



**U.S. Department of Justice**

*United States Attorney  
Eastern District of New York*

*Criminal Division  
Fraud Section*

271 Cadman Plaza East  
Brooklyn, New York 11201

Bond Building  
1400 New York Ave., NW  
Washington, DC 20005

November 17, 2016

Mark F. Mendelsohn, Esq.  
Paul, Weiss, Rifkind, Wharton & Garrison LLP  
2001 K Street, NW  
Washington, DC 20006

**Re: JPMorgan Securities (Asia Pacific) Limited Criminal Investigation**

Dear Mr. Mendelsohn:

The United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Eastern District of New York (collectively, the "Offices") and JPMorgan Securities (Asia Pacific) Limited ("JPMorgan-APAC" or the "Company") pursuant to authority granted by JPMorgan-APAC's Board of Directors, enter into this Non-Prosecution Agreement ("Agreement"). JPMorgan Chase & Co. ("JPMC"), pursuant to authority granted by JPMC's Board of Directors, also agrees to certain terms and obligations of the Agreement as described below.

The Offices enter into this Agreement based on the individual facts and circumstances presented by this case and the Company, including:

- a) the Company did not receive voluntary disclosure credit because neither it nor JPMC voluntarily and timely disclosed to the Offices the conduct described in the Statement of Facts attached hereto as Attachment A ("Statement of Facts");
- b) the Company received full credit for its and JPMC's cooperation with the Offices' investigation, including conducting a thorough internal investigation, making regular factual presentations to the Offices, voluntarily making foreign-based employees available for interviews in the United States, producing documents to the Offices from foreign countries in ways that did not implicate foreign data privacy laws, and collecting, analyzing, and organizing voluminous evidence and information for the Offices;
- c) by the conclusion of the investigation, JPMC provided to the Offices all relevant facts known to it, including information about individuals involved in the misconduct;

d) the Company and JPMC engaged in extensive remedial measures, including: (1) causing five employees who participated in the misconduct described in the Statement of Facts to separate from the Company—one employee resigned after being placed on leave, one employee received a notice of separation while on leave, and three employees resigned or retired after receiving a notice of separation; (2) causing one employee who failed to identify issues with referral hiring and failed to take appropriate steps to mitigate risks to separate from the Company; (3) disciplining an additional twenty-three employees who failed to detect the misconduct, failed to supervise effectively those who were engaged in the misconduct, failed to take appropriate steps to mitigate corruption and compliance risks, and/or who were lower-level employees engaged in the misconduct at the direction of supervisors; (4) imposing more than \$18.3 million in financial sanctions on former or current employees in connection with the remediation efforts; (5) conducting individualized training for certain remaining employees; (6) adopting heightened controls related to their hiring programs, including standardizing hiring programs and requiring that every application for a hire be routed through a centralized human resources application process; (7) more than doubling their resources devoted to compliance, particularly in the Asia-Pacific region; and (8) requiring improved Foreign Corrupt Practices Act (“FCPA”) training;

e) the Company and JPMC have enhanced and are committed to continuing to enhance their compliance programs and internal controls, including ensuring that their compliance programs satisfy the minimum elements set forth in Attachment B to this Agreement (Corporate Compliance Program);

f) accordingly, after considering (a) through (e) above, the Company received an aggregate discount of 25% off of the bottom of the U.S. Sentencing Guidelines fine range;

g) based on the Company’s and JPMC’s remediation and the state of their compliance programs, and the Company’s and JPMC’s agreement to report to the Offices as set forth in Attachment C to this Agreement (Corporate Compliance Reporting), the Offices determined that an independent compliance monitor was unnecessary;

h) the nature and seriousness of the offense conduct, including that certain senior executives and employees of the Company conspired to engage in *quid pro quo* agreements with Chinese officials to obtain investment-banking business, planned and executed a program to provide specific personal benefits to senior Chinese officials in the position to award or influence the award of banking mandates, and repeatedly falsified or caused to be falsified internal compliance documents in place to prevent the specific conduct at issue here; and

i) the Company and JPMC (on its behalf and through its subsidiaries and affiliates) have agreed to continue to cooperate with the Offices in any ongoing investigation of the conduct of the Company, JPMC, their subsidiaries and affiliates and their officers, directors, employees, agents, business partners, distributors, and consultants relating to violations of the FCPA.

The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as set forth in the Statement of Facts and incorporated by reference into this Agreement, and that the facts described in the Statement of Facts are true and accurate. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents, or any other person authorized

to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the Statement of Facts. The Company agrees that if it, its parent company, or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult the Offices to determine: (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Company; and (b) whether the Offices have any objection to the release.

The Company's and JPMC's obligations under this Agreement shall have a term of three years from the date on which the Agreement is executed (the "Term").

The Company and JPMC shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct related to corrupt payments, false books and records, failure to implement adequate internal accounting controls, and circumvention of internal controls under investigation by the Offices, subject to applicable law and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded or the Term. At the request of the Offices, the Company and JPMC shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of the Company, its parent company or its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and the Statement of Facts, and other conduct related to corrupt payments, false books and records, failure to implement adequate internal accounting controls, and circumvention of internal controls under investigation by the Offices. The Company and JPMC agree that their cooperation shall include, but not be limited to, the following:

a) The Company and JPMC shall, subject to applicable law and regulation, truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work-product doctrine with respect to their activities, those of their affiliates, and those of their present and former directors, officers, employees, agents, and consultants, including any credible evidence or allegations and internal or external investigations, about which the Company or JPMC have any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company and JPMC to provide to the Offices, upon request, any document, record or other tangible evidence about which the Offices may inquire of the Company and JPMC.

b) Upon request of the Offices, the Company and JPMC shall designate knowledgeable employees, agents or attorneys to provide to the Offices the information and materials described above on behalf of the Company and JPMC. It is further understood that the Company and JPMC must at all times provide complete, truthful, and accurate information.

c) The Company and JPMC shall use their best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents, and consultants of the Company and JPMC. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as

interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation shall include identification of witnesses who, to the knowledge of the Company or JPMC, may have material information regarding the matters under investigation.

d) With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, the Company and JPMC consent to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as MDBs, of such materials as the Offices, in their sole discretion, shall deem appropriate.

In addition, during the Term of the Agreement, should the Company or JPMC learn of credible evidence or allegations of actual or potentially corrupt payments, false books, records, and accounts, or the failure to implement adequate internal accounting controls, the Company or JPMC shall promptly report such evidence or allegations to the Offices. No later than thirty (30) days after the expiration of the Term of this Agreement, the Company, by the Chief Executive Officer of the Company, will certify to the Offices that the Company has met its disclosure obligations pursuant to this Agreement. Such certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001.

