



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

July 8, 2011

Stephanie Avakian, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
1875 Pennsylvania Avenue, NW
Washington, DC 20006

**Re: SEC v. J.P. Morgan Securities LLC, Civil Action No. 11-CV-3877
Waiver Request under Regulation A and Rule 505 of Regulation D**

Dear Ms. Avakian:

This responds to your letter dated today, written on behalf of J.P. Morgan Securities LLC ("J.P. Morgan Securities"), and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933.

You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 that arose by reason of the Final Judgment as to J.P. Morgan Securities entered on July 8, 2011 by the United States District Court for the District of New Jersey in SEC v. J.P. Morgan Securities LLC, No. 11-CV-3877 (the "Judgment"). The Judgment, among other things,

- (1) permanently enjoins J.P. Morgan from violating Section 15(c)(1)(A) of the Securities Exchange Act of 1934 (the "Exchange Act");
- (2) orders J.P. Morgan to pay disgorgement in the amount of \$11,065,969, plus prejudgment interest thereon in the amount of \$7,620,380; and
- (3) orders J.P. Morgan to pay a civil penalty in the amount of \$32,500,000 under Section 21(d) of the Exchange Act.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Judgment. We also have assumed that J.P. Morgan Securities will comply with the Judgment.

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On the basis of your letter, I have determined that you have made showings of good cause under Rule 262 and Rule 505 that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 by reason of entry of the Judgment against J.P. Morgan Securities. Accordingly, pursuant to delegated authority, on behalf of the Division of Corporation Finance, I hereby grant relief from any disqualifications from exemptions otherwise available under Regulation A and Rule 505 that may have arisen by reason of entry of the Judgment against J.P. Morgan Securities.

Very truly yours,

A handwritten signature in cursive script that reads "Gerald J. Laporte". The signature is written in black ink and is positioned above the printed name and title.

Gerald J. Laporte
Chief, Office of Small Business Policy

July 8, 2011

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BY E-MAIL AND FEDERAL EXPRESS

Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: *Securities and Exchange Commission v. J.P. Morgan Securities LLC*,
Case No. 11-cv-03877-WJM (D.N.J. July 8, 2011)

Dear Mr. Laporte:

Enclosed is an executed and dated request for a waiver of any disqualifications that is being submitted on behalf of J.P. Morgan Securities LLC ("JPMS") from relying on the offering exemptions provided by Regulation A and Rule 505 of Regulation D, both of which have been promulgated under the Securities Act of 1933 (the "Request").

JPMS, through its lawyers, requests confidential treatment for, and objects to the public disclosure of the information contained in, the Request and this cover letter pursuant (collectively, the "Confidential Material") to 17 C.F.R. § 200.83, until such time as the requested relief is granted. The Confidential Material concerns customarily non-public, commercially sensitive, business information, subject to, without limitation, Exemption 4 of the Freedom of Information Act (the "FOIA"), 5 U.S.C. § 552(b)(4).

In accordance with 17 C.F.R. § 200.83 and other applicable laws and regulations, the Confidential Material is submitted to the Commission with the request that it be kept in a non-public file and that only members of the Commission or its staff have access to it. (As required by 17 C.F.R. § 200.83(c)(3), we are mailing a copy of this letter to the Commission's Office of Freedom of Information and Privacy Act Operations (the "Office") in an envelope marked "FOIA Confidential Treatment Requested.") Should the Commission receive any request for the Confidential Material, under the FOIA or otherwise, JPMS requests that the undersigned immediately be notified of such request, and be furnished a copy of all written materials pertaining to such request (including, but not limited to, the request and any agency determination relating thereto). JPMS expects to be given an opportunity to submit written substantiation of the request for confidential treatment, if such substantiation is deemed necessary, as provided for in 17 C.F.R. § 200.83(d). JPMS further expects that, if the preliminary decision of the Office is that confidential treatment is not warranted, in whole or in part, it will be given ten calendar days from the date of the preliminary decision to submit

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supplemental arguments in support of the confidential treatment request, as provided for in 17 C.F.R. § 200.83(e)(1). In addition, JPMS expects that it will be given ten calendar days from the date of the Office's final decision to release all or part of the Confidential Material to enable it to pursue any remedies that may be available to it, as provided for in 17 C.F.R. § 200.83(e)(1). For either a preliminary decision or final decision, JPMS requests that you telephone the undersigned and send the decision by facsimile rather than relying upon the United States mail for the required notice.

