

TAKE AND GIVE

The Crimes and Philanthropy of Bank of America, Wells Fargo, Goldman Sachs and JPMorgan Chase

By Sean Dobson



A number of factors caused the global financial meltdown of 2008 and ensuing Great Recession, and economists debate their relative weight. But no one disputes the central importance of the bursting of the U.S. subprime mortgage bubble – a bubble that swelled and metastasized throughout the global economy via credit derivatives.¹ And no reputable, independent economist disputes that JPMorgan Chase (JPMC), Bank of America (BoA), Goldman Sachs and Wells Fargo played a big role in creating that bubble.²

Also beyond doubt is the serial lawbreaking by these same banks over the past ten years, much of which directly caused the subprime bubble. Indeed, their criminality is so rampant that a cursory Internet search, summarized in the appendix of this report, reveals that these four banks have committed dozens of serious misdeeds in just the past decade, including criminal convictions, major fines and settlements paid, as well as multiple government indictments and government lawsuits still to be adjudicated.³ Besides the crimes that helped cause the financial meltdown, other especially odious torts on this rap sheet include bribing public officials, discriminating against of-color borrowers, duping clients for millions of dollars, and illegally evicting

thousands of Americans from their homes – even active-duty military personnel serving overseas.

Noteworthy is the fact that a bank, when paying a fine for misconduct, is almost always required to sign an affidavit that it will violate no more laws. The four banks under review have signed many such affidavits and then quickly violated those promises, proving again and again that the word of their top executives is literally not worth the paper it is signed on.⁴

Given this record of extraordinary recklessness and criminality, it is no wonder that the percentage of Americans expressing confidence in banks dropped this year to an all-time low of only 21 percent (down fully half since the start of the 2008 recession).⁵

The megabanks are spending hundreds of millions of dollars on paid and earned media to stop the free fall of their public opinion rating, boasting they are in fact a global force for good.⁶ They are especially keen to bring a specific version of this message to government officials: that they played no or little role in the financial meltdown and that their beneficial work greasing the wheels of commerce is encumbered by recently enacted financial reforms designed to prevent another collapse. To this end, the

banks are spending many more millions of dollars on campaign contributions to lawmakers and on swarms of the best-heeled Washington lobbyists to persuade legislators to water down the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the federal government’s legislative centerpiece to safeguard against another financial meltdown,⁷ and to preserve regulatory loopholes that increase the risk of another global financial implosion.⁸ So far, it is working: according to Phil Angelides, chair of the federal Financial Crisis Inquiry Commission, fully two-thirds of the regulations created by Dodd-Frank are still not in place.⁹

As the National Committee for Responsive Philanthropy (NCRP) has no special legal or economic expertise, this essay does not evaluate the banks’ claims of innocence regarding the financial meltdown and their arguments against Dodd-Frank. But as the only independent watchdog of institutional philanthropy and author of previous analyses of bank philanthropy, NCRP is uniquely well qualified to evaluate the megabanks’ sweeping claims of extraordinary corporate largesse that constitute a large part of their massive public relations campaigns.

The stakes are high because the extent to which the banks refurbish their reputations with claims of generous and effective philanthropy gives them added credibility with lawmakers. Based on the mostly fawning reception JPMorgan Chase’s CEO Jamie Dimon received in June at a Senate committee hearing – ostensibly convened to grill him about his bank’s dubious trading practices but at which many lawmakers (with the praiseworthy exceptions of Senators Jack Reed, Jeff Merkley and Sherrod Brown) hailed the head of a serial lawbreaker and even solicited his opinions about economic policy¹⁰ – the banks’ goal of restoring their credibility among legislators seems to be succeeding.

While companies receive generous income tax deductions for their charitable donations,¹¹ they are under no legal obligation to engage in philanthropy, and for this reason NCRP commends corporations that give to charity. But the philanthropy of the “too-big-to-fail” banks merits tougher scrutiny than that of most corporations because their philanthropic claims

AT A GLANCE

- 1 Megabank foundation that exceeds the financial industry median for quantitative philanthropic generosity.
- 0 Megabank foundations that meet the minimum recommended benchmark for giving to benefit marginalized communities.
- 0 Megabank foundations that meet the minimum recommended benchmark for giving to promote social justice, advocacy and civic engagement.

constitute a key part of their larger political agendas to rehabilitate their respective public images – with significant consequences for the public.

An evaluation of these banks’ philanthropy also should interest grantmakers for narrower reasons. In most years, these four megabanks, thanks to their sheer size, rank among top corporate givers in terms of raw dollars donated. Their grantmaking therefore has an impact on the public and influences corporate philanthropy as a whole and, indeed, that of the entire charitable sector.

PHILANTHROPIC CLAIMS MADE BY THE BANKS

What philanthropic claims are these banks making?

Goldman’s CEO Lloyd Blankfein is waging a high profile “charm offensive,” appearing on talk shows and traveling the country touting his bank’s philanthropy. In June, for example, he gushed on NBC’s “Morning Joe” show that a business training program his bank established in Chicago “just restores your complete confidence in what the future of this republic is. It’s absolutely terrific.”¹²

In that same month, Wells Fargo unveiled what it claims is a \$30.1 billion environmental initiative to be implemented over the coming eight years.¹³ One hundred million dollars (or 0.3 percent) of the initiative will take the form of cash grants to environmental nonprofits; the other 99.7 percent

will take the form of for-profit loans to for-profit companies for repayment with interest to Wells Fargo, plus promised (and unverifiable) green policies to be instituted in the bank's operations. Wells Fargo's press release boasted that the cash grants to nonprofits, which comprise a mere 0.016% of yearly company revenue, "use our financial resources, as well as the expertise of our team members, to protect and preserve a sustainable environment for communities we serve."¹⁴ The CEO himself, John Stumpf, often highlights Wells Fargo's philanthropy when describing his company at high-profile public occasions, such as the bank's celebration of its 160th anniversary this year.¹⁵

Also in June, Bank of America, touting its "legacy of leadership in the environmental arena," unveiled what it says is a 10-year, \$50 billion environmental initiative. Like the Wells Fargo project, cash grants to environmental nonprofits comprise a minuscule percentage of the BoA initiative, with the bulk taking the form of for-profit loans to for-profit companies for repayment with interest to BoA, plus unverifiable "green" changes in internal bank practices.¹⁶ And, like the Wells Fargo initiative, the cash-grant portion of the project constitutes a microscopic share of total company annual revenue. At least one environmental group expressed skepticism about the initiative, noting that it pales in comparison to the environmental destruction BoA wreaks as a leading financier of the coal industry.¹⁷ BoA this year hired a new advertising firm to launch a major rebranding effort,¹⁸ so the bank is likely on the verge of another massive PR offensive featuring ever more references to its philanthropy.

In 2009, lawmakers called bank CEOs in front of Congress and national TV to account for how they were spending hundreds of billions of taxpayer bailout dollars as part of the Troubled Asset Relief Program (TARP) enacted the year before. At those hearings, Dimon of JPMC and Ken Lewis of BoA highlighted their banks' respective philanthropy as proof of their good corporate citizenship.¹⁹ Significantly, no lawmakers or reporters questioned Dimon or Lewis about the amount or quality of their philanthropy (a silence also noticeable among regulators when banks routinely tout their charity as part of a request for approval of a proposed merger).²⁰

ANALYSIS OF THE PHILANTHROPY OF THE BANKS

Do these boasts of generous and effective philanthropy accord with reality? The following are the key criteria to judge an organization's grantmaking.

