

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

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In the Matter of:)	
)	
JPMorgan Chase Bank, N.A.)	AA-EC-13-04
Columbus, OH)	
)	
JPMorgan Bank and Trust Company, N.A., San)	
Francisco, CA)	
)	
Chase Bank USA, N.A.,)	
Newark, DE)	
)	
_____)	

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”), through his national bank examiners and other staff of the Office of the Comptroller of the Currency (“OCC”), has conducted examinations of JPMorgan Chase Bank, N.A., Columbus, Ohio; JPMorgan Bank and Trust Company, N.A., San Francisco, California; and Chase Bank USA, N.A., Newark, Delaware (collectively referred to as “Bank”). The OCC has identified deficiencies in the Bank’s overall program for Bank Secrecy Act/Anti-Money Laundering (“BSA/AML”) compliance and has informed the Bank of the findings resulting from the examinations.

WHEREAS, the Bank, by and through its duly elected and acting Boards of Directors (collectively referred to as “Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated January 14, 2013, that is accepted by the

Comptroller (“Stipulation”). By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Cease and Desist Order (“Order”) by the Comptroller, pursuant to 12 U.S.C. § 1818(b). The Bank has begun corrective action, and has committed to taking all necessary and appropriate steps to remedy the deficiencies identified by the OCC, and to enhance the Bank’s BSA/AML compliance program.

ARTICLE I

COMPTROLLER’S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) The OCC’s examination findings establish that the Bank has deficiencies in its BSA/AML compliance program. These deficiencies have resulted in the failure to correct a previously reported problem and a BSA/AML compliance program violation under 12 U.S.C. § 1818(s) and its implementing regulation, 12 C.F.R. § 21.21 (BSA Compliance Program). In addition, the Bank has violated 12 C.F.R. § 21.11 (Suspicious Activity Report Filings).

(2) The Bank has failed to adopt and implement a compliance program that adequately covers the required BSA/AML program elements due to an inadequate system of internal controls, and ineffective independent testing. The Bank did not develop adequate due diligence on customers, particularly in the Commercial and Business Banking Unit, a repeat problem, and failed to file all necessary Suspicious Activity Reports (“SARs”) related to suspicious customer activity.

(3) The Bank failed to correct previously identified systemic weaknesses in the adequacy of customer due diligence and the effectiveness of monitoring in light of the

customers' cash activity and business type, constituting a deficiency in its BSA/AML compliance program and resulting in a violation of 12 U.S.C. § 1818(s)(3)(B).

(4) Some of the critical deficiencies in the elements of the Bank's BSA/AML compliance program, resulting in a violation of 12 U.S.C. § 1818(s)(3)(A) and 12 C.F.R. § 21.21, include the following:

- (a) The Bank has an inadequate system of internal controls and independent testing.
- (b) The Bank has less than satisfactory risk assessment processes that do not provide an adequate foundation for management's efforts to identify, manage, and control risk.
- (c) The Bank has systemic deficiencies in its transaction monitoring systems, due diligence processes, risk management, and quality assurance programs.
- (d) The Bank does not have enterprise-wide policies and procedures to ensure that foreign branch suspicious activity involving customers of other bank branches is effectively communicated to other affected branch locations and applicable AML operations staff.

The Bank also does not have enterprise-wide policies and procedures to ensure that on a risk basis, customer transactions at foreign branch locations can be assessed, aggregated, and monitored.

(e) The Bank has significant shortcomings in SAR decision-making protocols and an ineffective method for ensuring that referrals and alerts are properly documented, tracked, and resolved.

(5) The Bank failed to identify significant volumes of suspicious activity and file the required SARs concerning suspicious customer activities, in violation of 12 C.F.R. § 21.11. In some of these cases, the Bank self-identified the issues and is engaged in remediation.

(6) The Bank's internal controls, including filtering processes and independent testing, with respect to Office of Foreign Asset Control ("OFAC") compliance are inadequate.

NOW, THEREFORE, IT IS ORDERED that:

ARTICLE II

COMPLIANCE COMMITTEE

(1) The Board shall appoint and maintain a Compliance Committee of at least three (3) directors, of which a majority may not be employees or officers of the Bank or any of its subsidiaries or affiliates. The names of the initial members of the Compliance Committee shall be submitted in writing to the Examiner-in-Charge for a written determination of no supervisory objection. In the event of a change of the membership, the name of any new member shall be submitted in writing to the Examiner-in-Charge at the Bank ("Examiner-in-Charge") for a written determination of no supervisory objection. The Compliance Committee shall be responsible for coordinating and

monitoring the Bank's adherence to the provisions of this Order. The Compliance Committee shall meet at least monthly and maintain minutes of its meetings.