The Company and JPMC represent that they have implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout their operations, including those of their affiliates, agents, and joint ventures, and those of their contractors and subcontractors whose responsibilities include interacting with foreign officials or other activities carrying a high risk of corruption, including, but not limited to, the minimum elements set forth in Attachment B (Corporate Compliance Program), which is incorporated by reference into this Agreement. In addition, the Company and JPMC agree that they will report to the Offices annually during the Term of the Agreement regarding remediation and implementation of the compliance measures described in Attachment B. These reports will be prepared in accordance with Attachment C (Corporate Compliance Reporting).

The Company agrees to pay a monetary penalty in the amount of \$72,000,000 to the United States Treasury within ten (10) business days of the execution of the Agreement. The monetary penalty is based upon profits of at least \$35 million as a result of the corrupt scheme, and reflects a discount of 25% off of the bottom of the U.S. Sentencing Guidelines fine range. This monetary penalty is in addition to the \$130,591,405 disgorgement of profits plus prejudgment interest by JPMC in connection with its resolution with the U.S. Securities and Exchange Commission in a related matter. The Company acknowledges that no tax deduction may be sought in connection with the payment of any part of this \$72,000,000 penalty. The Company shall not seek or accept directly or indirectly reimbursement or indemnification from any source, other than from JPMC or any of its affiliates or subsidiaries, with regard to the penalty or disgorgement amounts that the Company pays pursuant to this Agreement or any other agreement concerning the facts set forth in the Statement of Facts entered into with an enforcement authority or regulator.

The Offices agree, except as provided herein, that they will not bring any criminal or civil case (except for criminal tax violations, as to which the Offices do not make any agreement) against the Company or any of its present or former parents or subsidiaries relating to: (1) any of the conduct described in the attached Statement of Facts; (2) the hiring or treatment of individuals referred by clients, prospective clients, and other government officials as disclosed to the Offices prior to the signing of this Agreement; and (3) the payment of speaking fees to individuals and entities in China as described to the Offices prior to the signing of this Agreement. The Offices, however, may use any information related to the conduct described in the attached Statement of Facts against the Company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. This Agreement does not provide any protection against prosecution for any future conduct by the Company or any of its present or former parents or subsidiaries. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company.

If, during the Term of this Agreement: (a) the Company commits any felony under U.S. federal law; (b) the Company or JPMC provides in connection with this Agreement deliberately false, incomplete, or misleading information; (c) the Company or JPMC fails to cooperate as set forth in this Agreement; (d) the Company or JPMC fails to implement a compliance program as set forth in this Agreement and Attachment C; (e) the Company or JPMC commits any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) the Company or JPMC otherwise fails specifically to perform or to fulfill completely each of the Company's and JPMC's obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the Term of the Agreement is complete, the Company and JPMC, and their subsidiaries and affiliates, shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the conduct described in the Statement of Facts, which may be pursued by the Offices in the U.S. District Court for the Eastern District of New York or any other appropriate venue. Determination of whether the Company or JPMC has breached the Agreement and whether to pursue prosecution of the Company shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Company, JPMC, or their subsidiaries or affiliates. Any such prosecution relating to the conduct described in the Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company, JPMC, or their subsidiaries or affiliates, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company and JPMC agree that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company and JPMC agree that the statute of limitations as to any violation of U.S. federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

In the event the Offices determine that the Company or JPMC has breached this Agreement, the Offices agree to provide the Company and JPMC with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, the Company and JPMC shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions the Company and JPMC have taken to address and remediate the situation, which explanation the Offices shall consider in determining whether to pursue prosecution of the Company, JPMC, or their subsidiaries or affiliates.

In the event that the Offices determine that the Company or JPMC has breached this Agreement: (a) all statements made by or on behalf of the Company, JPMC, or their subsidiaries or affiliates to the Offices or to the Court, including the Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Offices against the Company, JPMC, or their subsidiaries or affiliates; and (b) the Company, JPMC, or their subsidiaries or affiliates shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Company, JPMC, or their subsidiaries or affiliates prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Company, JPMC, or their subsidiaries or affiliates will be imputed to the Company or JPMC for the purpose of determining whether the Company or JPMC has violated any provision of this Agreement shall be in the sole discretion of the Offices.

Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the Term of the Agreement, it undertakes any change in corporate form, including if it sells, merges, or transfers business operations that are material to the Company's consolidated operations or to the operations of any subsidiaries or affiliates involved in the conduct described in the Statement of Facts attached hereto, as they exist as of the date of this Agreement, whether such change is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The Company shall obtain approval from the Offices at least thirty (30) days prior to undertaking any such sale, merger, transfer, or other change in corporate form, including dissolution, in order to give the Offices an opportunity to determine if such change in corporate form would impact the terms or obligations of the Agreement.

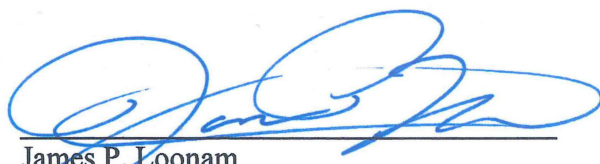
This Agreement is binding on the Company, JPMC, and the Offices but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local, or foreign law enforcement or regulatory agencies, or any other authorities, although the Offices will bring the cooperation of the Company and JPMC and their compliance with their other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company or JPMC.

It is further understood that the Company, JPMC, and the Offices may disclose this Agreement to the public.

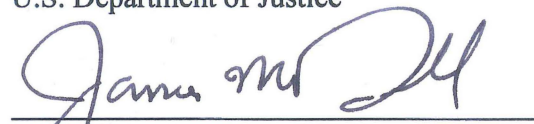
This Agreement sets forth all the terms of the agreement between the Company, JPMC, and the Offices. No amendments, modifications, or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for the Company and JPMC, and a duly authorized representative of the Company.