1. Transparency and Verifiability

Among corporations that engage in philanthropy, many if not most make charitable grants not only from separately incorporated 501(c) (3) foundations but also directly from their corporate treasuries. The banks under review in this essay conform to this general pattern. Grants from a foundation can be verified independently because they are listed on that foundation's IRS Form 990-PF tax return, which is accessible to the public. But grants disbursed from a corporate treasury – even if that company is publicly traded – usually cannot be verified independently because corporations rarely list in detail their charitable donations in publicly available annual reports, Form 10-K tax returns or other SEC filings.

None of the four banks under review describe or enumerate exactly in public filings which charities have received grants from their respective corporate treasuries. Thus, the grantmaking of all four banks suffers from the same lack of transparency that afflicts most corporate philanthropy.²¹

2. Quantity

When determining and presenting their annual "philanthropy," some corporations include not only donations from the bank itself but also those of its employees that are collected and disbursed by the corporation. Employee donations should not be counted as part of a bank's philanthropy, though certainly any cash matching grants disbursed by the corporation should indeed be counted. All four banks under consideration have matching grant programs, and this report takes into account those matching grants to the extent to which they are disbursed from a bank's separate 501 (c) (3) foundation.

Similarly, some corporations portray their philanthropy as comprising not only cash grants but also employee volunteer hours. Wells Fargo, for example, claims as part of the bank's philanthropy volunteer hours donated by its employees even though the bank only partially subsidizes employees for volunteering.²² A corporation should not get philanthropic credit for the unsubsidized volunteerism of its employees.

And more and more corporations, including JPMC,²³ describe certain for-profit investments as if they were “philanthropy,” as well as BoA’s and Wells Fargo’s respective environmental initiatives examined above. We can certainly exclude from the category “philanthropy” any transfers of value to a for-profit entity. As for non-cash donations to *nonprofit* organizations, some nonprofit grantees that receive such assistance might find them helpful, but a review of the expert literature on best-practice grantmaking²⁴ shows that nonprofits prefer cash grants, which can be used more flexibly.

With these parameters in mind, the best metric to measure the quantity of a corporation’s grantmaking is to compare cash grants to nonprofits disbursed from a corporation’s foundation over a five-year period divided by corporate revenue over the same five years. A five-year increment averages out annual anomalies; and using “revenue” (rather than “profit” or “pretax profit”) in the calculation further averages out anomalies because revenue is generally more stable over time than profit or pretax profit.

Moreover, over the past decade, the public has suffered numerous and egregious accounting scandals involving many of the biggest corporations in the U.S., with financial institutions represented disproportionately. These scandals highlight how creative accounting easily conjures away corporate “profit” and “pretax profit” – but has more difficulty hiding “revenue.”

Finally, using “revenue” in the calculation shows better than “profit” or “pretax profit” a bank’s true, long-term commitment to philanthropy regardless of fluctuations in profit; thus, it is a better indicator of a company’s true generosity.

In its annual *Giving in Numbers* report, the Center Encouraging Corporate Philanthropy (CECP) surveys the philanthropy of more than 150 corporations (many of them Fortune 500 companies).²⁵ Looking at cash grants (both independently verifiable grants reported on a bank foundation’s IRS Form 990-PF tax return and self-reported and unverifiable cash grants from the bank’s corporate treasury) as well as in-kind donations (but excluding volunteer hours and below-market loans), CECP finds that for the five-year period 2006–2010, the median “total giving as a percentage of revenue” for financial companies amounted to 0.13 percent.²⁶

We can use CECP’s median as a starting point

to devise a good benchmark when judging the quantitative aspect of a bank’s philanthropy, but this requires two refinements. First, as we saw above, one should only count cash grants disbursed from the bank’s foundation. Second, it is important to bear in mind that 0.13 percent represents merely *median* company quantitative philanthropy in the financial sector, not good performance. Reference points above the median, based on NCRP’s methodology, include First Interstate Bank at 0.28 percent.²⁷

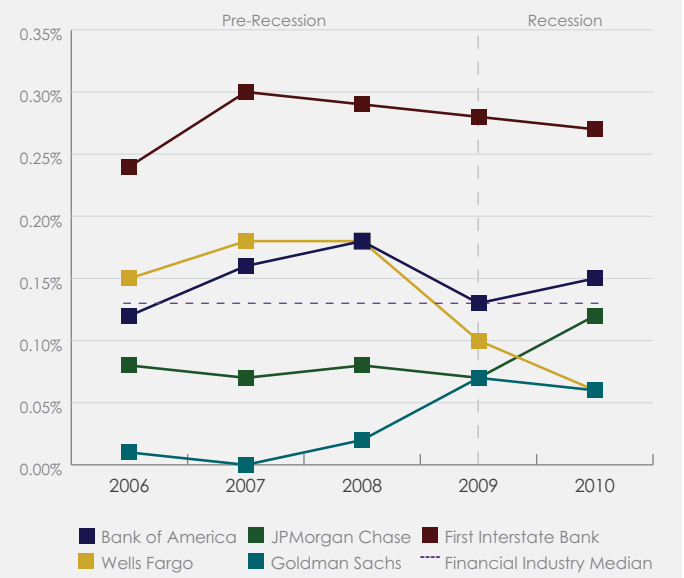
With all this in mind, here is how each of our four banks rates in terms of quantity:

Bank of America	0.15%
CECP median	0.13%
Wells Fargo	0.12%
JPMC	0.08%
Goldman Sachs	0.03%

In short, the giving of BoA and Wells is mediocre; that of JPMC is disappointing; that of Goldman is miserly.²⁸

Did the financial crash – and concomitant shrinkage of revenue and profits at all four banks – affect their philanthropy? Figure 1 shows that two of the banks increased their giving during the recession and two decreased it, while the financial services industry median remained constant.²⁹

Figure 1. Annual Cash Giving by Bank Foundations as a Percentage of Total Bank Revenue (2006-2010)



The megabanks would probably disagree with the above methodology and insist that they get credit not just for verifiable grants disbursed from their separately incorporated foundations but also unverifiable cash grants they *claim* to have disbursed directly from their corporate treasuries. If we go along with this, their grantmaking – at first glance – appears more substantial. For example, all four of the megabanks rank in the top 10 among U.S. corporate givers in terms of raw dollars donated, according to the latest annual review by the *Chronicle of Philanthropy*.³⁰ Upon closer inspection, however, only Goldman gave more than the corporate median when measured by the *Chronicle's* second, truer (though still imperfect) yardstick of generosity, namely that of cash donations as a percentage of pretax profit. As we saw directly above, however, this second yardstick, too, is flawed because “revenue” is a better measurement of corporate largesse than “pretax profit.”

But the larger point here is this: considering the megabanks’ nonstop lawbreaking and violation of sworn affidavits, why should the public take their word about the unverifiable amount they *claim* to donate directly from their corporate treasuries? For that matter, why should the public take their word about anything?

Finally, during the recession years of 2009–2010, only one of the four banks hovered at or above the financial industry median of generosity, while two were clearly below and one came somewhat close. Yet, none of the banks allowed the recession to prevent robust *political* spending. When we look at the lobbying expenditures plus campaign contributions of each bank, we find that Wells Fargo and Goldman maintained their huge overall political spending even after the onset of the recession, and BoA and JPMC actually *increased* theirs. In other words, although the recession did not prompt the banks to become especially charitable, they continued to push hard (or even harder) for their special-interest political agendas.³¹

Weighing all this evidence together, the megabanks range from average (BoA, JPMC and Wells Fargo) to stingy (Goldman) when it comes to the quantity of their giving.