(2) Within ninety (90) days of this Order, and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail the actions taken to comply with each Article of this Order, and the results and status of those actions, including improvements to the BSA/AML Program.

(3) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Deputy Comptroller for Large Bank Supervision ("Deputy Comptroller") and the Examiner-in-Charge within ten (10) days of receiving such report.

ARTICLE III

COMPREHENSIVE BSA/AML ACTION PLAN

(1) Within sixty (60) days of this Order, the Bank shall submit to the Deputy Comptroller and the Examiner-in-Charge a plan containing a complete description of the actions that are necessary and appropriate to achieve full compliance with Articles IV through XI of this Order ("BSA/AML Action Plan"). The Bank shall implement the BSA/AML Action Plan upon the Deputy Comptroller's issuance of a written determination of no supervisory objection. In the event the Deputy Comptroller requires the Bank to revise the plan, the Bank shall promptly make and the Board shall approve necessary and appropriate revisions and resubmit the BSA/AML Action Plan to the Deputy Comptroller and Examiner-in-Charge for review and determination of no supervisory objection. Following implementation, the Bank shall not take any action that

will cause a significant deviation from, or material change to, the BSA/AML Action Plan unless and until the Bank has received a prior written determination of no supervisory objection from the Deputy Comptroller.

- (a) The Board shall ensure that the Bank achieves and thereafter maintains compliance with this Order, including, without limitation, successful implementation of the BSA/AML Action Plan. The Board shall further ensure that, upon implementation of the BSA/AML Action Plan, the Bank achieves and maintains an effective BSA/AML compliance program, in accordance with the BSA and its implementing regulations. In each instance in this Order in which the Board is required to ensure adherence to or undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall: Authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings.
- (b) Require the timely reporting by Bank management of such actions directed by the Board to be taken under this Order;
- (c) Require corrective action be taken in a timely manner for any non-compliance with such actions; and
- (d) Follow-up on any non-compliance with such actions in a timely and appropriate manner.

(2) The BSA/AML Action Plan must specify timelines for completion of each of the requirements of Articles IV through XI of this Order. The timelines in the

BSA/AML Action Plan shall be consistent with any deadlines set forth in these Articles, unless modified by written agreement with the Deputy Comptroller or the Examiner-in-Charge.

(3) Upon request by the Deputy Comptroller or the Examiner-in-Charge, the Bank shall modify the BSA/AML Action Plan to address any Matters Requiring Attention concerning BSA/AML matters, or citations of violations of law concerning BSA/AML matters, which the OCC may issue to the Bank following the effective date of this Order.

(4) The Bank shall ensure that it has sufficient processes, personnel, and control systems to implement and adhere to this Order. The BSA/AML Action Plan must specify in detail budget outlays and staffing, including aggregated staff compensation information in a format acceptable to the Examiner-in-Charge, that are necessary to achieve and maintain full compliance with Articles IV through XI of this Order.

(5) Any independent consultant or auditor engaged by the Bank or the Board to assist in the assessment of the BSA/AML Action Plan or other compliance with this Order must have demonstrated and specialized experience with the BSA/AML matters that are the subject of the engagement, and must not be subject to any conflict of interest affecting the consultant's or auditor's independence.

(6) Within ten (10) days of this Order, the Bank shall designate an officer to be responsible for coordinating and submitting to the OCC the written plans, reports, and other documents required to be submitted under the terms and conditions of this Order.

ARTICLE IV

MANAGEMENT AND ACCOUNTABILITY

(1) The Bank shall ensure there are clear lines of authority and responsibility for BSA/AML and OFAC compliance with respect to lines of business and corporate functions, and that competent and independent compliance management is in place on a full-time basis.

(2) The Bank shall ensure that compliance staff has the appropriate level of authority to implement the BSA/AML Compliance Program and, as needed, question account relationships and business plans. Compliance staff shall maintain independence from the business line. The Bank shall follow any applicable guidance addressing independence issued by the OCC or the FFIEC.

(3) The Bank shall ensure that senior management and line of business management are accountable for effectively implementing bank policies and procedures, and fulfilling BSA/AML/OFAC obligations. The Bank shall incorporate BSA/AML and OFAC compliance into the performance evaluation process for senior and line of business management. Additionally, written Bank policies and procedures shall clearly outline the BSA/AML/OFAC responsibilities of senior management and relevant business line employees, including, but not limited to, relationship managers, business banking, commercial banking, correspondent banking and private banking personnel, and legal and business development staff.