Sincerely,

Robert L. Capers  
United States Attorney  
Eastern District of New York

  
James P. Loonam  
Assistant U.S. Attorney

Andrew Weissmann, Chief  
Sandra L. Moser, Principal Deputy Chief  
Daniel S. Kahn, Deputy Chief  
Criminal Division, Fraud Section  
U.S. Department of Justice

  
Leo R. Tsao, Assistant Chief  
James P. McDonald, Trial Attorney  
Derek J. Ettinger, Trial Attorney

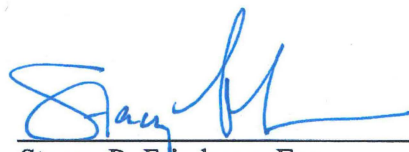
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Date: 11/17/2016


**AGREED AND CONSENTED TO:**

JPMORGAN SECURITIES (ASIA PACIFIC) LIMITED

Date: 11/17/2016

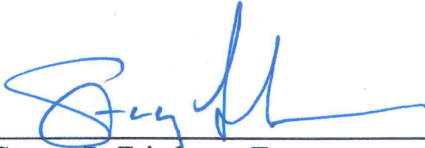
By:   
Stacey R. Friedman, Esq.  
General Counsel, JPMorgan Chase & Co.

Date: 11/17/2016


By:   
Mark F. Mendelsohn, Esq.  
Counsel for JPMorgan Securities (Asia Pacific) Limited

JPMORGAN CHASE & CO.

Date: 11/17/2016

By:   
Stacey R. Friedman, Esq.  
General Counsel, JPMorgan Chase & Co.

Date: 11/17/2016

By:   
Mark F. Mendelsohn, Esq.  
Counsel for JPMorgan Chase & Co.



## ATTACHMENT A

### **STATEMENT OF FACTS**

1. The following Statement of Facts is incorporated by reference as part of the Non-Prosecution Agreement (the “Agreement”) between the United States Department of Justice, Criminal Division, Fraud Section, the United States Attorney’s Office for the Eastern District of New York (collectively, the “Offices”), and the defendant JPMorgan Securities (Asia Pacific) Limited (“JPMorgan-APAC” or the “Company”). Certain of the facts herein are based on information obtained from third parties by the Offices through their investigation and provided to the Company. JPMorgan-APAC hereby agrees and stipulates that the following facts and conclusions of law are true and accurate. JPMorgan-APAC admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below.

#### **Relevant Entities and Individuals**

2. JPMorgan Chase & Co., a Delaware incorporated and New York headquartered financial services firm, and its subsidiaries and affiliated companies (collectively, “JPMorgan”) provided numerous types of financial services, including investment banking, globally. JPMorgan Chase & Co.’s shares were publicly traded on the New York Stock Exchange and it was an “issuer” within the meaning of the Foreign Corrupt Practices Act (“FCPA”), Title 15, United States Code, Section 78dd-1(a).

3. JPMorgan-APAC was a Hong Kong registered company and wholly owned subsidiary of JPMorgan Chase & Co. JPMorgan-APAC, which was headquartered in Hong Kong, principally carried out investment banking under the “JPMorgan” brand for the Asia-Pacific region. JPMorgan-APAC was an “agent” of an issuer within the meaning of the FCPA,

Title 15, United States Code, Section 78dd-1(a), and a number of its employees and agents were each a “person” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(a) and (f)(1). Many of JPMorgan-APAC’s clients in China were state-owned enterprises (“SOEs”), which were owned and controlled by the government of China and performed a function that the government treated as its own, and thus were each an “instrumentality” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-3(f)(2). Employees of these customers and clients were therefore “foreign officials” within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-3(f)(2).

#### **Relevant JPMorgan-APAC Clients and Government Officials**

4. “Client 1,” an entity whose identity is known to the United States and the Company, was a state-owned and controlled Chinese financial services firm and an instrumentality within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-3(f)(2) (“instrumentality”).

5. “Client 2,” an entity whose identity is known to the United States and the Company, was a private Chinese manufacturing company.

6. “Client 3,” an entity whose identity is known to the United States and the Company, was a Taiwanese private financial holding company.

7. “Client 4,” an entity whose identity is known to the United States and the Company, was a state-owned and controlled Chinese bank and financial services firm and an instrumentality.

8. “Chinese Official 1,” an individual whose identity is known to the United States and the Company, was the Deputy Minister of a Chinese government agency and a foreign

official within the meaning of the FCPA, Title 15, United States Code, Sections 78dd-1(f)(1) and 78dd-3(f)(2) (“foreign official”).

9. “Chinese Official 2,” an individual whose identity is known to the United States and the Company, was an Executive Vice President of Client 4 and a foreign official.

### **Overview of the Scheme**

10. In or about and between 2006 and 2013, JPMorgan-APAC had a compliance review process to screen candidates for employment who had been referred to the Company by its clients, potential clients, and government officials. This process was supposed to ensure compliance with JPMorgan’s anti-corruption policies including that referred candidates were not hired as part of *quid pro quo* arrangements, whereby the Company would win business from the referral source in exchange for hiring the applicant.

11. Beginning in or about 2006 and continuing until at least in or about 2012, however, JPMorgan-APAC bankers set up and used a program (the “Client Referral Program”) to hire referred candidates specifically for the purpose of influencing senior officials at clients to award business to the Company and, in certain instances, to achieve the very *quid pro quo* arrangements the compliance review process and JPMorgan’s policies sought to prevent. Company employees sometimes referred to the Client Referral Program as the “Sons and Daughters Program.”

12. Although such *quid pro quo* hiring arrangements initially occurred in certain instances, in or about November 2009, JPMorgan-APAC executives and senior bankers institutionalized the practice of making hires for the purpose of winning specific business mandates, and revamped the Client Referral Program to improve its efficacy by prioritizing those hires linked to upcoming client transactions. The changes to the Client Referral Program were

made by senior JPMorgan-APAC investment bankers. Under the revamped Client Referral Program, referred candidates for employment needed, to quote a presentation prepared by JPMorgan-APAC employees responsible for implementing the program, a “[d]irectly attributable linkage to business opportunity” to be considered for a job.

13. As a result of the scheme to corruptly influence senior officials at clients and potential clients through the Client Referral Program, the Company received investment banking mandates from Chinese SOEs whose executives referred candidates to the Company. The Company earned at least \$35 million in profits from those mandates.

#### **Relevant JPMorgan-APAC Policies and Hiring Procedures**

14. In or about 2001, JPMorgan established a policy that applied to, among other entities, JPMorgan-APAC and which prohibited the hiring of children or relatives of clients and potential clients in order to obtain business. On or about March 31, 2006, a JPMorgan-APAC managing director sent an e-mail to all JPMorgan-APAC investment bankers reiterating that policy and stating, in part:

As you know, the firm does not condone the hiring of the children or other relatives of clients or potential clients of the Firm . . . for the purpose of securing or potentially securing business for the Firm. In fact, the firm’s policies expressly forbid this. There are no exceptions. . . . [T]he Firm recognizes that from time to time we want to make offers to people who may raise the appearance of a conflict of interest or even a regulatory issue, with respect to their parents or relatives holding senior ownership or management positions in companies that the Firm may have or wish to have as its clients, or other regulatory or governmental or quasi-governmental positions. In light of that, the firm has developed a “Sons & Daughters” program that sets out clear parameters within which we are prepared to analyze and potentially make such offers.<sup>1</sup>

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<sup>1</sup> Unless bracketed, all quotations appear as in the original document, without corrections or indications of misspellings or typographical errors.