3. Quality

Good grantmakers give not only generously, but strategically. NCRP’s *Criteria for Philanthropy at Its Best* distills best-practice research in the philanthropic sector showing foundations how to maximize the impact of their grants.³² *Criteria* was written for organized philanthropy as a whole, so almost all of NCRP’s recommendations also pertain to most bank foundations. “Quality” has two dimensions: the substantive impact of the grants and the process of grantmaking that indicates whether effectiveness can be achieved or sustained.

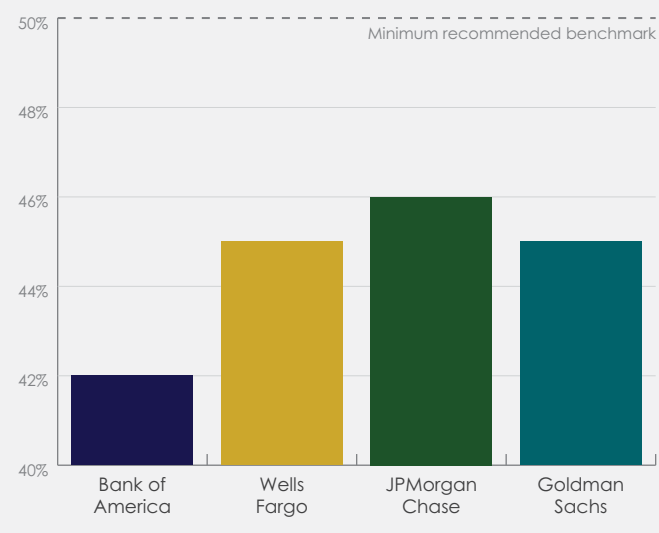
Grantmaking Substance

Criteria, based on best-practice research, finds that most grantmakers should aim for the following substantive goals:

- a. *Provide at least 50 percent of grant dollars to benefit lower-income communities, communities of color and other underserved groups, broadly defined.*

To iron out possible annual anomalies, NCRP gathered grantmaking data from the Foundation Center for each bank’s foundation during the years 2008–2010 (the latest years available; 2006–2008 was the latest data available for Goldman Sachs on this and the other benchmarks in this section) to create an annualized three-year rolling average.³³

Figure 2. Giving by Bank Foundations to Marginalized Communities (2008-2010)



As Figure 2 shows, none of the megabanks exceeds the minimum recommended benchmark (and none has shown notable improvement when compared to its performance in the preceding three-year rolling average). But all of them do come close to the benchmark, which is a sign that they could quickly become exemplary on this metric. However, massively tempering this hopeful sign is the fact that marginalized communities bore the brunt of the subprime bubble and ensuing Great Recession, which these very banks played a leading role in fomenting. Additionally, most of these banks also are involved in widespread foreclosure fraud that is victimizing hundreds of thousands of low- and moderate-income Americans; and people of color (a subset of marginalized communities) have been victimized on a massive scale by Wells Fargo’s racially discriminatory lending practices. In short, these banks have a special obligation to prioritize marginalized communities in their grantmaking – but they are not yet doing so.

- b. *Provide at least 25 percent of grant dollars for advocacy, organizing and civic engagement to promote equity, opportunity and justice in our society.*

Using the same three-year annualized rolling average, the graph below shows how each bank performed on this metric.

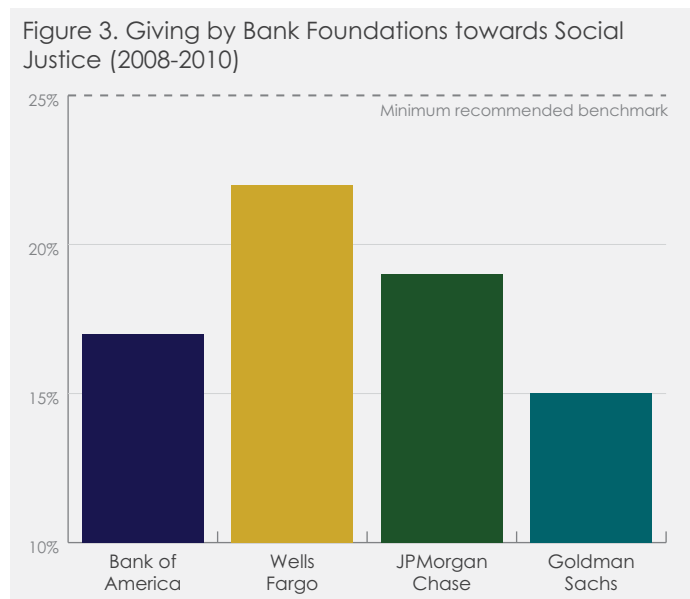


Figure 3 shows that none of the banks meet the minimum recommended benchmark (and only JPMC shows notable improvement compared to performance in the preceding three-year annualized average). But all four banks are in range of the benchmark, which is a hopeful sign that they could quickly become exemplary on this metric.

- c. *Provide at least 50 percent of grant dollars as general operating support, as this type of assistance gives nonprofit grantees more flexibility to achieve mission than does project-specific support.*

Recommended benchmark	50.0%
Bank of America	0.10%
Wells Fargo	0.00%
JPMC	0.00%
Goldman Sachs	0.00%

In short, all four banks fall as far as possible below the minimum recommended benchmark.

- d. *Provide at least 50 percent of grant dollars as multi-year grants because it facilitates more flexibility for grantees than do single-year grants.*

Recommended benchmark	50.0%
Bank of America	0.00%
Wells Fargo	0.00%
JPMC	0.00%
Goldman Sachs	0.00%

Thus, all four banks demonstrate the lowest possible percentage on this metric.

Grantmaking Process

How an organization does its grantmaking is an important indicator of whether it can maintain or reach high philanthropic standards. Below are the key process indicators and how these four banks perform:

- a. *Maintain an engaged board of at least five people who include among them a diversity of perspectives – including of the communities served – and who serve without compensation.*

The banks' 2010 tax form 990s (the most recent available) reveal that:

- At all four bank foundations, trustees are uncompensated.
- All four boards have more than five persons serving.
- Some of these boards exhibit diversity regarding gender and race. But at all four bank foundations, *all* the trustees are current executives or former executives of the parent bank, with no representation for communities served.

Thus, overall, all four banks get a good grade when it comes to board governance.

b. Maintain policies and practices that support ethical behavior, and disclose information freely.

- All four parent banks have codes of ethical conduct and post them online, but all of the codes apply exclusively to banking operations and have no focus at all on the ethical conduct of the bank's philanthropy. This contrasts unfavorably with big private foundations, most of which have codes of philanthropic conduct. As operating a bank and operating a charity are plainly very different enterprises, the banks should have separate codes of conduct for their philanthropy.
- None of the four banks freely disclose information; they all conduct a large portion of their grantmaking secretly from the corporate treasury, whose books are not open to the public.

Thus, when it comes to transparency and philanthropic codes of conduct, all four banks are substandard.³⁴

To summarize this section on grantmaking quality: in terms of substance and process, all four banks get a decidedly mixed grade.