(4) The Bank shall develop appropriate objectives and means to measure the effectiveness of compliance management officers and compliance management personnel within each line of business and for those with responsibilities across lines of business.

(5) The Board shall not permit any other party, including but not limited to the Bank's holding company, to perform any act on behalf of the Bank which is the subject of this Order, unless the Bank requires that party to perform such act in the manner and under safeguards and controls as least as stringent as required by the Bank under the terms of this Order as implemented by the Bank.

ARTICLE V

BSA/AML AND OFAC COMPLIANCE PROGRAM EVALUATION AND RISK ASSESSMENT

(1) Within 60 days of this Order, the Bank shall provide an action plan for the completion of an evaluation of the Bank's BSA/AML and OFAC Compliance Programs to the Examiner-in-Charge for no supervisory objection. If the Examiner-in-Charge recommends changes to the evaluation, the Bank shall incorporate those changes or suggest alternatives that are acceptable to the Examiner-in-Charge.

(2) The evaluation required pursuant to Paragraph (1) of this Article shall be completed and submitted to the Examiner-in-Charge within 90 days following the non-objection of the Examiner-in-Charge to the action plan referred to in Article V(1). This evaluation shall include assessments of the BSA/AML and OFAC Compliance Programs' organizational structure, enterprise-wide effectiveness, competency of management, accountability, staffing requirements, internal controls, customer due diligence processes, risk assessment processes, suspicious activity monitoring systems, audit/independent testing, and training. The evaluation shall include recommendations for enhancements needed to achieve remediation of any deficiencies identified in the evaluation.

(3) This evaluation shall also include a comprehensive assessment of the Bank's BSA/AML risk, including detailed quantification of risk to accurately assess the level of risk and the adequacy of controls. The comprehensive assessment shall include:

- (a) An assessment of the AML risk associated with each line of business, and an enterprise-wide assessment of AML risk. This evaluation shall include, but not be limited to, an assessment of the risk associated with correspondent banking, pre-paid cards and mobile banking, cash-intensive businesses, remote deposit capture, business, commercial, and private banking, and other higher risk products, services, customers, or geographies. The purpose of the enterprise-wide assessment is to identify systemic AML risk that may not be apparent in a risk assessment focused on line of business or assessment units;
- (b) Evaluation of the Bank's current methodology for identifying and quantifying the level of BSA/AML risk associated with categories of customers and for specific customers. The methodology should ensure that the relationships are reviewed holistically, across lines of business, taking into consideration the risk within the Bank. This evaluation shall result in the development of a comprehensive approach to quantifying BSA/AML risk for new and existing customers. The quantification of risk shall encompass a customer's entire relationship with the Bank, include the purpose of the account, actual or anticipated activity in the account (e.g.,

type, volume, and value (number and dollar) of transaction activity engaged in), nature of the customer's business or occupation, customer location (e.g., customers' geographic location, where they transact business, and have significant operations), types of products and services used by the customer, material changes in the customer's relationship with the Bank, as well as other factors discussed within the FFIEC BSA/AML Examination Manual;

- (c) The identification of specific lines of business, geographies, products or processes where controls are not commensurate with the level of AML risk exposure;
- (d) The risk assessment shall be refreshed periodically, the timeframe for which shall not exceed twelve months, or whenever there is a significant change in AML risk within the Bank or line of business. The AML risk assessments shall also be independently reviewed by the Bank's internal audit function for the adequacy of identification of risk; control plan to manage identified risks; gap analyses where controls are not sufficient; and action plans to address gaps; and
- (e) The aggregation of the Bank's enterprise-wide AML risk shall be logical and clearly supported in the work papers. The work papers and supporting documentation shall be readily accessible for OCC review.

(4) OFAC risk shall be included within the BSA/AML risk assessment, using the same criteria as described above in paragraphs 2(a) through (e) of this Article.

