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REQUEST FOR U.S. GOVERNMENT OFFICIALS TO:

DEMAND IMMEDIATE RETURN OF MF GLOBAL CUSTOMER FUNDS HELD BY JPMORGAN CHASE
&
IMPLEMENT THREE-STRIKES LAW FOR CORPORATE BAD ACTORS

April 23, 2012

TO:

The Honorable Debbie Stabenow
Chairwoman
United States Senate
Committee on Agriculture, Nutrition & Forestry
133 Hart Senate Office Bldg.
Washington, D.C. 20510

The Honorable Randy Neugebauer
Chairman
United States House of Representatives
Subcommittee on Oversight and Investigations
Committee on Financial Services
1424 Longworth HOB
Washington, D.C. 20515

The Honorable Frank Lucas
Chairman
United States House of Representatives
Committee on Agriculture
2311 Rayburn HOB
Washington, D.C. 20515

The Honorable Pat Roberts
Ranking Member
United States Senate
Committee on Agriculture, Nutrition & Forestry
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The Honorable Collin Peterson
Ranking Member
United States House of Representatives
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The Honorable Eric Holder
United States Attorney General
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The Honorable Patrick J. Fitzgerald
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The Honorable Preet Bharara
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Mary L. Schapiro
SEC Chair
Securities Exchange Commission
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The Honorable Michael E. Capuano
Ranking Member
United States House of Representatives
Subcommittee on Oversight and Investigations
Committee on Financial Services
Washington, D.C. 20515

CFTC Commissioner
Jill E. Sommers
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
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For nearly six months, the Commodity Customer Coalition (representing more than 10,000 farmers, ranchers and small investors) has called for JPMorgan Chase to return hundreds of millions of dollars in MF Global customer funds transferred to JPMorgan Chase during the last days prior to MF Global's October 31, 2011 bankruptcy.[1]

Most telling and disturbing is the fact that high level executives at JPMorgan Chase had strong reason to believe that the transferred funds in fact belonged to customers as evidenced by JP Morgan Chase executives taking the highly unusual step of requesting "comfort letters" from MF Global's General Counsel, Laurie Ferber. ***Specifically, JPMorgan Chase repeatedly requested a signed statement affirming from MF Global officials that the transferred funds did not belong to customers***.

Despite multiple requests, ***no one*** at MF Global signed the requested "comfort letter" affirming that the funds transferred were lawfully transferred. Recently, on March 28, 2012, JPMorgan Chase's deputy general counsel Diane Genova testified under oath before Congress that JPMorgan Chase accepted and continues to hold the transferred funds despite JPMorgan Chase executives' ***strong concerns about the legality of the funds transferred and the questionable past conduct of some of the persons involved***.[2] In addition, news reports suggest that JPMorgan Chase may have received another $325 million in customer money shortly before MF Global filed bankruptcy.[3]

JPMorgan Chase's continued decision to hold customer funds cannot be allowed to continue especially since JPMorgan Chase executives has reason to suspect in late-October 2011 that the funds may have been improperly used (i.e., potentially stolen) by MF Global officials in an effort to keep the business afloat. Further complicating JPMorgan Chase's involvement in this matter is the fact that JPMorgan Chase served as custodian of customer segregated accounts. Accordingly, JPMorgan Chase cannot reasonably claim that they were unaware of the movement of large sums of customer funds because such account balance information was under their direct possession and control.

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[1] "MF Global Transfer Draws Scrutiny," Wall Street Journal, December 21, 2011. http://online.wsj.com/article/SB10001424052970204058404577110761665602648.html

[2] "JPMorgan Chase Knew MF Global All Too Well," American Banker, April 2, 2012. http://www.americanbanker.com/bankthink/JPMorgan-Chase-MF-Global-Diane-Genova-1048066-1.html

[3] "Investigators Scrutinize MF Global Wire Transfers," New York Times, February 26, 2012. http://dealbook.nytimes.com/2012/02/26/investigators-scrutinize-mf-global-wire-transfers/

In terms of relief, the CCC first requests that U.S. Government officials demand that JPMorgan Chase disgorge all MF Global customer property immediately. Second, given JPMorgan Chase's apparent business pattern and practice of improperly using customer segregated funds—as evidenced by the recent CFTC nominal fine of $20 million for similar misconduct in Lehman[4]—the CCC requests that lawmakers and the regulatory agencies work together to implement a "three strikes rule" for corporate bad actors like JPMorgan Chase because the current nominal fines are viewed as simply a cost of doing business rather than a legal deterrent.

Specifically, the CCC proposes the following so that corporate bad actors are subject to increasing fines and penalties for repeated misconduct:

Violation #1: $1 billion fine
Violation #2: $3 billion fine plus 5 years of probation
Violation #3: $5 billion fine plus break-up of the violating entity and 5 year prison terms for corporate officials involved in the violation

Any lesser remedy makes a mockery of the U.S. financial system and shows repeated wrongdoers like JPMorgan Chase that our government considers it acceptable for large financial institutions to disregard laws specifically designed to protect customers.

Sincerely,

Commodity Customer Coalition, Inc.

James L. Koutoulas, Esq., President

John L. Roe, Vice President

Hilary Escajeda, Secretary/Treasurer

Hilary G. Escajeda

[4] "Ghost of Lehman Lives: JPMorgan Hit with $20M Fine Over Customer Funds," Forbes, April 4, 2012. http://www.forbes.com/sites/steveschaefer/2012/04/04/jpmorgan-hit-with-20-million-cftc-fine-over-lehman-segregated-funds/