15. Thereafter, JPMorgan-APAC's Legal and Compliance Department circulated a "Questionnaire for Potential Hire Under the 'Sons & Daughters Program'" (the "Compliance Questionnaire") to be used as part of the compliance screening process. The Compliance Questionnaire focused on FCPA and other risks and required the bankers who wanted to hire applicants who had been referred by both private and SOE clients and potential clients and government officials, to disclose, among other things: (1) whether the applicant was qualified for the position; (2) whether the applicant had gone through the normal interviewing process; (3) whether the referring client/potential client was government-related; (4) whether the firm was actively pitching for any business from the client/potential client; and (5) whether there was an "expected benefit to JPMorgan" for hiring the referred candidate.

16. In or about September 2007, JPMorgan broadened its FCPA policy into a global anti-corruption policy, which applied to JPMorgan-APAC and provided that "the offer of internships or training for relatives of a public official" required legal and compliance pre-clearance and that hiring to win business was prohibited. At or around the same time, in connection with the new policy, JPMorgan-APAC compliance employees trained bankers that pre-clearance was required from the legal and compliance department because "[a]n offer of internship to a relative of a non-U.S. public official suggests an advantage by causing the official to misuse his or her position."

17. In or about June 2011, JPMorgan implemented an updated global Anti-Corruption Policy, which applied to JPMorgan-APAC. A training presentation on this policy advised that "almost anything can meet the definition of a 'bribe,' including . . . internships [and] employment." The updated policy further advised that "[n]o employee may directly or indirectly

offer, promise, grant or authorize the giving of money or anything else of value to a government official to influence official action or obtain an improper advantage.”

### **The Corrupt Use of the Client Referral Program**

18. Beginning no later than in or about late 2007, JPMorgan-APAC investment bankers used the hiring of client-referred candidates in certain instances as a tool to influence senior officials at clients and prospective clients to obtain banking business. During this period, the Compliance Questionnaire was routinely used by both JPMorgan-APAC investment bankers and personnel responsible for compliance matters. To obtain approval to make these hires, JPMorgan-APAC bankers and supporting personnel provided incorrect, misleading, and untruthful responses to the Compliance Questionnaire. Rather than using the Compliance Questionnaire to determine if a referral hire was done for the purpose of obtaining or retaining business, JPMorgan-APAC employees, including support personnel, falsely used the forms to justify and paper over corrupt business arrangements. In addition, JPMorgan-APAC compliance personnel drafted and modified Compliance Questionnaires that failed to state the true purpose for hiring some referred candidates. For instance, in or about January 2007, JPMorgan-APAC employees, including compliance employees, began using a template for the Compliance Questionnaire with certain answers pre-filled in, including the answer “No expected benefit” in response to a question requiring an explanation for what was the intended benefit to the firm from the referral hire.

### **JPMorgan-APAC Management Refocused the Client Referral Program to Corruptly Obtain Business Mandates**

19. In or about September 2009, JPMorgan-APAC bankers sought to expand and further capitalize on the use of improper referral hiring. On or about September 5, 2009, a

JPMorgan-APAC managing director (“JPMorgan-APAC Employee 1”) wrote an e-mail to his JPMorgan supervisor that stated:

One specific item that we may need your help is how to run a better sons and daughters program, which has an almost linear relationship with mandates in China. People believe [other investment banks] are doing a much better job. On the other hand, we J.P.Morgan have had a few disas[t]rous cases which I can share with you later. We have more LoBs [lines of business] in China therefore in theory we can accommodate more ‘powerful’ sons and daughters that could benefit the entire platform.

20. Following this e-mail, various senior members of JPMorgan-APAC management met on repeated occasions to discuss revamping the Client Referral Program to improve JPMorgan-APAC’s ability to obtain specific client business mandates. Among other matters, it was agreed that the Client Referral Program would be used to prioritize referral requests that JPMorgan-APAC received from “decision-makers” or those who had the ability to influence an upcoming banking mandate, preferably in the near term. Thus, for example, on or about September 22, 2009, a JPMorgan-APAC executive who was responsible for supervising Client Referral Program hires (“JPMorgan-APAC Employee 2”) wrote in an e-mail that he wanted to revisit the Client Referral Program “to plan [for] better . . . deal conversion or revenue attribution and relationship.”

21. Referred candidates hired under the revamped Client Referral Program typically were less qualified for the position of associate, analyst, or summer intern when compared with the regular pool of such candidates hired through JPMorgan-APAC’s standard hiring programs. Referred candidates who met JPMorgan-APAC’s hiring standards typically were directed to apply for jobs through the normal hiring channels. Referred candidates who did not meet JPMorgan-APAC’s hiring criteria for its standard hiring programs were hired through the Client Referral Program. Despite the fact that the Client Referral Program hires typically lacked the

record of academic achievement and finance background that JPMorgan required under its standard hiring programs, Compliance Questionnaires submitted for Client Referral Program hires routinely stated that the Client Referral Program candidates were as qualified as other applicants for positions as associates, analysts, and summer interns.

22. In or about November 2009, a JPMorgan-APAC employee whose responsibilities included supervising employees hired under the Client Referral Program prepared a presentation, at the direction of JPMorgan-APAC Employee 2, that described how Client Referral Program hiring was “designed to hire employees referred by [ ] key clients who may not meet [ ] regular hiring standard[s],” and that the program “could be further improved to optimize control/management and enhance contribution to business generation.”

23. Under the revamped Client Referral Program, the “selection criteria” included a “[d]irectly attributable linkage to business opportunity.” The authority to sponsor referral hires was further restricted to senior managing directors. The November 2009 presentation also stated that the cost of the program would be “[f]ully allocated to the sponsor’s team as a marketing expense.” In or about December 2010 and March 2011, to keep the Client Referral Program focused on generating near term revenue, a JPMorgan-APAC employee, whose responsibilities included supervising employees hired under the Client Referral Program, created and then updated a spreadsheet that tracked hires to specific clients, while also tracking revenue attributable to those hires. The spreadsheet included columns for each hire, the referring client, the relationship of the candidate, and the amount of revenue generated attributable to the hire in U.S. dollars. One of the purposes of the spreadsheet was to track deals that resulted from the hires and measure revenue associated with Client Referral Program hires.