ARTICLE VI

CUSTOMER DUE DILIGENCE

(1) Within 90 days of this Order, the Bank shall ensure that appropriate customer due diligence policies, procedures, and processes are developed. These controls shall be implemented and applied on a Bank-wide basis. Minimum corporate standards shall provide general guidance, and individual lines of business and AML compliance management shall develop standards based on their client base, products, services, geographic risk, and other AML risk factors. Customer due diligence shall be commensurate with the customer's risk profile, and sufficient for the bank to develop an understanding of normal and expected activity for the customer's occupation or business operations. The customer due diligence process shall include the following items:

- (a) Information regarding the client's/customer's relationships with the Bank, all lines of business within the Bank, and all Bank subsidiaries or affiliates (that are subject to management control by the Banks' holding company). This includes accounts within other lines of business, regions, and countries (as permitted by jurisdiction). The relationship includes its owners, principals, signers, subsidiaries, affiliates, and parties with the ability to manage or control the account or client;

- (b) An electronic due diligence database, which includes information specified in subparagraph (a) above, that is readily accessible to the relationship manager or other parties responsible for the customer relationship, AML compliance personnel, suspicious activity monitoring alert analysts and investigators, and quality control and assurance personnel;
- (c) Customer due diligence shall be periodically updated to reflect changes in the customer's behavior, activity profile, derogatory information, periodic reviews of the customer relationship, or other factors that impact the AML risk for the client and shall include any remediation required by the standards required by the Article. The frequency of the periodic update of due diligence shall be based on risk with the update performed at least annually for high-risk relationships, triennially for low-risk business relationships, and as appropriate for low-risk individuals. The periodic updates shall be documented, and subject to quality assurance processes;
- (d) The client relationship AML risk shall be detailed in the customer due diligence record, along with the supporting factors, including transaction activity, geographies involved, and suspicious activity monitoring alert and filing history, among others;
- (e) Specialized or enhanced due diligence for higher risk clients and/or products and services shall be implemented enterprise-wide. These due diligence standards shall comply with the FFIEC

BSA/AML Examination Manual, the Interagency Guidance on Beneficial Ownership Information (OCC 2010-11), as well as industry standards; and

- (f) Management processes to periodically review, based on the relationship risk, the type, volume, and value of customer activities in relation to normal and expected levels. The purpose of these reviews shall be to determine if the customer's activity is reasonable, that customer due diligence is current and complete, and the customer risk rating is accurate. These reviews shall be documented and quality assurance processes must ensure the reviews are comprehensive and accurate. Standards and processes shall be established for elevating reviews for additional management consideration regarding increased monitoring, additional due diligence, or account closure/

(2) The Bank shall submit its policies and procedures for customer due diligence to the Examiner-in-Charge for prior no supervisory objection. If the Examiner-in-Charge recommends changes to the policies or procedures, the Bank shall incorporate those changes or suggest alternatives that are acceptable to the Examiner-in-Charge.

ARTICLE VII

SUSPICIOUS ACTIVITY IDENTIFICATION AND REPORTING

(1) Within 60 days of this Order, the Bank shall develop and thereafter shall maintain a written program of policies and procedures to ensure, pursuant to 12 C.F.R.

§ 21.11, the timely and appropriate review and disposition of suspicious activity alerts, and the timely filing of Suspicious Activity Reports (“SARs”).

(2) Within 30 days of this Order, the Bank shall retain or continue an existing or newly revised relationship with one or more independent consultants acceptable to the Examiner-in-Charge to evaluate its suspicious activity identification processes to ensure they are effective and provide comprehensive coverage to the Bank. This evaluation shall include an assessment of the capabilities of any surveillance and transaction monitoring systems used; the scope of coverage provided by the systems; and the management of those systems. Upon completion, the Bank shall submit this evaluation to the Examiner-in-Charge for no supervisory objection. The evaluation shall address, but not be limited to, the following issue:

- (a) An assessment of the functionality of automated transaction monitoring systems used to determine if the systems are sufficiently robust to provide for the timely identification of potentially suspicious activity. A comprehensive listing of weaknesses or deficiencies in the system and the risks presented by these deficiencies shall be highlighted for management consideration;

(3) Management’s implementation of each surveillance and transaction monitoring system shall ensure the following:

- (a) The integrity of data feeding the transaction monitoring systems;
- (b) The system has been sufficiently tailored to the Bank’s risk profile and operations;

- (c) The system's functionality is being utilized to appropriately address risk, including the ability to aggregate data across platforms, lines of business, and relationships; and
- (d) The business logic units, parameters, rules, or other factors selected for automated monitoring are appropriate and effective in identifying client activity that is unreasonable or abnormal given the nature of the client's occupation or business and expected activity. In addition, there shall be:
 - (i) Sufficient management information and metrics to manage and adjust the system, as necessary; and
 - (ii) Statistically valid processes to validate and optimize monitoring system settings and thresholds, and to measure the effectiveness of the automated system and individual scenarios, where appropriate.