CONCLUSION

For-profit corporations are under no legal obligation to engage in philanthropy. Thus, NCRP commends those that do so and generally holds them to a lower standard of grantmaking effectiveness than

we do 501 (c) (3) foundations, which are legally obligated to pay out charitable donations. But the four megabanks invite tougher scrutiny than most corporate grantmakers because of their massive lawbreaking and because their aggressive PR campaigns to repair their public reputations boast generous and effective philanthropy – boasts they repeat loudly and often as they lobby public officials against reforms to safeguard against fraud, abuse and financial collapse.

NCRP, organized philanthropy's only independent nonprofit watchdog, is therefore duty-bound to help policymakers and the public assess these claims. This report finds that the philanthropy of all four megabanks lacks transparency and its quantity and quality are mediocre. As such, it comes nowhere close to making amends for the central role the four banks played in the global economic meltdown and for their systematic lawbreaking.

Will these "too-big-to-fail" banks ever become ethical or even law-abiding organizations? A promising if modest initial signal of good intent would be adherence to the best-practice philanthropic benchmarks presented in this report. ■

ABOUT THE AUTHOR

Sean Dobson is NCRP's field director. Prior to joining NCRP in 2010, Sean co-founded and served for ten years as deputy director and then executive director of Progressive Maryland and Progressive Maryland Education Fund, two nonprofit organizations that advocate for working families on a variety of issues. Sean also served previously in the Clinton Administration as advisor for communications and strategy at the National Economic Council. He holds a Ph.D. from Columbia University and a B.A. from Yale University.

NOTES

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 21. For example, on p.1 of his testimony to Congress in 2009 about JPMC's reliance on the TARP taxpayer bailout, Dimon crowed, "Last year, our Foundation made charitable contributions of approximately \$100 million across the U.S." But in fact, only \$77 million of that money was disbursed through JPMC's foundation and therefore was reported publicly on its 990 tax form. See <http://www.guidestar.org/FinDocuments/2008/237/049/2008-237049738-058a1a11-F.pdf>. As for the other \$33 million Dimon referred to, he wants lawmakers and the public to take his word for it – the word of somebody who leads a serial lawbreaking organization – because if disbursed at all, it was done so directly from the corporate treasury,

- whose publicly accessible filings do not reveal exact information about charitable donations. See JPMC's 2008 Annual Report at http://files.shareholder.com/downloads/ONE/1943076341x0x283416/66cc70ba-5410-43c4-b20b-181974bc6be6/2008_AR_Complete_AR.pdf; and Form 10-K at <http://files.shareholder.com/downloads/ONE/1943083305x0xS950123-09-3840/19617/filing.pdf>. Even when looking only at the separately incorporated 501(c) (3) foundations of these four banks, none are listed as models of transparency by the Foundation Center's "Glass Pockets" initiative, which recognizes foundations that are exemplary in this regard. See <http://glasspockets.org/inside/whgp/index.html>.
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 26. Ibid. For CECP's definition of "giving," which remained constant over the five years under review, see http://www.corporatephilanthropy.org/pdfs/giving_in_numbers/GivinginNumbers2009.pdf, p. 9.
 27. First Interstate BancSystem Foundation, Inc. 990s listing total annual cash giving, average of 2006–2010 (numerator): "First Interstate BancSystem Foundation, Inc.," Foundation Center, <http://dynamodata.fdncenter.org/990s/990search/ffindershow.cgi?id=FIRS133>. First Interstate Bank's Annual Reports that include revenue, average of 2006–2010 (denominator): "First Interstate Bank," SNL Financial LC, <http://www.fibk.com/FinancialDocs.aspx?iid=1019278>.
 28. Information on banks regarding revenue, pretax profits and profits for years 2006–2010 came from 10k forms or annual reports from these websites: Bank of America 10k form data 2006-2010: "Annual Reports & Proxy Statements," Bank of America Corporation, <http://phx.corporate-ir.net/phoenix.zhtml?c=71595&p=irol-reportsannual#fbid=drQ6x4Ha4p>; Wells Fargo 10k form data 2006-2010: "Annual Reports and Proxy Statements," Wells Fargo, https://www.wellsfargo.com/invest_relations/annual/; JPMorgan Chase 10k form data 2006-2010: "Annual Report & Proxy," JPMorgan Chase & Co., <http://investor.shareholder.com/jpmorganchase/annual.cfm>; and Goldman Sachs 10k form data 2006-2010: "Financials," Goldman Sachs, <http://www.goldmansachs.com/investor-relations/financials/current/annual-reports/index.html>. Information on banks regarding total cash giving from their 501 (c) (3) foundations comes from the following Foundation Center webpages: Bank of America Foundation Center 990 form data 2006-2010: "The Bank of America Charitable Foundation, Inc.," Foundation Center, <http://dynamodata.fdncenter.org/990s/990search/ffindershow.cgi?id=NATI282>. Wells Fargo Foundation Center 990 form data 2006-2010: <http://dynamodata.fdncenter.org/990s/990search/ffindershow.cgi?id=WACH001>; JPMorgan Chase Foundation Center 990 form data 2006-2010: "The JPMorgan Chase Foundation," Foundation Center, <http://dynamodata.fdncenter.org/990s/990search/ffindershow.cgi?id=CHAS003>; and Goldman Sachs Foundation Center 990 form data 2006-2010: "The Goldman Sachs Foundation," Foundation Center, <http://dynamodata.fdncenter.org/990s/990search/ffindershow.cgi?id=GOLD418>. The Committee Encouraging Corporate Philanthropy (CECP) publishes an annual overview of corporate philanthropy, all editions of which are listed here: "Giving in Numbers: 2012 Edition," op. cit.
 29. Ibid.
 30. For the ranking, see "How America's Biggest Companies Give," The Chronicle of Philanthropy, 22 July 2012, <http://philanthropy.com/article/How-America-s-Biggest/132785/>. For the Chronicle's contextual analysis of the rankings, see "Big Companies Gave 4% More Last Year," The Chronicle of Philanthropy, <http://philanthropy.com/article/Big-Companies-Gave-4-More/133073/?cid=pt>.
 31. "Bank of America: Summary," Center for Responsive Politics, 09 Aug. 2012, <http://www.opensecrets.org/orgs/summary.php?id=D000000090>. "Goldman Sachs: Summary," Center for Responsive Politics, 09 Aug. 2012, <http://www.opensecrets.org/orgs/summary.php?cycle=A>. "JPMorgan Chase & Co: Summary," Center for Responsive Politics, 09 Aug. 2012, <http://www.opensecrets.org/>

[orgs/summary.php?cycle=A](http://www.opensecrets.org/lobby/clientsum.php?id=D000019743). "Wells Fargo," Center for Responsive Politics, 09 Aug. 2012, <http://www.opensecrets.org/lobby/clientsum.php?id=D000019743>. Wells Fargo campaign contributions analyzed independently by NCRP staff using data at opensecrets.org. Prerecession lobbying totals were for years 2006-2008; post-recession were 2009-11. Campaign contributions were calculated in an apples-to-apples manner by comparing the 2006 (prerecession) midterm elections to the 2010 (postrecession) midterm election.

