $72 million to the Justice Department and $61.9 million to the Federal Reserve Board of Governors for a total of more than $264 million in sanctions resulting from the firm's referral hiring practices.

According to an SEC order issued today, investment bankers at JPMorgan's subsidiary in Asia created a client referral hiring program that bypassed the firm's normal hiring process and rewarded job candidates referred by client executives and influential government officials with well-paying, career-building JPMorgan employment. During a seven-year period, JPMorgan hired approximately 100 interns and full-time employees at the request of foreign government officials, enabling the firm to win or retain business resulting in more than $100 million in revenues to JPMorgan.

"JPMorgan engaged in a systematic bribery scheme by hiring children of government officials and other favored referrals who were typically unqualified for the positions on their own merit," said Andrew J. Ceresney, Director of the SEC Enforcement Division. "JPMorgan employees knew the firm was potentially violating the FCPA yet persisted with the improper hiring program because the business rewards and new deals were deemed too lucrative."

Kara Brockmeyer, Chief of the SEC Enforcement Division's FCPA Unit, added, "The misconduct was so blatant that JPMorgan investment bankers created 'Referral Hires vs Revenue' spreadsheets to track the money flow from clients whose referrals were rewarded with jobs. The firm's internal controls were so weak that not a single referral hire request was denied."

The SEC's order finds that JPMorgan violated the anti-bribery, books and records, and internal controls provisions of the Securities Exchange Act of 1934. JPMorgan agreed to pay $105,507,668 in disgorgement plus $25,083,737 in interest to settle the SEC's case. The SEC considered the company's remedial acts and its cooperation with the investigation when determining the settlement.

The SEC's continuing investigation is being conducted by Neil Smith and Paul Block of the FCPA Unit and Rory Alex and Martin Healey of the Boston Regional Office. The SEC appreciates the assistance of the Fraud Section of the U.S. Department of Justice, the U.S. Attorney's Office for the Eastern District of New York, the Federal Bureau of Investigation, and the Federal Reserve Board of Governors.