(4) Management implementation of the alert investigation processes shall ensure the following:

- (a) The adequacy of staffing to investigate and clear alerts;
- (b) The quality and completeness of information available to analysts working transaction monitoring alerts and conducting investigations;
- (c) The standards for dispositioning different types of alerts are reasonable, communicated in writing to relevant staff, and are adhered to by the alert investigators;

- (d) Adequate documentation is maintained to support the disposition of alerts;
- (e) The availability and adequacy of information to investigate potentially suspicious activity, including, if applicable, information from multiple lines of business a customer transacts with or information from bank subsidiaries or affiliates (that are subject to management control by the Banks' holding company), and information concerning foreign suspicious activity reports involving United States customers;
- (f) Standards that ensure accounts with high volumes of alerts are identified, elevated, and properly categorized as high risk, and subject to enhanced due diligence and monitoring; and
- (g) Sufficient quality control processes to ensure the surveillance and transaction monitoring system, alert management process, and SAR decisioning and filing are working effectively and according to internal standards.

ARTICLE VIII

SUSPICIOUS ACTIVITY REPORT REVIEW (“SAR LOOK-BACK”)

(1) Within 30 days of this Order, the Banks shall provide to the Examiner-in-Charge for prior no supervisory objection an action plan to review the quality of SAR filings (“SAR look-back”). The purpose of the SAR look-back is to review the quality of SARs filed and determine whether corrections or amendments are necessary to ensure

that the suspicious activity identified was accurately reported in accordance with 12 C.F.R. § 21.11, and whether additional SARs should be filed on additional subjects or for continuing suspicious activity.

(2) The SAR look-back must be supervised and certified by independent consultant(s) acceptable to the Examiner-in-Charge with expertise in conducting look-back reviews for large institutions.

(3) Upon completion of the SAR look-back: (i) the Bank shall ensure that SARs have been filed, in accordance with 12 C.F.R. § 21.11, for any previously reported suspicious activity identified during this review; (ii) the written findings shall be reported to the Board; and (iii) the Bank will provide the Examiner-in-Charge with a report, containing relevant information, including the number of modified or amended SARs and any additional or continuing activity SARs filed as a result of the review.

(4) Based upon the results of the SAR look-back, the OCC may expand the scope of the independent review or require a longer SAR look-back period. If an additional SAR look-back is deemed appropriate by the OCC, the Bank shall complete the SAR look-back in accordance with this Article.

ARTICLE IX

ACCOUNT/TRANSACTION ACTIVITY AND SUSPICIOUS ACTIVITY REPORT

REVIEW (“ACCOUNT AND TRANSACTION LOOK-BACK”)

(1) Within 30 days of this Order, the Bank shall provide to the Examiner-in-Charge for prior no supervisory objection an action plan to conduct an independently supervised review of account and transaction activity (“account and transaction look-

back”) covering non-bank financial institutions, as defined in the FFIEC BSA/AML Examination Manual.

(2) The purpose of the account and transaction look-back is to determine whether suspicious activity was timely identified by the Bank, and, if appropriate to do so, was then timely reported by the Bank in accordance with 12 C.F.R. § 21.11.

(3) The account and transaction look-back must be supervised and certified by independent consultant(s) with expertise in conducting look-back reviews for large institutions. The account and transaction look-back shall be risk-based, including the risks identified in the Bank’s risk assessment as revised under Article V, and shall identify the sampling, software screening, or analytical techniques used to identify transactions that are subject to review for suspicious activity.

(4) Upon completion of the account and transaction look-back: (i) the Bank shall ensure that SARs have been filed, in accordance with 12 C.F.R. § 21.11, for any previously unreported suspicious activity identified during this review; (ii) the written findings shall be reported to the Board; and (iii) the Bank will provide the Examiner-in-Charge with a report, containing relevant information, identifying any SARs filed as a result of previously unreported suspicious activity.

(5) Based upon the results of the account and transaction look-back, the OCC may expand the scope of the independent review or require a longer account and transaction look-back period. If an additional account and transaction look-back is deemed appropriate by the OCC, the Bank shall complete the account and transaction look-back in accordance with this Article.

ARTICLE X

INDEPENDENT TESTING AND AUDIT

(1) Within 90 days of this Order, the Bank shall develop and maintain an effective program to audit the Bank's BSA/AML and OFAC Compliance Programs ("Audit Program"). The Audit Program shall include, at a minimum:

- (a) A formal process to track and report upon Bank management's remediation efforts to strengthen the Bank's BSA/AML/OFAC compliance program;
- (b) Testing of the adequacy of internal controls designed to ensure compliance with BSA and OFAC, and their implementing regulations;
- (c) A risk-based approach that focuses transactional testing on higher-risk clients, products, geographies, and significant relationships;
and
- (d) A requirement for prompt management response and follow-up to audit exceptions or other recommendations of the Bank's auditor.