24. As with the earlier *ad hoc quid pro quo* hires made prior to 2009, JPMorgan-APAC continued to use the existing Compliance Questionnaire to obtain pre-clearance to hire candidates selected under the revamped Client Referral Program. Both investment bankers and support personnel routinely provided inaccurate, misleading, and untruthful answers to the Compliance Questionnaire.

25. Referred candidates hired under the Client Referral Program were typically given the same titles and paid the same amount as entry-level investment bankers, despite the fact that many Client Referral Program hires performed ancillary work such as proof reading and provided little real value to any deliverable product. On or about July 13, 2011, JPMorgan-APAC Employee 2 sent an e-mail that asked the JPMorgan-APAC employee then overseeing the management of junior-level employees whether “we get real IB [investment banking] productivity from [the referral hire] or is she a photocopier[?]” The employee responded: “Photocopier” and noted that full-time, regular hires referred to these special hires as “‘contractors’ – peripheral.”

26. Client Referral Program hires were also given special treatment in certain instances. For example, on or about April 28, 2011, JPMorgan-APAC Employee 2 requested that a Client Referral Program hire be shifted into a permanent position but noted an issue given the referral’s “undeniable underperformance.” Nevertheless, the hiring was permitted on the grounds that the “deal is large enough [and] we are pregnant enough with this person, that we’d be crazy not to accommodate her father’s wants.”

27. JPMorgan-APAC, through its employees or agents, took acts in furtherance of the corrupt scheme while in the territory of the United States, including sending e-mails while in the United States in furtherance of hiring the referred candidates in order to assist in obtaining and

retaining business, and placing certain of the referred candidates in New York in order to assist in obtaining and retaining business. A banker who was based in New York and who reported into JPMorgan-APAC (the “New York Banker”) was directly responsible together with JPMorgan-APAC bankers for placing at least two of the referred candidates in New York, and JPMorgan ultimately profited from the illegal scheme.

### **Examples of JPMorgan-APAC Quid Pro Quo Hiring**

#### **JPMorgan-APAC’s Use of the Referral Program to Secure Business from Client 1**

28. In or around 2007, a senior official from Client 1 referred another senior official’s son to a JPMorgan-APAC investment banker in Hong Kong. On or about November 15, 2007, a JPMorgan executive sent an e-mail to an employee in the JPMorgan Human Resources Department for the APAC region, copying a JPMorgan-APAC executive, asking if prior to hiring this candidate they had “validate[d] this kid’s parental status.” On or about the same date, the JPMorgan-APAC executive responded in an e-mail that the referral was “[c]onfirmed as son of [] mayor” and “[c]lose to [Client 1] ceo.”

29. In or about December 2007, JPMorgan-APAC Human Resources and Legal and Compliance employees received responses to the Compliance Questionnaire for this referral. The JPMorgan-APAC banker who completed the form initially disclosed that there was an “expected benefit” to JPMorgan by hiring the job applicant, writing, among other things, “[t]he hiring of this candidate will place JPMorgan in a more favorable position for securing future business from the client.” Shortly thereafter, a JPMorgan-APAC employee changed the response to this question to read: “The candidate will be trained by JPMorgan for couple of years and then go to local bank. Thus, will bring more business[.]” Rather than rejecting the hire, Human Resources and Compliance instead instructed the JPMorgan-APAC employee to remove the

offending language, writing, “[h]iring of the candidate should not be for the purposes of securing future business of the firm. Please remove.”

30. The following week, a JPMorgan-APAC employee changed the Compliance Questionnaire answer to read: “1. Maintain long term good relationship with the client. 2. If the candidate can work out within the firm and demonstrates his capability that will be a win-win situation for JPMorgan, particularly from finding a capable employee point of view.” On or about March 10, 2008, the candidate started work at JPMorgan-APAC.

31. Thereafter, in or about mid-2008, JPMorgan-APAC became the exclusive financial advisor to Client 1 on a transaction yielding profits to the Company of approximately \$4.82 million.

#### JPMorgan-APAC’s Use of Referral Hiring to Secure Business from Client 2

32. On or about May 29, 2008, a JPMorgan-APAC investment banker received a referral hiring request from a senior executive of Client 2. At the time of the referral, JPMorgan-APAC was actively pitching to be a “joint bookrunner” (*i.e.*, a lead underwriter in a securities issuance) in the initial public offering (“IPO”) for Client 2.

33. On or about July 1, 2008, the sponsoring banker who received the hiring request wrote an e-mail to the JPMorgan-APAC banker responsible for overseeing hiring under the Client Referral Program to inquire whether the referral candidate had been hired. The banker sought guidance about whether it was worth hiring the person, since the IPO had been postponed. A JPMorgan-APAC executive responded: “I am supportive of bringing her on board given what’s at stake. . . . A couple of points . . . to discuss and agree prior to any offer being made to her: how do you get the best quid pro quo from the relationship upon confirmation of the offer?”

34. On or about the same date, the sponsoring banker responded to the e-mail, copying three other JPMorgan-APAC executives, stating, “The client has communicated clearly the quid pro quo on this hire and the team should start working on the [upcoming] IPO asap.” JPMorgan-APAC was selected along with another investment bank as a bookrunner on the IPO. The internal Compliance Questionnaire did not include the information concerning the *quid pro quo* arrangement with Client 2, and in response to the question “What is the expected benefit to JPMorgan in employing the candidate,” the answer provided was “[n]o expected benefit” from the hire.

JPMorgan-APAC’s Use of Referral Hiring to Secure Business from Client 3

35. In or about February 2009, JPMorgan-APAC received a request to hire the son of the Vice-Chairman of Client 3, who also held a senior position at another JPMorgan-APAC client. On or about February 16, 2009, the sponsoring JPMorgan-APAC banker sent an e-mail to a JPMorgan-APAC executive and other investment bankers noting that both entities “are very important JPM clients” and that “we are in active discussion with [Client 3] on a potential equity raising.”

36. On or about February 17, 2009, the JPMorgan-APAC banker responsible for overseeing junior-level employee staffing sent an e-mail to JPMorgan-APAC Employee 2 seeking approval for the son’s hire, noting that “[t]here seem to be strong business reasons for this referral hire and he is also a Wharton, but not very impressive, poor GPA.” On the same day, JPMorgan-APAC Employee 2 responded, “I know how important this relationship is and yes I support its being processed now.”

