

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 72303 / June 3, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-13673

In the Matter of

J.P. MORGAN SECURITIES INC.

Respondent.

**ORDER AUTHORIZING THE TRANSFER
OF REMAINING FUNDS AND ANY
FUTURE FUNDS RETURNED TO THE
FAIR FUND TO THE U.S. TREASURY,
DISCHARGING PLAN ADMINISTRATOR
AND TERMINATING THE
FAIR FUND**

On November 4, 2009, the United States Securities and Exchange Commission (“Commission”) issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”) against Respondent J.P. Morgan Securities, Inc. (Securities Act Rel. No. 9078 (Nov. 4, 2009)).

The Order found, among other things, that J.P. Morgan Securities, through two of its managing directors, made over \$8.2 million in undisclosed payments in 2002 and 2003 to local firms whose principals or employees were friends of Jefferson County, Alabama (“County”) public officials. The County officials were instrumental in selecting J.P. Morgan Securities as underwriter, and its affiliated bank as the swap provider, on over \$5 billion in bond underwriting and interest rate swap agreement business awarded by the County. Pursuant to the Order, J.P. Morgan Securities was censured and ordered to cease and desist from committing or causing any violations and any future violations of the charged provisions. The Commission further ordered J.P. Morgan Securities to pay \$1 in disgorgement and a \$25 million civil penalty, and created a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 to distribute the disgorgement and civil penalty paid by Respondent (the “Fair Fund”).

On August 18, 2010, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (Exchange Act Rel. No. 62738) pursuant to Rule

1103 of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §201.1103. The Notice advised parties they could obtain a copy of the Distribution Plan at www.sec.gov. The Notice also advised that all persons desiring to comment on the Distribution Plan could submit their comments, in writing, no later than 30 days from the date of the Notice. No comments were received by the Commission in response to the Notice.

On October 7, 2010, the Commission issued an Order Approving Distribution Plan and Appointing a Plan Administrator (Exchange Act Rel. No. 63060). The Distribution Plan stated that monies from the Fair Fund would be distributed to Jefferson County, Alabama, which was harmed by the Respondent's conduct, as further described in the Distribution Plan. On February 1, 2011, the Commission issued an Order Directing Disbursement of a Fair Fund (Exchange Act Rel. No. 63812) providing for distribution of funds pursuant to the Distribution Plan. On February 11, 2011, the distribution of \$25,033,692.30 was made to the County. All distributions have been made. An amount of \$3,561.69 remains as residual funds.

Paragraph 17 of the Distribution Plan provides that the Fair Fund will be eligible for termination, and the Plan Administrator can be discharged, after: (1) the final accounting has been submitted and approved by the Commission; (2) all taxes, fees and expenses have been paid; and (3) any amount remaining in the Fair Fund has been received by the Commission. A final accounting, which has been submitted to the Commission for approval as required by Rule 1105(f) of the Commission's Rules on Fair Fund and Disgorgement Plans and as set forth in the Distribution Plan, is now approved. Staff has verified that all taxes, fees, and expenses have been paid, and the Commission is in possession of the remaining Fair Fund monies.

Accordingly, IT IS ORDERED that:

- A. The \$3,561.69 remaining in the Fair Fund, and any future funds returned to the Fair Fund, shall be transferred to the U.S. Treasury;
- B. The Plan Administrator, Nichola L. Timmons, is discharged; and
- C. The Fair Fund is terminated.

By the Commission.

Lynn M. Powalski
Deputy Secretary