32. Niki Jagpal, "Criteria for Philanthropy at Its Best: Benchmarks to Assess and Enhance Grantmaker Impact," (Washington, D.C.: National Committee for Responsive Philanthropy, March 2009).
33. Data on grantmaking metrics in this report come from custom datasets developed by NCRP working with the Foundation Center and using the center's grants sample database, which includes detailed information on all grants of \$10,000 or more awarded to organizations by more than 1,300 of the largest foundations in the United States. Grants to individuals are not included in the file. International grants are included. For community foundations, discretionary grants and donor-advised funds are included. The Center's grants classification system provides much more detail on current giving trends than other data sources and represents approximately half of the foundation grantmaking in the United States. Information on giving for marginalized communities is based on foundations' reports of their grants' beneficiary populations. Foundations noted in the data as giving zero dollars for marginalized communities either did not give grants to benefit at least one of the 11 underserved communities mentioned or did not provide enough information to code them as such. Information on social justice giving is likewise based on foundations' reports of their grants and Foundation Center criteria for social justice grantmaking. Foundations noted in the data as giving zero to social justice either did not have grants that met the criteria for social justice grantmaking or did not provide enough information to code them as such. NCRP encourages grantmakers to contact the Foundation Center to ensure appropriate classification of their grants.
34. Significantly, even when looking only at the separately incorporated 501(c) (3) foundations of these four banks, none are listed as models of transparency by the Foundation Center's "Glass Pockets" initiative, which recognizes exemplary foundations in this regard. See "Who Has Glass Pockets?" Foundation Center, <http://glasspockets.org/inside/whgp/index.html>.

SELECT PUBLICATIONS

The Philanthropic Landscape: The State of Giving to Underserved Communities November 2012

This report finds that the proportion of foundation grant dollars classified as benefiting economically disadvantaged people, the elderly, women and girls and other marginalized groups was 40 percent in the 2008 to 2010 time period, up from 33 percent in 2004 to 2006.



Cultivating the Grassroots: A Winning Approach for Environment and Climate Funders February 2012

This report argues that more money needs to go towards grassroots organizing and advocacy for the environment and climate change movements to regain momentum and win important legislative and regulatory battles. Environment and climate funders can become effective resources of a strong and successful movement for change by decreasing their reliance on national advocacy groups and increasing funding for grassroots communities that are directly impacted by environmental harms.



ABOUT NCRP

The National Committee for Responsive Philanthropy (NCRP) aims to ensure that philanthropy contributes in meaningful ways to the creation of a fair, just and equitable world. We promote philanthropy that serves the public good, is responsive to people and communities with the least wealth and opportunity, and is held accountable to the highest standards of integrity and openness.

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APPENDIX: PARTIAL "RAP SHEET" OF MEGABANKS, 2001–2012

Note: The list below includes only convictions in courts of law; fines or settlements paid as a result of legal proceedings (whether or not the bank admitted wrongdoing); fines or settlements paid to government entities or industry regulators (whether or not the bank admitted wrongdoing); other types of wrongdoing a bank has admitted; and pending indictments brought by government (not private) entities. The list excludes unethical but technically legal activities. This list is the result of a cursory Internet search and is almost certainly not comprehensive.

BANK OF AMERICA

1. "BofA has had to pay over \$41 million since 2001 to settle lawsuits alleging overtime violations by employees." Source: "[Big Bank Profile: Bank of America.](#)" Service Employees International Union.
2. "BofA agreed to pay \$35 million to settle a class-action lawsuit in California that claimed the bank manipulated customers' bank accounts to increase overdraft fees." Source: "[Big Bank Profile: Bank of America.](#)" Service Employees International Union.
3. "Between 1993 and 2003, Bank of America collected an estimated \$284 million of Social Security funds from the accounts of elderly and disabled customers in order to get bank fees. In 2004, a California jury awarded damages to the affected customers that could exceed \$1 billion." Source: "[Big Bank Profile: Bank of America.](#)" Service Employees International Union.
4. "The attorneys general of Arizona and Nevada on Friday filed a lawsuit against Bank of America, accusing it of engaging in 'widespread fraud' by misleading customers with 'false promises' about their eligibility for modifications on their home mortgages." Source: Andrew Martin and Michael Powell, "[Two States Sue Bank of America Over Mortgages,](#)" The New York Times, 17 Dec. 2010.
5. "New York State Comptroller Thomas DiNapoli sued Bank of America Corp. and its Merrill Lynch & Co. unit Thursday, opting out of prior class-action litigation against the bank... The comptroller also claims Bank of America failed to conduct adequate due diligence and failed to disclose the true extent of the investment bank's fourth-quarter losses prior to the acquisition." Source: Chad Bray, "[New York Comptroller Sues Bank of America,](#)" The Wall Street Journal, 23 July 2010.
6. "Attorney General Andrew M. Cuomo, joined by Special Inspector General for the Troubled Asset Relief Program Neil Barofsky, today announced a lawsuit against Bank of America, its former CEO Kenneth D. Lewis, and its former CFO Joseph L. Price for duping shareholders and the federal government in order to complete a merger with Merrill Lynch." Source: Office of New York State Attorney General, Press Release, "[The New York State Attorney General Andrew M. Cuomo Files Fraud Charges Against Bank Of America, Former Ceo Kenneth Lewis, And Former Cfo Joseph Price,](#)" 04 Feb. 2010.
7. "Bank of America paid \$137 million to federal and state authorities to settle charges that it rigged bids on municipal bonds, defrauding schools, hospitals, and a long list of municipalities." Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
8. "Bank of America coughed up ... \$20 million to resolve claims by 160 or so military personnel claiming they had been illegally booted from their homes in a foreclosure." Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.

BANK OF AMERICA

9. "The bank... settled SEC charges that it deceived its shareholders over the Merrill acquisition, paying \$150 million." Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
10. "Bank of America Corp. will pay a record \$335 million to compensate Countrywide Financial Corp. borrowers who were charged more for home loans based on race and national origin." Source: Hugh Son and Seth Stern, "[BofA Agrees to Record \\$335M Fair-Lending Deal,](#)" Bloomberg News, 21 Dec. 2011.
11. "Bank of America has agreed to pay \$315 million to settle claims by investors that they were misled about mortgage-backed investments sold by its Merrill Lynch unit ... Just in the first half of the year, the bank put up \$12.7 billion to settle similar claims from different groups of investors." Source: "[Bank Of America Settles Investors' Mortgage Lawsuit For \\$315 Million.](#)" The Huffington Post, 06 Dec. 2011.
12. "Massachusetts Attorney General Martha Coakley is suing five of the nation's biggest banks for deceptive foreclosure and mortgage modification practices, her office announced Thursday ... The lawsuit, filed against Bank of America, JPMorgan Chase, Wells Fargo, Citibank, Ally Financial and the Mortgage Electronic Registration System in Suffolk Superior Court, targets banks' using fraudulent paperwork in the foreclosure process, foreclosing without actually holding the mortgage, corrupting the local land recording system and failing to uphold promises of loan modifications." Source: Arthur Delaney, "[Massachusetts AG Lawsuit: Five Major U.S. Banks Accused Of Deceptive Foreclosure Practices,](#)" The Huffington Post, 01 Dec. 2011.
13. "A federal judge on Monday gave final approval to a \$410 million settlement in a class-action lawsuit affecting more than 13 million Bank of America customers who had debit card overdrafts during the past decade." Source: Associated Press, "[Judge OKs \\$410M for Bank of America customers,](#)" USA Today, 07 Nov. 2011.
14. "Bank of America Corp. reached a \$2.8 billion settlement with Fannie Mae and Freddie Mac over claims that one of its businesses sold bad mortgages..." Source: Ryan McCarthy, "[Bank Of America Takes Multi-Billion Charge Off To Deal With Mortgage Woes,](#)" The Huffington Post, 03 Jan. 2011.
15. "After months of painstaking talks, government authorities and five of the nation's biggest banks have agreed to a \$26 billion settlement that could provide relief to nearly two million current and former American homeowners harmed by the bursting of the housing bubble, state and federal officials said. It is part of a broad national settlement aimed at halting the housing market's downward slide and holding the banks accountable for foreclosure abuses. Despite the billions earmarked in the accord, the aid will help a relatively small portion of the millions of borrowers who are delinquent and facing foreclosure ... The five mortgage servicers in the settlement – Bank of America, JPMorgan Chase, Wells Fargo, Citigroup and Ally Financial – have largely set aside reserves for the expected cost of the accord ..." Source: Nelson D. Schwartz and Shaila Dewan, "[\\$26 Billion Deal Is Said to Be Set For Homeowners,](#)" The New York Times, 09 Feb. 2012.