(2) The Audit Program shall evaluate internal controls and effectively and timely identify non-compliance with policy, laws, rules, and regulations across lines of business and within each line of business. At least annually, the Audit Program shall evaluate the adequacy of the Bank's BSA Program based on the results of the independent testing, and considering changes in the quantity of AML risk or AML risk management.

(3) The Bank's audit function shall be adequately staffed with respect to experience level, specialty expertise regarding BSA/AML and OFAC, and number of the individuals employed.

(4) The Bank's Audit Program shall report all internal audit- and OCC-identified deficiencies to the Compliance Committee, the Bank's Audit Committee, and to senior compliance management. The reports shall indicate the severity of the deficiencies, the risks, the corrective actions, and timeframes. Corrective actions must be followed-up by internal audit within a reasonable period of time until closed. Monthly status reports on corrective action status shall be provided to the Compliance Committee and the Bank's Audit Committee.

(5) The Board and senior compliance management shall receive adequately detailed information about the Bank's compliance management program in light of their respective obligations to oversee the Bank and to fulfill their fiduciary responsibilities and other responsibilities under law. Deficiencies in the program shall be identified and highlighted along with the risks.

(6) Within 90 days of this Order, the Bank shall submit the Audit Program to the Examiner-in-Charge for prior no supervisory objection. If the Examiner-in-Charge recommends changes to the Audit Program, the Bank shall incorporate those changes or suggest alternatives that are acceptable to the Examiner-in-Charge.

ARTICLE XI

NEW ACCOUNTS, PRODUCTS, SERVICES, OR MARKET

SEGMENTS/INDUSTRIES

(1) The Bank shall ensure that new products and services are subject to senior level compliance review and approval. These reviews must consider the quantity of BSA/AML and OFAC risk of the new product or service as well as the quality of risk management. At a minimum, these reviews must assess the ability of the Bank's compliance program to manage the risk, the anticipated growth in both the business and the compliance function, and the ability of alert investigators' to manage any anticipated increase in alert volume as a result of the new business.

(2) The Bank shall not enter into a new high-risk (inherent quantity) market segment/industry, enter into new or expand existing high-risk (inherent quantity) lines of business, without conducting a risk assessment, a determination of compliance staffing impact, and without providing prior notification of at least 30 days to the Examiner-in-Charge of such proposed actions.

ARTICLE XII

APPROVAL, IMPLEMENTATION AND REPORTS

(1) The Bank shall submit the written plans, programs, policies and procedures required by this Order for review and determination of no supervisory objection to the Deputy Comptroller and the Examiner-in-Charge within the applicable time periods set forth in Articles III through XI. The Board shall approve the submission and cause the Bank to submit the plans, programs, policies and procedures to the Deputy

Comptroller and Examiner-in-Charge for prior written determination of no supervisory objection. In the event the Deputy Comptroller asks the Bank to revise the plans, programs, policies or procedures, the Board shall promptly make necessary and appropriate revisions and resubmit the materials to the Deputy Comptroller and Examiner-in-Charge for review and determination of no supervisory objection. Upon receiving written notice of no supervisory objection from the Deputy Comptroller, the Board promptly shall adopt the plans, programs, policies and procedures and direct and cause the Bank to implement and thereafter adhere to the plans, programs, policies and procedures. Following implementation of the plans, programs, policies and procedures, the Board shall ensure that the Bank does not take any action that will cause a significant deviation from, or material change to the plans, programs, policies and procedures, unless and until the Board has received prior written determination of no supervisory objection from the Deputy Comptroller.

(2) During the term of this Order, the Bank shall revise the required plans, programs, policies and procedures as necessary to incorporate new, or changes to, applicable legal requirements and supervisory guidelines following the procedures above.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plans, programs, policies and procedures required by this Order.

(4) Within thirty (30) days after the end of each calendar quarter following the date of this Order, the Bank shall submit to the OCC a written progress report detailing the form and manner of all actions taken to secure compliance with the provisions of this Order and the results thereof. The progress report shall include information sufficient to

validate compliance with this Order, based on a testing program acceptable to the OCC that includes, if required by the OCC, validation by third-party independent consultants acceptable to the OCC. The OCC may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

(5) All communication regarding this Order shall be sent to:

Sally G. Belshaw
Deputy Comptroller
Large Bank Supervision
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

Scott N. Waterhouse
Examiner-in-Charge
National Bank Examiners
1166 Avenue of the Americas, 21st Floor
New York, NY 10036

or such other individuals or addresses as directed by the OCC.

