JPMorgan CEO Jamie Dimon, Obama's "Favorite Banker", Gets 74 Percent Pay Raise

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Theme: Global Economy

Global Research, January 27, 2014
World Socialist Web Site

JPMorgan Chase CEO Jamie Dimon has been awarded $20 million in pay for 2013, an increase of 74 percent from the previous year, the bank revealed in a filing Friday. Dimon has been at the center of a web of scandals resulting from JPMorgan's criminal activities, which led the bank to make more than $20 billion in legal payouts in 2013.

In the past year, JPMorgan, the biggest US bank, has settled charges that it was an accomplice in Bernie Madoff's $20 billion Ponzi scheme, that it filed false reports to conceal over $6 billion in derivatives losses, that it sold toxic mortgage-backed securities on false pretenses, and that it manipulated energy prices, defrauded credit card customers and forged home foreclosure documents. As a result of these settlements, the bank posted a loss in the third quarter of 2013, its first quarterly loss since 2004, and reported a profit for the entire year of $17.9 billion, down by over 15 percent from 2012.

The bank's stock nevertheless rose 21 percent in 2013.

Dimon's raise comes after the bank laid off 7,500 employees in 2013 and told employees they would not get raises because of the bank's multi-billion-dollar legal fees. His payout includes a $1.5 million cash base salary and $18.5 million in stock. Dimon has taken in more than $90 million since 2008, adding to a personal net worth reported to be in the hundreds of millions.

In an interview Thursday with CNBC's Andrew Ross Sorkin at the World Economic Forum in Davos, Switzerland, Dimon said, "[Y]ou know, companies have problems, the press has problems, the military has problems, the government has problems… you've got to be a little careful about how you judge a whole company because something went wrong."

He called the government charges "unfair," and added, "I don't care anymore. I've moved on. That was last year. I'm looking forward to 2014."

Dimon personally negotiated sweetheart settlements with US Attorney General Eric Holder and other officials in which the bank admitted to the allegations of wrongdoing set forth in government complaints, but was allowed to escape indictment or criminal prosecution. Earlier this month, JPMorgan was given a "deferred prosecution" deal in connection with its 20-year relationship with Madoff, who is currently serving a 150-year prison sentence. In interviews from jail, Madoff has insisted that the bank was well aware of his Ponzi scheme.

In none of the settlements with US regulators or the Justice Department have Dimon or any other high-ranking bank officers been named. They have gotten away scot-free with violations of the law that have had devastating consequences for hundreds of millions of people in the US and around the world. JPMorgan's actions contributed to the speculative frenzy and financial fraud that triggered the Wall Street crash of September 2008, leading to the deepest economic crisis since the Great Depression. That Dimon and JPMorgan have continued such practices since then is demonstrated by the "London whale" derivatives scandal of 2012, which the bank paid nearly $1 billion to settle.

Dennis Kelleher, head of Better Markets, a public advocacy group, told the*Financial Times*, that Dimon's raise was "a real slap in the face to the [Department of Justice] and financial regulators who think that the actions that they've taken in the last year have been appropriate to punish and deter JPMorgan Chase."

The bank's board of directors unanimously voted to approve Dimon's pay package and major shareholders spoke in defense of it, including billionaire JPMorgan shareholder Warren Buffet, who called Dimon a "bargain."

JPMorgan's board and major shareholders no doubt wanted to thank Dimon for his services in settling a dizzying array of investigations on the basis of cash settlements that posed no fundamental threat to the bank.

* On January 7, 2014, JPMorgan agreed to pay $2.05 billion in fines and penalties to settle charges that it was complicit in Madoff's Ponzi scheme.

* In November of 2013, the bank agreed to pay $13 billion (the actual cash penalty will be substantially less) to settle charges that it defrauded investors by selling toxic mortgage-backed securities in the run-up to the collapse of the housing bubble in 2007 and 2008.

* That same month, JPMorgan paid $4.5 billion to settle charges that it defrauded pension funds and other institutional investors to whom it sold mortgage bonds.

* In September of 2013, JPMorgan paid another $390 million in refunds and $80 million in penalties for billing credit card clients for identity theft protection they did not receive.

* Also in September, JPMorgan paid $920 million to settle the US probe into the "London whale" trading and accounting scandal.

* In July of 2013, JPMorgan paid $410 million to settle charges that it manipulated electricity markets in California and other states.

* In January of 2013, JPMorgan, along with nine other banks, agreed to pay a combined $8.5 billion to settle a probe into wholesale violations of the law in relation to home foreclosure documents and procedures.

The bank is currently under investigation for its role in the Libor scandal, in which it and other major international banks illegally manipulated the world's benchmark interest rate to increase their profits. It is also under investigation for bribing officials in China.

Known as Obama's "favorite banker," Dimon was a regular guest at the White House during Obama's first term. Only days after Dimon announced in May of 2012 that his bank had lost at least $2 billion in bad derivatives trades [the actual "London whale" loss climbed to $6 billion], Obama publicly defended him, calling him "one of the smartest bankers we've got." Obama added that JPMorgan was "one of the best managed banks there is."

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