BANK OF AMERICA

16. "Attorney General Eric T. Schneiderman of New York sued three major banks on Friday, accusing them of fraud in their use of an electronic mortgage database that he said resulted in deceptive and illegal practices, including false documents in foreclosure proceedings. Mr. Schneiderman, co-chairman of a new mortgage crisis unit under President Obama, filed a lawsuit against Bank of America, Wells Fargo and JPMorgan Chase in New York State Supreme Court in Brooklyn."
- Source: Reuters, "[New York Sues 3 Big Banks Over Mortgage Database](#)," The New York Times, 3 Feb. 2012.
17. "The municipal bonds investigation has also produced resolutions with large financial institutions implicated in the conspiracies which have agreed to pay a total of nearly \$745 million in restitution, penalties, and disgorgement to Federal and State agencies as follows —... Bank of America, \$137.3 million."
- Source: "[Criminal Program](#)." U.S Department of Justice, 02 Feb. 2012.
18. "Bank of America Corp agreed on Friday to pay \$2.43 billion to settle a shareholder lawsuit over its 2008 buyout of Merrill Lynch in one of the largest-ever settlements of a securities fraud class action."
- Source: Martha Graybow and Rick Rothacker, "[BofA pays \\$2.4 billion to settle claims over Merrill](#)," Reuters, 28 Sep. 2011.
19. "Sept 13 (Reuters) - Bank of America Corp has agreed to settle U.S. Department of Justice civil accusations that it violated federal laws by discriminating against mortgage applicants on the basis of disability. The accord resolves allegations the second-largest U.S. bank, which made about \$152 billion of first mortgages in 2011, imposed extra burdens on borrowers who relied on Social Security disability insurance income to qualify on home loans, including that they provide letters from doctors to document that income. Bank of America's activity violated the Fair Housing Act and Equal Credit Opportunity Act, the Justice Department said. While the cost of the settlement is unclear, Bank of America agreed to pay \$1,000, \$2,500 or \$5,000 to eligible mortgage loan applicants who were asked to provide doctors' letters. It also agreed to hire an outsider to review 25,000 loan applications to identify other possible victims and to improve the training of underwriters and loan officers."
- Source: Reuters, "[Bank Of America Settles Accusations It Discriminated Against Disabled Borrowers](#)," The Huffington Post, 14 Sept. 2012.
20. "Federal prosecutors on Wednesday accused Bank of America of selling Fannie Mae and Freddie Mac thousands of shoddy mortgages that caused more than \$1 billion in losses, the latest in a string of government cases against big banks for sins of the housing crisis."
- Source: Danielle Douglas, "[Government Crusade against Mortgage Lenders](#)," The Washington Post, 25 Oct. 2012.
21. "Nearly all of the biggest financial companies, Goldman Sachs, Morgan Stanley, JPMorgan Chase and Bank of America among them, have settled fraud cases by promising the S.E.C. that they would never again violate an antifraud law, only to do it again in another case a few years later ... But prior violations are plentiful. For example, Bank of America's securities unit has agreed four times since 2005 not to violate a major antifraud statute, and another four times not to violate a separate law."
- Source: Edward Wyatt, "[Promises Made, and Remade, By Firms in S.E.C. Fraud Cases](#)," The New York Times, 08 Nov. 2011.

GOLDMAN SACHS

1. "In mid-2009, Goldman paid \$60 million – literally less than the amount of revenue booked in a half-day that year – to end an investigation by the Massachusetts attorney general into its subprime-mortgage activities. "
Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
2. In early 2011, Goldman paid a \$550 million fine to the SEC for its notorious Abacus deals, in which it sold bundled mortgages to clients without informing them that "it had allowed John Paulson, a prominent hedge-fund manager seeking to bet against its success, to handpick subprime home loans he thought had the greatest chance of failing."
Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
3. "Goldman Sachs Group Inc. (GS) will pay \$26.6 million to settle a lawsuit brought by investors in a \$698 million mortgage-backed securities offering, according to papers filed in Manhattan federal court."
Source: Bob Van Voris, "[Goldman Sachs to Pay \\$26 Million to Settle Investor Suit](#)," Bloomberg, 31 July 2012.
4. "Goldman Sachs has agreed to pay nearly \$12 million to settle civil charges accusing one of its executives of providing campaign services to a Massachusetts official in return for bond business."
Source: Marcy Gordon, "[Goldman Sachs Settles SEC Charges for Almost \\$12M](#)," Seattlepi.com, 27 Sept. 2012.
5. "Goldman Sachs agreed to pay \$14.4 million to settle state and federal claims that [it] broke rules meant to prevent peddling influence to win government bond business."
Source: Michael McDonald, "[Goldman Settlement Shows Bankers Still Paying to Play](#)," Bloomberg, 28 Sept. 2012.
6. "In the settlement, Goldman Sachs agreed to pay \$26.5 million, including \$5.3 million in attorneys' fees, to holders of certain Goldman-issued mortgage-backed securities ..."
Source: Matthew Popowsky, "[\\$26.5 Million Settlement Reached in Goldman Sachs Securities Fraud Case](#)," S.D.N.Y. Blog, 13 Aug. 2012.
7. "Wall Street powerhouse Goldman Sachs 'willfully violated' federal law by holding weekly 'huddles' through which there was at least the potential for the firm's analysts to offer Goldman's own traders and favored clients a preview of the firm's investment research, the Securities and Exchange Commission said Thursday. The firm's practices 'created a serious risk' that Goldman and its select clients would have early access to potentially market-moving information, the SEC said ... Goldman agreed to pay a \$22 million penalty to settle the agency's administrative case and a parallel action by the Financial Industry Regulatory Authority (Finra), an industry self-regulatory group. Goldman also agreed to be censured and to change its policies and procedures, the SEC said."
Source: David S. Hilzenrath, "[Goldman Fined \\$22M for 'willfully' Violating Law on Information-sharing, SEC Says](#)," The Washington Post, 12 Apr. 2012.
8. When Goldman Sachs pays a fine to government regulators, especially the SEC, it almost always must sign a pledge it will commit no more fraud – yet Goldman Sachs is a repeat offender and continually flouts these pledges.
Source: Edward Wyatt, "[Promises Made, and Remade, By Firms in S.E.C. Fraud Cases](#)," The New York Times, 08 Nov. 2011.