ARTICLE XIII

CLOSING

(1) Although this Order requires the Bank to submit certain actions, plans, programs, policies and procedures for the review or prior written determination of no supervisory objection by the Deputy Comptroller or the Examiner-in-Charge, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) This Order constitutes a settlement of the cease and desist proceeding against the Bank contemplated by the Comptroller, based on the unsafe or unsound practices and violations of law or regulation described in the Comptroller's Findings set forth in Article I of this Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the practices and violations described in the Comptroller's Findings set forth in Article I of the Order, to the extent known to the OCC as of the effective date of the Order. Provided, however, that nothing in the Stipulation or this Order shall prevent the Comptroller from instituting other enforcement actions against the Bank or any of its institution-affiliated parties, including, without limitation, assessment of civil money penalties, based on the findings set forth in this Order, or any other findings, and nothing in the Stipulation or this Order shall preclude or affect any right of the OCC to determine and ensure compliance with the terms and provisions of the Stipulation or this Order.

(4) This Order is and shall become effective upon its execution by the Comptroller, through his authorized representative whose hand appears below. The Order shall remain effective and enforceable, except to the extent that, and until such time as, any provision of this Order shall be amended, suspended, waived, or terminated in writing by the Comptroller.

(5) Any time limitations imposed by this Order shall begin to run from the effective date of this Order, as shown below, unless the Order specifies otherwise. The time limitations may be extended in writing by the Deputy Comptroller for good cause upon written application by the Board. Any request to extend any time limitation shall include a statement setting forth in detail the special circumstances that prevent the Bank

from complying with the time limitation, and shall be accompanied by relevant supporting documentation. The Deputy Comptroller's decision regarding the request is final and not subject to further review.

(6) The terms and provisions of this Order apply to JPMorgan Chase Bank, N.A., Columbus, OH; JPMorgan Bank and Trust Company, N.A., San Francisco, CA; and Chase Bank USA, N.A., Newark, DE and all their subsidiaries, even though those subsidiaries are not named as parties to this Order. The Bank shall integrate any activities done by a subsidiary into its plans, policies, programs and processes required by this Order. The Bank shall ensure that its subsidiaries comply with all terms and provisions of this Order.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding the Comptroller or the United States. Without limiting the foregoing, nothing in this Order shall prevent any action against the Bank or its institution-affiliated parties by a bank regulatory agency, the United States Department of Justice, or any other law enforcement agency.

(8) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 14 day of Jan, 2013.

/s/

Sally G. Belshaw
Deputy Comptroller for Large Bank Supervision
Office of the Comptroller of the Currency

execute this Stipulation and Consent to the Issuance of a Consent Order (“Stipulation”), that is accepted by the Comptroller, through his duly authorized representative;

NOW, THEREFORE, in consideration of the above premises, it is stipulated by the Bank that:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

CONSENT

(1) The Bank, without admitting or denying any wrongdoing, consents and agrees to issuance of the accompanying Consent Order by the Comptroller.

(2) The terms and provisions of the Consent Order apply to JPMorgan Chase Bank, N.A., Columbus, OH; JPMorgan Bank and Trust Company, N.A., San Francisco, CA; and Chase Bank USA, N.A., Newark, DE and all their subsidiaries, even though those subsidiaries are not named as parties to the Consent Order.

(3) The Bank consents and agrees that the Consent Order shall be deemed an “order issued with the consent of the depository institution” pursuant to 12 U.S.C. § 1818(h)(2), will

become effective upon its execution by the Comptroller through his authorized representative, and will be fully enforceable by the Comptroller pursuant to 12 U.S.C. § 1818(b).

(4) Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(5) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute this Stipulation.

(6) The Bank expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the United States Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

(7) The Consent Order constitutes a settlement of the cease and desist proceeding against the Bank contemplated by the Comptroller, based on the unsafe or unsound practices and violations of law or regulation described in the Comptroller's Findings set forth in Article I of the Consent Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the practices and violations described in the Comptroller's Findings set forth in Article I of the Consent Order, to the extent known to the OCC as of the effective date of the Order. Provided, however, that nothing in this Stipulation or the Consent Order shall prevent the Comptroller from

instituting other enforcement actions against the Bank or any of its institution-affiliated parties, including, without limitation, assessment of civil money penalties, based on the findings set forth in the Consent Order, or any other findings, and nothing in the Consent Order shall preclude or affect any right of the OCC to determine and ensure compliance with the terms and provisions of this Stipulation or the Consent Order.