The requests set forth in the preceding paragraphs also apply to any memoranda, notes, transcripts, or other writings of any sort whatsoever that are made by, or at the request of, any employee of the Commission (or any other government agency) and which incorporate, include, or relate to any of the Confidential Material.

Please call me at (212) 230-8845 if you have any questions.

Sincerely



Stephanie Avakian

Enclosure

cc: Office of Freedom of Information and Privacy Act Operations (without enclosure)
Securities and Exchange Commission
100 F Street, N.E.
Mail Stop 5100
Washington, D.C. 20549

July 8, 2011

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Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
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100 F Street, N.E.
Washington, D.C. 20549

Re: *Securities and Exchange Commission v. J.P. Morgan Securities LLC*,
Case No. 11-cv-03877-WJM (D.N.J. July 8, 2011)

Dear Mr. Laporte:

This letter is submitted on behalf of our client, J.P. Morgan Securities LLC (“JPMS”), the settling defendant in an injunctive action arising out of the above-captioned investigation by the Securities and Exchange Commission (the “Commission”). JPMS hereby requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Commission promulgated under the Securities Act of 1933 (the “Securities Act”), waivers of any disqualifications from relying on exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to JPMS and any of the issuers described below as a result of the entry of Final Judgment as to Defendant JPMS (the “Final Judgment”), which is described below. JPMS requests that these waivers be granted effective upon the entry of the Final Judgment. The staff of the Division of Enforcement has informed JPMS that it does not object to the Commission providing the requested waivers.

BACKGROUND

The staff of the Commission engaged in settlement discussions with JPMS in connection with the above-captioned investigation. As a result of these discussions, JPMS submitted a Consent to entry of Final Judgment (the “Consent”) that was presented by the staff of the Commission to the United States District Court for New Jersey (the “Court”) on July 7, 2011, when the Commission filed its complaint (the “Complaint”) against JPMS in a civil action captioned *Securities and Exchange Commission v. J.P. Morgan Securities LLC*, Case No. 11-cv-03877-WJM (D.N.J. July 8, 2011).

In the Consent, solely for the purpose of proceedings brought by or on behalf of the Commission or to which the Commission is a party, JPMS agreed to consent to the entry of the Final Judgment without admitting or denying the matters set forth therein (other than those relating to the jurisdiction of the district court over it and the subject matter solely for purposes of that action). Under the terms of the Final Judgment, which was entered on July 8, 2011, the

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Court permanently enjoined JPMS from future violations of Section 15(c) of the Securities Exchange Act of 1934 (the "Exchange Act"). The Final Judgment resolved the Complaint's allegations that JPMS engaged in misrepresentations in connection with bidding on certain temporary investment of proceeds from the sale of certain tax-exempt municipal securities by state and local governmental entities in the United States. The Complaint alleged that JPMS made misrepresentations in connection with bidding for certain investments, violating Section 15(c)(1)(A) of the Exchange Act [15 U.S.C § 780(c)(1)(A)]. The Final Judgment requires that JPMS pay disgorgement in the amount of \$11,065,969, prejudgment interest in the amount of \$7,620,380, and a civil monetary penalty of \$32,500,000.