37. JPMorgan-APAC Employee 2 kept the Vice-Chairman of Client 3 informed of the son’s status. On or about February 17, 2009, JPMorgan-APAC Employee 2 e-mailed a

colleague: “I will be seeing the candidate’s father next week . . . and I can relay the good news to him in person . . . lets get internal approvals underway.” Within several weeks, the son was made an offer and then began working at JPMorgan-APAC in or about July 2009.

38. On or about July 23, 2009, a banker who supervised the work of the son described the son’s performance as not satisfactory:

Clearly, I think [the referral] has attitude issue. Every research analyst / assistant and intern . . . comes to office for morning meeting-morning meeting participation is compulsory for entire research department globally. We have told [the son] to attend but apparently he doesn’t seem to care . . . . In this case, I think he can stay in other department and doesn’t need to “sit” in research for the sake of it. If having [the son] sit in every department for 2 weeks is a business need to maintain relations with [Client 3], I can understand and am happy to accommodate. But next time, we really don’t need to have an intern doing nothing and not following very basic rule.

39. In spite of the son’s performance issues, JPMorgan-APAC continued to employ him and to accommodate additional demands concerning him described below. On or about August 27, 2010, JPMorgan-APAC Employee 2 wrote an e-mail to another JPMorgan-APAC banker, which read, in part: “So we picked up a new mandate in [our office] today – all we have to do is get [the son] a full time analyst job at JPM in NY. Mission impossible?” On or about the same date, the JPMorgan-APAC banker responded by referencing the difficulties given the son’s performance: “Can try . . . his napping habit will be an eye-opening experience for our NY colleagues if he gets a job. Does it have to be [investment banking]? He’s not really built for it.”

40. On or about September 3, 2010, JPMorgan-APAC Employee 2 sent an e-mail to several JPMorgan investment bankers stating:

We have a very good client in Taiwan who has asked that we find an IB analyst role for his son in NY. . . . We are being offered now a sellside on a 800mm [transaction] and the quid pro quo, is an analyst IB job for his son.

41. On or about October 29, 2010, the son of the Vice-Chairman of Client 3 was offered a full-time position as an analyst at JPMorgan in New York. A JPMorgan banker noted in an October 29, 2010 e-mail sent to a JPMorgan-APAC banker based in Asia and other JPMorgan bankers that because of the job offer the son was a “happy young man! And his dad will also be very pleased.”

42. On or about January 27, 2011, JPMorgan received a mandate for an equity offering from Client 3. On or about the same date, a high-level JPMorgan executive sent an e-mail to another high-level executive, stating, “[Vice Chairman of Client 3] certainly followed through on his unspoken promises. We must make absolutely sure we keep a close eye on his son whom I continue to mentor on a regular basis.” The JPMorgan executive then sent an e-mail to a JPMorgan-APAC banker stating, “This win is really down to you. We would never have got a chance without your help and guidance and your relationships.”

JPMorgan-APAC’s Use of Referral Hiring to Secure Business Generally by  
Hiring the Son of Chinese Official 1

43. JPMorgan-APAC hired the son of Chinese Official 1, who was then a deputy minister at a Chinese government agency. On or about July 21, 2006, a JPMorgan-APAC investment banker attempted to place a candidate referred by Chinese Official 1 in an investment banking position in JPMorgan’s New York office. Several days later, in describing the importance of Chinese Official 1, the JPMorgan-APAC investment banker e-mailed a high-level executive at JPMorgan describing the influence of Chinese Official 1:

Although he is now promoted to be a government official, his influence remains strong both personally as well as in an official capacity [at the Chinese Ministry] . . . [and] a good in[-]depth relationship with the Ministry will pave the ground for us in many large and important industries in China as well as large cap companies, despite the fact some of them are ‘independent’ commercial entities, a unique feature of the Chinese/government business alliance.

44. In or about December 2006, the son of Chinese Official 1 completed interviews for a position in New York. A New York employee e-mailed a JPMorgan-APAC banker that the referral “did very very poorly in interviews – some [managing directors] said he was the worst BA [business analyst] candidate they had ever see[n] – and we obviously had to extend him an offer . . . [o]bviously, we will need to accommodate due to client pressure, but we’re going to have to handle this very carefully.”

45. In or about mid-2007, JPMorgan-APAC created a position in New York to place the son into a one-year term position.

46. In May 2008, during the first year of the son’s work at JPMorgan in New York, Chinese Official 1 requested that JPMorgan-APAC Employee 1 provide the son with another job after his one-year term position expired. On or about June 8, 2008, JPMorgan-APAC Employee 1 sent an e-mail discussing the business case for finding the referral candidate another position, which stated, in part:

The father indicated to me repeatedly that he is willing to go extra miles to help JPM in whatever way we think he can. And I do have a few cases where I think we can leverage the father’s connection. . . . [G]iven the above, I’d like to discuss with you and seek your advice/support on how to handle the son in NY and leverage the father in China. Many thanks.

47. In or about July 2008, the New York Banker offered a position in his group to the referral candidate. On or about August 11, 2008, the New York Banker informed JPMorgan-

APAC Employee 1: “I don’t have the details of the incident but apparently last Friday when I was out of the office, [the referral] sent out an e-mail (which he inadvertently copied to an HR person), where he made some inappropriate sexual remarks.”

48. After learning of the e-mail, various JPMorgan-APAC executives undertook to keep Chinese Official 1’s son in the position. On or about August 12, 2008, the New York Banker sent a follow up e-mail stating:

[T]here is general consensus among the seniors in our group as well reports from people in his previous group that [the referral] is immature, irresponsible and unreliable. [A banker in the] European Clients Group with whom we share the analyst pool where [the referral] sits, is no longer willing to have [the referral] as part of the pool. That means that our Asia Group must take him on exclusively and in addition to all else, there is also concern about his reliability on confidentiality of client records/documents which means that we may not be able to let him have access to sensitive transactional records/documents.

49. The next day, the New York Banker e-mailed a colleague: “[A]s I suspected, we will need to manage this situation in our group for which I will need your input/support.”

Despite the referral’s performance, he was kept on until his position was eliminated as part of a reduction in force exercise ten months later.

#### JPMorgan-APAC’s Use of Referral Hiring to Secure a Major Hong Kong IPO

50. Beginning no later than in or about early 2009, Client 4 commenced the process for an IPO. JPMorgan-APAC was actively competing with other investment banks for a lead role on that IPO and had been informally pitching for such a role since 2007. When Client 4 went public in 2010, the IPO raised billions of dollars.