(8) The terms and provisions of the Stipulation and the Consent Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Consent Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or the Consent Order.

ARTICLE III

WAIVERS

(1) The Bank, by executing this Stipulation and consenting to the Consent Order, waives:

- (a) Any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
- (b) Any and all procedural rights available in connection with the issuance of the Consent Order;
- (c) Any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(b) and (h), and 12 C.F.R. Part 19;
- (d) Any and all rights to seek any type of administrative or judicial review of the Consent Order;

- (e) Any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or the Consent Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;
- (f) Any and all rights to assert this proceeding, this Stipulation, consent to the issuance of the Consent Order, and/or the issuance of the Consent Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity; and
- (g) Any and all rights to challenge or contest the validity of the Consent Order.

ARTICLE IV

ELIGIBLE BANK – OTHER PROVISIONS

- (1) As a result of the Consent Order:
 - (a) The Bank is an “eligible bank” pursuant to 12 C.F.R. § 5.3(g)(4) for the purposes of 12 C.F.R. Part 5 regarding rules, policies and procedures for corporate activities, unless otherwise informed in writing by the OCC;
 - (b) The Bank is not subject to the limitation of 12 C.F.R. § 5.51(c)(6)(ii) for the purposes of 12 C.F.R. § 5.51 requiring OCC approval of a change in directors and senior executive officers, unless otherwise informed in writing by the OCC;

- (c) The Bank is not subject to the limitation on golden parachute and indemnification payments provided by 12 C.F.R. § 359.1(f)(1)(ii)(C) and 12 C.F.R. § 5.51(c)(6)(ii), unless otherwise informed in writing by the OCC;
- (d) The Bank’s status as an “eligible bank” remains unchanged pursuant to 12 C.F.R. § 24.2(e)(4) for the purposes of 12 C.F.R. Part 24 regarding community and economic development, unless otherwise informed in writing by the OCC; and
- (e) The Consent Order shall not be construed to be a “written agreement, order, or capital directive” within the meaning of 12 C.F.R. § 6.4, unless the OCC informs the Bank otherwise in writing.

ARTICLE V

CLOSING

(1) The provisions of this Stipulation and the Consent Order shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

(2) Nothing in this Stipulation or the Consent Order shall preclude any proceedings brought by the Comptroller to enforce the terms of the Consent Order, and nothing in this Stipulation or the Consent Order constitutes, nor shall the Bank contend that it constitutes, a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions, that may be or have been brought by any other representative of the United

States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) The terms of this Stipulation, including this paragraph, and of the Consent Order are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of JPMorgan Chase Bank, N.A., Columbus, OH, have hereunto set their hands on behalf of the Bank.

/s/
Frank J. Bisignano

01/14/13
Date

/s/
James S. Crown

01/14/13
Date

/s/
James Dimon

01/14/13
Date

/s/
Laban P. Jackson, Jr.

01/14/13
Date

/s/
Marianne Lake

01/14/13
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of JPMorgan Bank and Trust Company, N.A., San Francisco, CA, have hereunto set their hands on behalf of the Bank.

/s/ _____
Brent L. Barton

01/14/2013 _____
Date

/s/ _____
John J. Hyland

01/14/2013 _____
Date

/s/ _____
Kelly A. Mathieson

01/14/2013 _____
Date

/s/ _____
Jennifer A. Piepszak

01/14/2013 _____
Date

/s/ _____
Daniel J. Riner

01/14/2013 _____
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Chase Bank USA, N.A., Newark, DE, have hereunto set their hands on behalf of the Bank.

/s/
Raymond Fischer

01/14/2013
Date

/s/
Catherine M. Hogan

01/14/2013
Date

/s/
Matthew Kane

01/14/2013
Date

/s/
James K. Paterson

01/14/2013
Date

/s/
Keith W. Schuck

01/14/2013
Date

/s/
Eileen M. Serra

01/14/2013
Date

/s/
John C. Marion

01/14/2013
Date

Accepted by:

THE COMPTROLLER OF THE CURRENCY

By: /s/

01/14/2013

Sally G. Belshaw Date
Deputy Comptroller for Large Bank Supervision
Office of the Comptroller of the Currency