

JPMorgan Chase & Co

14:48 19 Nov 2013

JPMorgan, government agree on \$13 bln settlement

JPMorgan Chase & Co. (NYSE:JPM), the largest U.S. bank by assets, will pay \$13 billion to settle government accusations that it misled investors about mortgages it bundled and sold in the run-up to the financial crisis. Shares climbed.

In the settlement, announced today, the New York-based bank acknowledged that it made "serious misrepresentations to the public" about "numerous" mortgage-backed securities transactions.

The settlement also covers mortgage securities sold by Washington Mutual and Bear Stearns, which J.P. Morgan bought in 2008.

The Department of Justice said the settlement "does not absolve J.P. Morgan or its employees from facing any possible criminal charges."

The Justice Department and the New York Attorney General's Office said it was the largest settlement with a single entity in U.S. history. It eclipses the record \$4 billion levied on the huge oil company BP plc (NYSE:BP) in the worst offshore oil spill in U.S. history.

The deal is the latest chapter in the burst of the housing bubble in 2007 when bundles of mortgages sold by JPMorgan and other financial institutions left investors with billions of dollars in losses.

Even after the settlement, the bank faces at least nine other government investigations, covering everything from its hiring practices in China to whether it manipulated the Libor benchmark interest rate.

JPMorgan Chase and government agencies led by the Justice Department reached a tentative agreement in mid-October and have been hammering out details since then.

The \$13 billion JPMorgan settlement amount is only about half of its record 2012 net income of \$21.3 billion, or \$5.20 a share, which made it one of the most profitable U.S. banks last year. Only seven companies in the Dow Jones Industrial Average earned more than \$13 billion in 2012, according to Bloomberg.

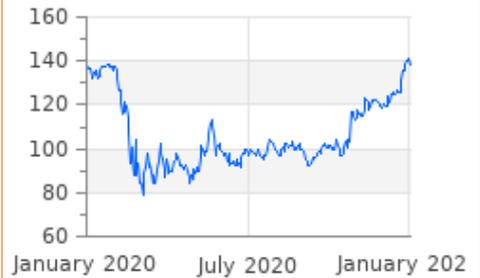
Mounting legal costs from government proceedings pushed JPMorgan to a rare loss in this year's third quarter, the first under CEO Jamie Dimon's leadership. The bank reported Oct. 11 that it set aside \$9.2 billion in the July-September quarter to cover the string of legal cases against the bank. JPMorgan said it has placed \$23 billion in reserve to cover potential legal costs.

The six biggest U.S. banks, led by JPMorgan and Charlotte, North Carolina-based Bank of America Corp., have piled up more than \$100 billion in legal costs since the financial crisis, a figure that exceeds all of the dividends paid to shareholders in the past five years, according to Bloomberg.

Price: 138.64

Market Cap: \$422.6 billion

1 Year Share Price Graph



Share Information

Code: JPM

Listing: NYSE

| | | |
|----------------|-------------|------------|
| 52 week | High | Low |
| | 142.73 | 76.95 |

Sector: Financial Services

Website: www.jpmorganchase.com

Company Synopsis:

JPMorgan Chase & Co. is a leading global financial services firm with assets of \$2.0 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small-business and commercial banking, financial transaction processing, asset management and private equity.

action@proactiveinvestors.com

JPMorgan shares were up 0.6 percent at \$56.09 at 3:41 p.m. in New York, extending this year's gains to approximately 28 percent.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.