51. As part of pitching for a role in the Client 4 IPO, JPMorgan-APAC identified several key decision-makers at Client 4 who were understood to have significant influence over



awarding roles in the IPO to the competing investment banks. One of these key decision-makers was Chinese Official 2.

52. On or about November 13, 2009, several months before JPMorgan-APAC submitted a formal proposal for the IPO, Chinese Official 2 e-mailed a letter to a JPMorgan-APAC Employee 1 and attached the resume of a referred candidate. This referred candidate wanted a position in JPMorgan's New York office. In e-mails, JPMorgan-APAC Employee 1 repeatedly described the referred candidate as Chinese Official 2's nephew, although in reality there was no blood relation between the referred candidate and Chinese Official 2. The referred candidate's father was an executive at a Chinese state-owned energy company, from which JPMorgan-APAC was also seeking business.

53. In or about late 2009, Chinese Official 2 communicated to JPMorgan-APAC Employee 1 that hiring the referred candidate would significantly influence the role JPMorgan-APAC would receive in Client 4's upcoming IPO. JPMorgan-APAC Employee 1 communicated this message to several senior colleagues, who understood that JPMorgan-APAC would receive a more significant and lucrative role in the IPO if JPMorgan-APAC hired the candidate referred by Chinese Official 2, and would risk losing the mandate if it did not make the hire.

54. On or about December 4, 2009, a JPMorgan-APAC executive e-mailed a colleague, who had received the November 12 letter from Chinese Official 2: "Spoke[n] with a few people who know [the referred candidate]. Unlikely to pass th[ro]ugh regular process." Indeed, in subsequent months, as the candidate referred by Chinese Official 2 pursued various jobs at JPMorgan, it became clear that he was not qualified for an investment banking job at JPMorgan. On or about December 9, 2009, one recruiter, for example, stated in an e-mail that

“[r]elative to other candidates, [the referral candidate’s] technological and quantitative skills were light (this is an extremely quantitative position).”

55. On or about December 16, 2009, a JPMorgan-APAC banker e-mailed the New York Banker. The JPMorgan-APAC banker asked for assistance with hiring the referred candidate and stated that JPMorgan-APAC would “agree to fund [the referral] if necessary.” Thereafter, the New York Banker arranged for multiple interviews for positions in New York for the candidate referred by Chinese Official 2.

56. In or about December 2009 and January 2010, JPMorgan-APAC executives received multiple inquiries and repeated pressure from Chinese Official 2 and another official to hire the candidate referred by Chinese Official 2. On or about December 22, 2009, JPMorgan-APAC Employee 1 e-mailed the New York Banker to offer his appreciation for the New York Banker’s assistance and stated that the candidate’s “father and his uncle have separately approached so many different people at J.P. Morgan.”

57. On or about December 28, 2009, Chinese Official 2 sent a follow up e-mail to JPMorgan-APAC Employee 1 pushing for the hire of the referred candidate. On or about January 14, 2010, JPMorgan-APAC Employee 1 e-mailed his supervisor referring to a letter from “[Chinese Official 2] at [Client 4] pushing for a NY-based job position for his nephew.” JPMorgan-APAC Employee 1 stated that:

[T]o avoid any “complication”, [Chinese Official 2] has asked to keep this confidential and particularly away from the ‘[Client 4] pitch team’ But I have kept [a senior banker on the pitch team] in the loop . . . Would be great if you could give this a push in NY [Financial Institutions Group].

58. In a separate e-mail sent on or about January 14, 2010, JPMorgan-APAC Employee 1 forwarded the December 28th e-mail from Chinese Official 2 and stated: “Another

letter from [Chinese Official 2] pushing for the same candidate. In between there have been several phone calls and sms from him.” JPMorgan-APAC Employee 1 later e-mailed the New York Banker and told him, “I spoke with [the supervisor] last week about [the referred candidate] after his meeting with [Chinese Official 2]. . . . He agreed to take this case to [another high-level banker] in NY himself. FYI only.”

59. By the end of January 2010, JPMorgan-APAC employees attempting to find a job for the candidate referred by Chinese Official 2 had been unsuccessful. On or about January 21, 2010, a New York-based JPMorgan employee who had interviewed the referred candidate reported that the candidate’s “communication skills and his interest in Investment Banking lagged that of his peers . . . . Based on the feedback, the FIG [Financial Institutions Group] New York team is not comfortable moving forward with an offer.” After receiving pushback from the New York Banker to reconsider, the interviewer wrote:

[T]he recruitment process for our analyst program in the Investment Bank is highly competitive. I have personally interviewed and interacted with dozens of highly talented analyst candidates that have had a more well-rounded skill-set than [the referred candidate] that we’ve also chosen not to pursue . . . . In summary, [the referred candidate’s] current skill-set falls short in some of the categories I mentioned above and I would recommend he pursue a different career track

60. On or about January 22, 2010, the New York Banker received a follow up e-mail from a human-resources employee recommending that he “be honest with the individual (and the client) and let him know that we don’t want to place him in a situation where it will be difficult to succeed and advise (and help) him pursue other opportunities that might be better ‘fits’ for his skill set and will provide a better opportunity to be successful.”

61. The New York Banker did not deliver this message to the referred candidate or Chinese Official 2. Instead, JPMorgan-APAC bankers created a position for the referred

candidate in the New York office funded out of JPMorgan-APAC's budget. On or about February 2, 2010, a JPMorgan-APAC banker leading the pitch for Client 4's IPO e-mailed three senior colleagues about the referral candidate:

[W]e have now reached consensus among us to offer [the referred candidate] a one year fixed term position at [the New York Banker's] team in our new york office. We understand that you have been always supportive of this hire. it is time to ask your approval to proceed on that basis. [Chinese Official 2] called and sent sms to [JPMorgan-APAC Employee 1] and me several times to ask the status. If we can get this hire done soon, that will be very helpful.

62. On or about February 10, 2010, the firm hired the candidate referred by Chinese Official 2 and attributed the headcount to JPMorgan-APAC; no Compliance Questionnaire was submitted for this hire to Legal and Compliance.

63. Thereafter, in the second quarter of 2010, JPMorgan-APAC was selected as a joint bookrunner for Client 4's IPO. On or about June 7, 2010, JPMorgan-APAC Employee 1 sent an e-mail to the New York Banker: "I understand from his father that [the referred hire] will start today in office. His uncle [Chinese Official 2] did deliver [the Client 4] IPO and his father is helping us on a [different] ipo."

