

JPMorgan Chase Bank N.A. Settles Apparent Violations of Multiple Sanctions Programs:

JPMorgan Chase Bank, N.A., New York, NY (“JPMC”) has agreed to remit \$88,300,000 to settle potential civil liability for apparent violations of: the Cuban Assets Control Regulations (“CACR”), 31 C.F.R. part 515; the Weapons of Mass Destruction Proliferators Sanctions Regulations (“WMDPSR”), 31 C.F.R. part 544; Executive Order 13382, “Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters;” the Global Terrorism Sanctions Regulations (“GTSR”), 31 C.F.R. part 594; the Iranian Transactions Regulations (“ITR”), 31 C.F.R. part 560; the Sudanese Sanctions Regulations (“SSR”), 31 C.F.R. part 538; the Former Liberian Regime of Charles Taylor Sanctions Regulations (“FLRCTSR”), 31 C.F.R. part 593; and the Reporting, Procedures, and Penalties Regulations (“RPPR”), 31 C.F.R. part 501, that occurred between December 15, 2005, and March 1, 2011.

This settlement covers the following apparent violations of the CACR, WMDPSR, and RPPR, which OFAC has determined were egregious:

JPMC processed 1,711 wire transfers totaling approximately \$178.5 million between December 12, 2005, and March 31, 2006, involving Cuban persons in apparent violation of the CACR. In November 2005, another U.S. financial institution alerted JPMC that JPMC might be processing wire transfers involving a Cuban national through one of its correspondent accounts. After such notification, JPMC conducted an investigation into the wire transfers it had processed through the correspondent account. The results of this investigation were reported to JPMC management and supervisory personnel, confirming that transfers of funds in which Cuba or a Cuban national had an interest were being made through the correspondent account at JPMC. Nevertheless, the bank failed to take adequate steps to prevent further transfers. JPMC did not voluntarily self-disclose these apparent violations of the CACR to OFAC. As a result of these apparent violations, considerable economic benefit was conferred to sanctioned persons. The base penalty for this set of apparent violations was \$111,215,000.

On December 22, 2009, in apparent violation of the WMDPSR, JPMC made a trade loan valued at approximately \$2.9 million to the bank issuer of a letter of credit in which the underlying transaction involved a vessel that had been identified as blocked pursuant to the WMDPSR due to its affiliation with the Islamic Republic of Iran Shipping Lines (“IRISL”). Although JPMC supervisors and managers determined that this trade loan was likely an apparent violation of the WMDPSR and, in late December 2009, decided to submit a voluntary self-disclosure to OFAC, JPMC did not mail its voluntary self-disclosure until March 2010, three days prior to the date on which JPMC received repayment for the loan without OFAC guidance or authorization. JPMC also failed to respond promptly and completely to an OFAC administrative subpoena seeking information on this transaction. OFAC determined that JPMC made a voluntary self-disclosure of this apparent violation. The base penalty for this apparent violation was \$2,941,838.

The apparent violation of the RPPR occurred between November 8, 2010, and March 1, 2011. On October 13, 2010, OFAC issued JPMC an administrative subpoena pursuant to section 501.602 of the RPPR directing JPMC to provide certain specified documents related to a specific wire transfer referencing “Khartoum.” In response to this subpoena and a subsequent communication, JPMC compliance management failed to produce several responsive documents in JPMC’s possession, and repeatedly stated that JPMC had no additional responsive documents.

OFAC ultimately provided JPMC with a list of multiple responsive documents that OFAC had reason to believe were in JPMC's possession based on communications with a third-party financial institution. This prompted JPMC to correct its prior statements that the bank possessed no additional responsive documents and to produce more than 20 responsive documents. JPMC did not voluntarily self-disclose the apparent violation of the RPPR to OFAC. The base penalty for this apparent violation was \$250,000.

In reaching its determination that the above-referenced apparent violations were egregious because of reckless acts or omissions by JPMC, OFAC considered all of the information in its possession related to these apparent violations, as well as the General Factors Affecting Administrative Action set forth in OFAC's Economic Sanctions Enforcement Guidelines. OFAC determined that JPMC is a very large, commercially sophisticated financial institution, and that JPMC managers and supervisors acted with knowledge of the conduct constituting the apparent violations and recklessly failed to exercise a minimal degree of caution or care with respect to JPMC's U.S. sanctions obligations.

This settlement also covers the following apparent violations, which OFAC determined were not egregious:

Apparent violations of the ITR, GTSR, SSR, FLRCTSR, WMDPSR, and Executive Order 13382 arising out of its failure to appropriately block or reject nine wire transfers between April 27, 2006 and November 28, 2008, which totaled \$609,308. JPMC voluntarily self-disclosed five of these apparent violations to OFAC.

Apparent violations of the WMDPSR and SSR in which JPMC advised and confirmed a \$2,707,432 letter of credit on April 24, 2009, in which the underlying transaction involved a vessel identified by OFAC as blocked due to its affiliation with IRISL, and a \$79,308 letter of credit on January 29, 2008, involving goods destined for Sudan. JPMC voluntarily self-disclosed these apparent violations to OFAC.

An apparent violation of the ITR consisting of a May 24, 2006 transfer of 32,000 ounces of gold bullion valued at approximately \$20,560,000 to the benefit of a bank in Iran. JPMC did not voluntarily self-disclose this matter to OFAC.

OFAC mitigated the total potential penalty based on JPMC's substantial cooperation, including conducting an historical transaction review at OFAC's request and entering into tolling agreements with OFAC, and the fact that OFAC had not issued a Penalty Notice or Finding of Violation against JPMC in the five years preceding the transactions at issue. Mitigation was also extended because JPMC agreed to settle these apparent violations.