JPMORGAN CHASE

1. "Citigroup and JPMorgan Chase agreed in 2003 to pay nearly \$300 million in fines and penalties to settle accusations by the Securities and Exchange Commission and the Manhattan district attorney's office that the two banks had enabled Enron to misrepresent its true financial condition before its collapse." Source: Eric Dash, "[Citigroup Resolves Claims That It Helped Enron Deceive Investors](#)," The New York Times. 27 Mar. 2008.
2. "JPMorgan Chase Securities has agreed to pay \$25 million to settle allegations it sold unregistered securities, many of which defaulted, to the state of Florida ...". Source: Richard Burnett, "[JPMorgan Settles Securities Dispute](#)," Orlando Sentinel, 23 Dec. 2010.
3. "\$211 million fine JPMorgan paid in July to settle charges that it defrauded local governments in 31 states – along with the \$130 million it returned to municipalities it was accused of duping." Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
4. "\$722 million in fines and restitution payments it made after JPMorgan confederates were caught paying off officials in Jefferson County, Alabama (home to Birmingham), to secure a municipal finance deal that nearly bankrupted the county." Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
5. Regarding its foreclosure practices: "JPMorgan's treatment of active-duty members of the armed forces has been particularly shameful. The Servicemembers Civil Relief Act forbids a bank from foreclosing on a soldier fighting overseas, and caps home-loan interest rates at 6 percent for most active-duty personnel. JPMorgan has admitted to congressional investigators that it has overcharged 10,000 military families on their mortgages and foreclosed on 54 of them." Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
6. "Goldman Sachs is widely reviled for duping its own clients by selling them shares in a mortgage-backed security the investment bank dubbed Abacus. But JPMorgan had its own Abacus. It was called Squared CDO 2007. And according to the Securities and Exchange Commission, JPMorgan's behavior was just as contemptible as Goldman Sachs's. It, too, let a hedge fund secretly choose the subprime loans in a product that the hedge fund wanted to bet against; it, too, failed to inform clients purchasing shares in Squared that it had let a hedge-fund manager rig the game. In June 2011, JPMorgan Chase paid \$154 million to settle Squared-related charges filed by the SEC – equal to less than two days' worth of company earnings that quarter. The bank also returned \$126 million to clients who lost money on Squared and, for good measure, paid \$57 million to investors who lost money in a second, similar deal called Tahoma CDO-I." Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
7. Massachusetts Attorney General Martha Coakley is suing JPMorgan Chase plus four other of the nation's biggest banks for deceptive foreclosure and mortgage modification practices, her office announced 12/1/11. Source: Arthur Delaney, "[Massachusetts AG Lawsuit: Five Major U.S. Banks Accused Of Deceptive Foreclosure Practices](#)." The Huffington Post, 2 Dec. 2011.
8. "Attorney General Eric T. Schneiderman of New York sued three major banks on Friday, accusing them of fraud in their use of an electronic mortgage database that he said resulted in deceptive and illegal practices, including false documents in foreclosure proceedings ... Mr. Schneiderman ... filed a lawsuit against Bank of America, Wells Fargo and JPMorgan Chase in New York State Supreme Court in Brooklyn ...". Source: Reuters, "[New York Sues 3 Big Banks Over Mortgage Database](#)." The New York Times, 4 Feb. 2012.
9. "JPMorgan Chase Admits to Anticompetitive Conduct by Former Employees in the Municipal Bond Investments Market and Agrees to Pay \$228 Million to Federal and State Agencies." Source: "[Criminal Program](#)." U.S Department of Justice, 02 Feb. 2012.

JPMORGAN CHASE

10. State and federal regulators on Feb. 9, 2012 announced a settlement worth at least \$25 billion with the nation's five largest mortgage servicers (Bank of America Corporation, JPMorgan Chase & Co., Wells Fargo & Company, Citigroup Inc. and Ally Financial Inc.) that effectively punishes the banks for alleged abuses in the foreclosure process, including robo-signing, in which fraudulent documents are used in court proceedings when trying to take back properties from homeowners who are delinquent on their mortgages.

Source: Aruna Viswanatha, "[U.S. Banks Agree to \\$25 Billion in Homeowner Help](#)," Reuters, 10 Feb. 2012.
11. JPMorgan Chase pays \$20 million fine to the Commodities Futures Trading Commission (CFTC) for the following violation: "JPMorgan Chase illegally allowed Lehman Brothers, the investment bank whose 2008 bankruptcy brought the financial system to the brink of collapse, to count customers' money as its own, according to federal regulators. The arrangement boosted the amount that Lehman could borrow from JPMorgan, where the customers' money was deposited, regulators charged Wednesday. Then, at the height of the financial crisis, JPMorgan refused to release the customer funds for about two weeks, until regulators ordered it to do so, regulators charged." On the same day the CFTC announced the fine, JPMorgan announced it gave its Chairman and CEO Jamie Dimon an 11% pay raise in 2011 up to \$23 million in salary and bonuses.

Sources: David S. Hilzenrath, "[Regulators: JPMorgan Illegally Let Lehman Bros. Count Customers' Funds as Its Own](#)," The Washington Post, 05 Apr. 2012.
12. "A federal judge has approved JPMorgan Chase & Co.'s \$150 million settlement of a lawsuit by the American Federation of Television and Radio Artists retirement fund and other investors over losses that the plan sustained from the bank's Sigma Finance hedge fund."

Source: Dave McNary, "[JPMorgan Chase, AFTRA Settlement Approved](#)," Variety Media, 8 June 2012.
13. "The Commodity Futures Trading Commission fined J.P. Morgan Chase, N.A. \$600,000 for violating limits on speculative positions in cotton futures markets, the CFTC said Thursday."

Source: Jamila Trindle, "[JPMorgan Chase & Co. : CFTC Fines JP Morgan \\$600,000 for Too Much Speculation in Cotton Futures](#)," 4-traders, 27 Sept. 2012.
14. "Under a court settlement filed this week in San Francisco, JPMorgan Chase will pay \$100 million to credit card holders who saw their minimum monthly payments hiked from 2 percent to 5 percent between 2008 and 2009."

Source: Alan Farnham, "[Chase to Pay \\$100M For Hiking Card Fees](#)," ABC News, 26 July 2012.
15. When a bank pays a fine to government regulators, especially the SEC, it almost always must sign a pledge it will commit no more fraud – yet as this rap sheet shows, this bank is a repeat offender, which has to count as yet another offense.

Source: Edward Wyatt, "[Promises Made, and Remade, By Firms in S.E.C. Fraud Cases](#)," The New York Times, 08 Nov. 2011.

WELLS FARGO

1. "Wells Fargo agreed to pay \$1.4 billion to investors to settle a lawsuit by California Attorney General Jerry Brown that claims that the bank lied about the strength of its auction-rate securities."

Source: "[Wells Fargo Settles \\$1.4 Billion Lawsuit Regarding Auction-Rate Securities](#)," MyBankTracker.com, Nov. 2009.
2. "The [Illinois] Attorney General also reached a \$39.5 million settlement with Wells Fargo over the bank's deceptive marketing of extremely risky loans called Pay Option ARMs ..."
3. "[Illinois] Attorney General Lisa Madigan today filed a lawsuit in Cook County Circuit Court against one of the nation's largest mortgage lenders and servicers. The complaint alleges that Wells Fargo ... illegally discriminated against African American and Latino homeowners by selling them high-cost subprime mortgage loans while white borrowers with similar incomes received lower cost loans."