64. In or about mid-2010, a senior official at Client 4 informed a banker at one of JPMorgan-APAC's competitors that the selection criteria for investment banks to underwrite the Client 4 IPO had included whether the investment bank had hired candidates referred by Client 4 officials.

65. On or about November 9, 2010, JPMorgan-APAC Employee 1 wrote in an e-mail to several JPMorgan-APAC executives that "[the referred hire] has been extremely helpful in our relationship with [Client 4]."

66. On or about January 26, 2011, JPMorgan-APAC Employee 1 wrote to a JPMorgan-APAC executive about the referred hire: “[t]his is the young analyst you met briefly . . . . He (and his family) has been instrumental in helping us on both the [Client 4] IPO and [an energy company] IPO. His father is also helping us on [other energy companies] at the moment as well.”

67. JPMorgan-APAC received profits of at least \$23.8 million as a result of the Client 4 IPO.

## ATTACHMENT B

### **CORPORATE COMPLIANCE PROGRAM**

In order to address any deficiencies in its internal controls, compliance codes, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, JPMorgan Chase & Co. (“JPMC”), on behalf of itself and its subsidiaries and affiliates, agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, JPMC agrees to adopt new or to modify existing internal controls, compliance codes, policies, and procedures in order to ensure that it maintains:

(a) a system of internal accounting controls designed to ensure that JPMC makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that includes policies and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of JPMC’s existing internal controls, compliance codes, policies, and procedures:

#### *High-Level Commitment*

1. JPMC will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policies against violations of the FCPA and other applicable foreign law counterparts (collectively, the “anti-corruption laws”) and its compliance code.

### *Policies and Procedures*

2. JPMC will develop and promulgate a clearly articulated and visible corporate policy against violations of the anti-corruption laws, which policy shall be memorialized in a written compliance code or codes.

3. JPMC will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and JPMC's compliance code, and JPMC will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of JPMC. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of JPMC in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"). JPMC shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of JPMC. Such policies and procedures shall address:

- a) hiring;
- b) gifts;
- c) hospitality, entertainment, and expenses;
- d) customer travel;
- e) political contributions;
- f) charitable donations and sponsorships;
- g) facilitation payments; and
- h) solicitation and extortion.

4. JPMC will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

- a) transactions are executed in accordance with management's general or specific authorization;
- b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;
- c) access to assets is permitted only in accordance with management's general or specific authorization; and
- d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

#### *Periodic Risk-Based Review*

5. JPMC will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of JPMC, in particular the foreign bribery risks facing JPMC, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in JPMC's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. JPMC shall review its anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure its continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

#### *Proper Oversight and Independence*

7. JPMC will assign responsibility to one or more senior corporate executives of JPMC for the implementation and oversight of JPMC's anti-corruption compliance codes, policies, and procedures. Such corporate official(s) shall have the authority to report directly to



independent monitoring bodies, including internal audit, JPMC's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

#### *Training and Guidance*

8. JPMC will implement mechanisms designed to ensure that its anti-corruption compliance code, policies, and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (*e.g.*, internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to JPMC, and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

9. JPMC will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with JPMC's anti-corruption compliance codes, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which JPMC operates.

#### *Internal Reporting and Investigation*

10. JPMC will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or JPMC's anti-corruption compliance code, policies, and procedures.

11. JPMC will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or JPMC's anti-corruption compliance code, policies, and procedures.

#### *Enforcement and Discipline*

12. JPMC will implement mechanisms designed to effectively enforce its compliance codes, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

13. JPMC will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and JPMC's anti-corruption compliance codes, policies, and procedures by JPMC's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. JPMC shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance codes, policies, and procedures and making modifications necessary to ensure that the overall anti-corruption compliance program is effective.

#### *Third-Party Relationships*

14. JPMC will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a) properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b) informing agents, distributors, and business partners of JPMC's commitment to abiding by anti-corruption laws, and of JPMC's anti-corruption compliance code, policies, and procedures; and

c) seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, JPMC will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, JPMC's compliance codes, policies, or procedures, or the representations and undertakings related to such matters.

#### *Mergers and Acquisitions*

16. JPMC will develop and implement policies and procedures for mergers and acquisitions requiring that JPMC conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

17. JPMC will ensure that JPMC's compliance code, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with JPMC and will promptly:

a) train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and JPMC's compliance code, policies, and procedures regarding anti-corruption laws; and

b) where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

*Monitoring and Testing*

18. JPMC will conduct periodic reviews and testing of its anti-corruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and JPMC's anti-corruption code, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

## ATTACHMENT C

### **CORPORATE COMPLIANCE REPORTING**

JPMorgan Chase & Co. (“JPMC”) and JPMorgan Securities (Asia Pacific) Limited (“JPMorgan-APAC”) agree that they will collectively report to the Offices periodically, at no less than twelve-month intervals during a three-year Term, regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Attachment B (Corporate Compliance Program). Should JPMC or JPMorgan-APAC discover credible evidence, not already reported to the Offices, concerning any corrupt payments, false books, records, and accounts, or any matter relating to a failure to implement or circumvention of internal accounting controls, JPMC shall promptly report such conduct to the Offices. During this three-year period, JPMC and JPMorgan-APAC shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two (2) follow-up reviews and reports, as described below:

a) By no later than one (1) year from the date this Agreement is executed, JPMC and JPMorgan-APAC shall submit to the Offices a written report setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve their internal controls, policies, and procedures for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the proposed scope of the subsequent reviews. The report shall be transmitted to Chief, FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Eleventh Floor, Washington, DC 20530 and Chief, Business and Securities Fraud Section, United States Attorney’s Office for the Eastern District of New York, 271 Cadman Plaza East, Brooklyn, NY 11201. JPMC may extend the time period for issuance of the report with prior written approval of the Offices.

b) JPMC and JPMorgan-APAC shall undertake at least two (2) follow-up reviews, incorporating the Offices' views on the prior reviews and reports, to further monitor and assess whether JPMC and JPMorgan-APAC's policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

c) The first follow-up review and report shall be completed by no later than one (1) year after the initial review. The second follow-up review and report shall be completed by no later than one (1) year after the completion of the preceding follow-up review. The final follow-up review and report shall be completed and delivered to the Offices no later than thirty (30) days before the end of the Term.

d) The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

e) JPMC and JPMorgan-APAC may extend the time period for submission of any of the follow-up reports with prior written approval of the Offices.