DISCUSSION

JPMS understands that the entry of the Final Judgment may disqualify it, affiliated entities, and other issuers from relying on certain exemptions under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act. JPMS is concerned that, should it be deemed to be a promoter, or the underwriter of the securities, of an "issuer" for the purposes of Securities Act Rule 262(b)(2), JPMS, its issuer affiliates, and other issuers with which it is associated in one of those listed capacities and which rely upon or may rely upon these offering exemptions when issuing securities would be prohibited from doing so. The Commission has the authority to waive the Regulation A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

JPMS requests that the Commission waive any disqualifying effects that the Final Judgment may have under Regulation A and Rule 505 of Regulation D with respect to JPMS, its issuer affiliates, or third-party issuers on the following grounds:

1. JPMS's conduct addressed in the Final Judgment does not pertain to offerings under Regulation A or D.

2. JPMS has taken steps to ensure that that the conduct alleged in the Complaint does not recur. None of the employees who were responsible for the conduct described in the complaint is currently employed by the Firm. JPMS also took steps to improve compliance more broadly throughout its entire public finance business, and in connection with this effort hired a compliance officer with significant municipal expertise to oversee public finance compliance. JPMS largely exited the municipal derivatives business in September 2008 and before that date had ceased bidding for municipal reinvestment transactions on tax-exempt bonds that are the subject of the complaint. Finally, in March 2009, JPMS adopted recommendations issued by the Office of the Comptroller of the Currency designed to further enhance management's supervision of the public finance business, in particular, related to competitive bidding.

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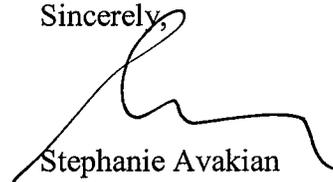
3. The disqualification of JPMS and any of its affiliates from relying on the exemptions under Regulation A and Rule 505 of Regulation D would, we believe, have an adverse impact on third parties that have retained JPMS and its affiliates in connection with transactions that rely on these exemptions.

4. The disqualification of JPMS and its affiliates from relying on the exemptions available under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe, given (i) the lack of any relationship between the transactions that are the subject of the Staff's allegations and any activity related to either Regulation A or D conducted by JPMS and its affiliates, and (ii) the fact that the Commission staff has negotiated a settlement with JPMS and reached a satisfactory conclusion to this matter that resulted in the entry of a Final Judgment compelling prospective compliance with specified federal securities laws and requiring the payment of a disgorgement in the amount of \$11,065,969, prejudgment interest in the amount of \$7,620,380, and a civil monetary penalty of \$32,500,000.

In light of the grounds for relief discussed above, we believe that disqualification is not necessary, in the public interest, or for the protection of investors, and that JPMS has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, to waive, effective upon the entry of the Final Judgment, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable to JPMS, any affiliated issuers, and certain third-party issuers described above as a result of the entry of the Final Judgment.¹

Please do not hesitate to call me at the number listed above if you have any questions.

Sincerely,



Stephanie Avakian

cc: Scott Campbell, Esq., JPMorgan Chase Legal Department

¹ We note in support of this request that the Commission has granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons or in similar circumstances. *See, e.g.*, UBS Financial Securities Inc., S.E.C. No-Action Letter (pub. avail. May 9, 2011); Charles Schwab & Co., Inc., S.E.C. No-Action Letter (pub. avail. Jan. 11, 2011); Goldman Sachs & Co., S.E.C. No-Action Letter (pub. avail. Jul. 20, 2010); In the Matter of Banc of America Investment Services, Inc. and Virginia Holliday, S.E.C. No-Action Letter (pub. avail. Oct. 23, 2009); General Electric Co., S.E.C. No-Action Letter (pub. avail. Aug. 11, 2009); Investools Inc., S.E.C. No-Action Letter (pub. avail. Dec. 16, 2009); A.G. Edwards & Sons, S.E.C. No-Action Letter (pub. avail. May 31, 2006) (waiver after Securities Act Section 17(a)(2) violation); Bear, Stearns & Co., S.E.C. No-Action Letter (pub. avail. May 31, 2006) (same); Goldman, Sachs & Co., S.E.C. No-Action Letter (pub. avail. May 31, 2006) (same).