

JPMorgan Chase & Co

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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.

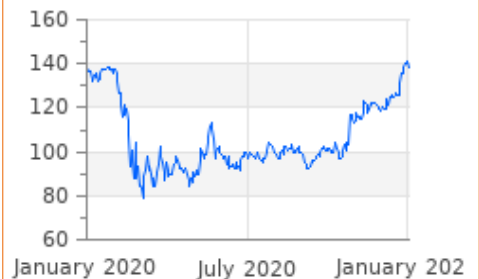
Mounting legal costs from government proceedings pushed JPMorgan to a rare loss in this year's third quarter, the first under CEO Jamie Dimon's leadership. The bank reported Oct. 11 that it set aside \$9.2 billion in the July-September quarter to cover the string of legal cases against the bank. JPMorgan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

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

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