Source: "[Illinois Attorney General - Madigan Sues Wells Fargo for Discriminatory and Deceptive Mortgage Lending Practices](#)." Illinois Attorney General, July 2009.
4. "The office of Attorney General Jerry Brown announced today that Wells Fargo has agreed in a settlement to offer home-loan modifications worth \$2 billion, and will also pay \$32 million in restitution to borrowers who lost their homes through foreclosures."

Source: Peter Jamison, "[Jerry Brown Announces \\$2 Billion Settlement with Wells Fargo](#)," SF Weekly, Dec. 2010.
5. "Massachusetts Attorney General Martha Coakley is suing five of the nation's biggest banks for deceptive foreclosure and mortgage modification practices, her office announced Thursday... The lawsuit, filed against Bank of America, JPMorgan Chase, Wells Fargo, Citibank, Ally Financial and the Mortgage Electronic Registration System in Suffolk Superior Court, targets banks' using fraudulent paperwork in the foreclosure process, foreclosing without actually holding the mortgage, corrupting the local land recording system and failing to uphold promises of loan modifications ..."
6. "In February, Wells paid \$10 million to settle a separate class-action suit charging that it improperly added attorney's fees to the refinancings of 60,000 or so military veterans."

Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
7. "The bank has also admitted to Congress that it illegally seized the homes of 17 active-duty combatants and overcharged more than 3,000 military families on their mortgages."

Source: Gary Rivlin, "[Which Bank Is the Worst?](#)" Newsweek/Daily Beast, 25 Oct. 2011.
8. "The Federal Reserve announced a record \$85 million fine Wednesday against Wells Fargo for allegedly pushing borrowers with good credit into expensive mortgages and falsifying loan applications."

Source: Ben Rooney, "[Fed Hits Wells Fargo with \\$85 Million Fine](#)," Cable News Network, 20 July 2011.
9. Massachusetts Supreme Court rules that Wells Fargo illegally foreclosed on homes.

Source: Gretchen Morgenson, "[Massachusetts Ruling on Foreclosures Is a Warning to Banks](#)," The New York Times, 08 Jan. 2011.
10. "The city of Memphis and the local county government have sued Wells for 'unfair, deceptive, and discriminatory' lending practices that officials there contend cost them tens of millions in tax dollars and caused rampant blight."
11. The City of Baltimore has brought suit "that Wells Fargo steered African-American borrowers who qualified for prime loans into more onerous subprime loans and targeted unqualified homeowners for refinance or home equity loans that caused them to lose their houses."

Source: Brendan Kearney, "[Baltimore Can Proceed with Suit against Wells Fargo](#)." Maryland Daily Record, Apr. 2011.
12. "The Minnesota Court of Appeals on Monday, April 16, affirmed key parts of a verdict in a case brought by four nonprofit clients that cost Wells Fargo Bank \$30.3 million in compensatory damages in 2010 ... The nonprofit clients had sued Wells Fargo, claiming that its Securities Lending Program had mismanaged their investments. (Continued on page 17)"

Source: John Welbes, "[Minnesota Appeals Court Upholds Verdict against Wells Fargo](#)." Pioneer Press, 16 Apr. 2012.

WELLS FARGO

12. (Continued from page 16) The Minnesota Medical Foundation, the Workers' Compensation Reinsurance Association, the Minneapolis Foundation and the Robins, Kaplan, Miller & Ciresi Foundation for Children had accused Wells Fargo of investing in improperly risky investment vehicles and not alerting them to declining asset values.

Source: John Welbes, "[Minnesota Appeals Court Upholds Verdict against Wells Fargo](#)." Pioneer Press, 16 Apr. 2012.
13. "In a scathing opinion issued last week, Elizabeth Magner, a federal bankruptcy judge in the Eastern District of Louisiana, characterized as 'highly reprehensible' Wells Fargo's behavior over more than five years of litigation with a single homeowner and ordered the bank to pay the New Orleans man a whopping \$3.1 million in punitive damages, one of the biggest fines ever for mortgage servicing misconduct. 'Wells Fargo has taken advantage of borrowers who rely on it to accurately apply payments and calculate the amounts owed,' Magner writes. 'But perhaps more disturbing is Wells Fargo's refusal to voluntarily correct its errors. It prefers to rely on the ignorance of borrowers or their inability to fund a challenge to its demands, rather than voluntarily relinquish gains obtained through improper accounting methods.'"

Source: Ben Hallman, "[Wells Fargo Slapped With \\$3.1 Million Fine For 'Reprehensible' Handling Of One Mortgage](#)," The Huffington Post, 09 Apr. 2012.
14. "After months of painstaking talks, government authorities and five of the nation's biggest banks have agreed to a \$26 billion settlement that could provide relief to nearly two million current and former American homeowners harmed by the bursting of the housing bubble, state and federal officials said. It is part of a broad national settlement aimed at halting the housing market's downward slide and holding the banks accountable for foreclosure abuses. ... The five mortgage servicers in the settlement – Bank of America, JPMorgan Chase, Wells Fargo, Citigroup and Ally Financial – have largely set aside reserves for the expected cost of the accord ..."

Source: Nelson D. Schwartz and Shaila Dewan, "[\\$26 Billion Deal Is Said to Be Set For Homeowners](#)," The New York Times, 09 Feb. 2012.
15. "Attorney General Eric T. Schneiderman of New York sued three major banks on Friday, accusing them of fraud in their use of an electronic mortgage database that he said resulted in deceptive and illegal practices, including false documents in foreclosure proceedings. Mr. Schneiderman, co-chairman of a new mortgage crisis unit under President Obama, filed a lawsuit against Bank of America, Wells Fargo and JPMorgan Chase in New York State Supreme Court in Brooklyn."

Source: Reuters, "[New York Sues 3 Big Banks Over Mortgage Database](#)," The New York Times, 04 Feb. 2012.
16. "In one of the largest fair-lending payouts in history, Wells Fargo agreed on Thursday to spend at least \$175 million to settle federal accusations that it steered black and Latino borrowers into high-cost loans and charged them excessive fees."

Source: Ylan Q Mui, "[Wells Fargo, Justice Department Settle Discrimination Case for \\$175 Million](#)," The Washington Post, 13 July 2012.
17. "Wells Fargo's brokerage firm has agreed to pay \$6.58 million to settle federal civil charges that it failed to adequately inform investors about the risks of mortgage-related securities it sold."

Source: Marcy Gordon, "[Wells Fargo paying \\$6.58M to settle SEC charges](#)," Associated Press, 14 Aug. 2012.
18. "Evergreen Investment Management Company [a Wells Fargo unit] has agreed to pay \$25 million to settle a class action claiming it misled investors about a now defunct mutual fund's exposure to mortgage-backed securities."

Source: Reuters, "[Wells Fargo Unit in \\$25 Million Settlement](#)," Thomson Reuters, 2 July 2012.
19. "Wells Fargo engaged in a long-standing practice of reckless and fraudulent mortgage lending that cost the government hundreds of millions of dollars in insurance claims when those loans went bad, federal prosecutors alleged Tuesday."

Source: Danielle, Douglas and Brady Dennis, "[Government Sues Wells Fargo for Reckless Lending Practices](#)," The Washington Post, 9 Oct. 2012.
20. When a bank pays a fine to government regulators, especially the SEC, it almost always must sign a pledge it will commit no more fraud – yet as this rap sheet shows, this bank is a repeat offender, which has to count as yet another offense.

Source: Edward Wyatt, "[Promises Made, and Remade, by Firms in S.E.C. Fraud Cases](#)," The New York Times, 7 Nov. 2011.

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