

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86727 / August 22, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-15507

In the Matter of	:	
	:	ORDER DIRECTING
	:	DISBURSEMENT OF FAIR
JP Morgan Chase & Co.,	:	FUND
	:	
Respondent.	:	

On December 11, 2014, the Securities and Exchange Commission (“Commission”) published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”)¹ pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Rules”) for the distribution of the Fair Fund in this administrative proceeding.² The Notice advised interested persons that they could obtain a copy of the proposed Plan of Distribution (the “Plan”) from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Susan S. Pecaro, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5631.

The Notice also advised that all persons desiring to comment on the Plan could submit their comments, in writing, no later than thirty (30) days from the date of the Notice (1) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; (2) by using the Commission’s internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or (3) by sending an e-mail to [rule-](#)

¹ Exchange Act Rel. No. 73824 (Dec. 11, 2014).

² 17 C.F.R. § 201.1103.

comments@sec.gov. The Commission received no comments on the Plan during the comment period. On February 12, 2015, the Commission issued an Order Approving Plan of Distribution and simultaneously posted the approved Plan.³

The Plan provides for a distribution of a \$200,000,000 civil money penalty paid by JPMorgan Chase & Co. (“JPMorgan”), plus interest, less any amounts expended on tax obligations, to investors, according to the methodology set forth in the Plan (the “Fair Fund”), who were harmed when JPMorgan made misstatements in its public filings regarding the true amount of its losses in the first quarter of 2012 from positions held in the JPMorgan Chief Investment Office’s Synthetic Credit Portfolio and the effectiveness of its disclosure controls and procedures.

On August 11, 2017, the Commission issued an order directing the disbursement of \$200,000,000 from the Fair Fund to Huntington National Bank to be distributed to Eligible Claimants⁴ by the Fund Administrator in accordance with the Plan (the “Initial Distribution”).⁵

After completion of the Initial Distribution, there is a residual amount of \$9,489,297.90 left in the Fair Fund.⁶ The Commission staff seeks to distribute these remaining funds in the Fair Fund to Eligible Claimants in accordance with the Plan (the “Re-distribution”). In addition to the 6,221 Eligible Claimants that participated in the Initial Distribution, cashed their checks, and are eligible to participate in the Re-distribution, this disbursement also includes a second tranche of the Initial Distribution (the “Second Tranche”).⁷ The Second Tranche includes: (a) 5,673

³ Exchange Act Rel. No. 74266 (Feb. 12, 2015).

⁴ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.

⁵ Exchange Act Rel. No. 81383 (Aug. 11, 2017).

⁶ Approximately \$1,184,858.09 of the Fair Fund is presently held at the Commission. The bulk of the Fair Fund, \$8,322,689.81 is at Huntington National Bank, the institution to which the monies were transferred to for the Initial Distribution.

⁷ Footnote 9 in the Plan provides for a \$20.00 *de minimis* in the Re-distribution of funds, but since the Fund Administrator is compensating the Second Tranche investors for both what they were entitled to in the Initial Distribution and in the Re-distribution, the Fund Administrator, in consultation with Commission staff, have decided

claims that were denied because the claims were submitted after the claims bar date; (b) 33 claims that were withheld from the Initial Distribution because certain tax reporting requirements needed to be satisfied before being able to receive a distribution; and (c) 185 timely-filed claims, where the claimant failed to respond and cure defects in their claims within the allotted 30-day response period. These three categories of investors are now deemed Eligible Claimants because the Fund Administrator extended the claims bar deadline to January 25, 2018, and posted the extension on the website, pursuant to Paragraph 22 of the Plan. These Eligible Claimants will receive a Distribution Payment equal to what they would have received in the Initial Distribution in addition to any *pro-rata* share of the Re-distribution they are eligible to receive.

The Fund Administrator has submitted a validated list of payees and payment amounts to the Commission staff for the Second Tranche and the Re-distribution, along with a reasonable assurances letter as to the completeness and accuracy of the information contained therein.

The Commission staff has reviewed the validated list of payees and requests that, pursuant to Rule 1101(b)(6) of the Commission's Rules,⁸ the Commission issue an order directing the disbursement of \$1,166,112.10 from the Fair Funds at the Commission to the Fair Fund's escrow account at Huntington National Bank and directing the Fund Administrator to then disburse a total of \$9,488,801.91 from the Fair Fund's escrow account at Huntington National Bank for distribution to Eligible Claimants in accordance with the Plan.

Accordingly, it is ORDERED that:

- A. The Office of Financial Management shall transfer \$1,166,112.10 in remaining funds held at the Commission to the Fair Fund's escrow account at Huntington National Bank; and

that the fair and reasonable way to proceed is to use a \$10.00 *de minimis* in the Re-distribution because it would be difficult to apply two different *de minimis* amounts to a single payment.

⁸ 17 C.F.R. § 201.1106(b) (6).

B. The Fund Administrator shall then disburse a total of \$9,488,801.91 from the Fair Fund's escrow account at Huntington National Bank for distribution to Eligible Claimants in accordance with the Plan.

By the Commission.

Vanessa A. Countryman
Secretary