JPMorgan's Jamie Dimon Deals With His Bank's Felony Charge – Badly

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JPMorgan Tries to Claim It's a Felon Because of One Bad Apple

After more than 200 years of operation, yesterday JPMorgan Chase became an admitted felon. That action for foreign currency rigging came less than two years after the bank was charged with two felony counts and given a deferred prosecution agreement for aiding and abetting Bernie Madoff in the largest Ponzi fraud in history. The felony counts came amid three years of non-stop charges against JPMorgan Chase for unthinkable frauds: from rigging electric markets to ripping off veterans to charging credit card customers for fictitious credit monitoring and manipulating the Libor interest rate benchmark.

Against this backdrop of a serial crime spree on the part of employees on multiple continents and coast to coast in the United States, JPMorgan released a statement yesterday regarding the bank pleading guilty to a felony charge for engaging in the rigging of foreign currency trading, calling it "principally attributable to a single trader." In the statement, Dimon says the bank has a "historically strong culture."

Dimon is, if nothing else, a master of the grand illusion.

In 2012, when Dimon was asked about reports in the press that one of his London traders was making massive bets in derivatives, he called the matter a "tempest in a teapot." That tempest, dubbed the London Whale scandal, cost JPMorgan Chase at least $6.2 billion in losses, over $1 billion in fines, and a scathing 306-page report from the U.S. Senate's Permanent Subcommittee on Investigations. Senator Carl Levin, Chair of the Subcommittee at the time, said JPMorgan "piled on risk, hid losses, disregarded risk limits, manipulated risk models, dodged oversight, and misinformed the public."

Attempting to foster the illusion that there was simply one bad apple behind JPMorgan having to finally plead guilty to a felony is not only an insult to the public, it flies in the face of five regulators' findings in the matter. JPMorgan's involvement in the rigging of foreign currency has now been looked at by the Commodity Futures Trading Commission (CFTC), the Office of the Comptroller of the Currency (OCC), the U.S. Justice Department, the Federal Reserve, and the U.K.'s Financial Conduct Authority. Not one of these regulators alluded to the problem as being one bad apple.

The CFTC placed the blame squarely at the feet of management, writing: "This conduct occurred at various times over the course of the Relevant Period without detection by JPMC in part because of internal controls and supervisory failures at JPMC."

Not only was the supervisor of Foreign Exchange at JPMorgan not fired, but as we reported last week, that individual, Troy Rohrbaugh, who has been head of Foreign Exchange at JPMorgan since 2005, is now serving in the dual role as Chair of the Foreign Exchange Committee at the New York Fed, helping his regulator establish *best practices* in foreign exchange trading.

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