

profit, despite the potential effect on other market participants. Ultimately, the conspiracy was carried out by a small group of traders in organizations collectively employing hundreds of thousands of people. And when the Defendant became aware of the conduct, it promptly began cooperating with the United States. While the Defendant committed a serious offense, it has accepted responsibility and has taken significant steps to remedy the conduct.

2. Seriousness of the Misconduct, Respect for Law, Deterrence and Protection from Other Crimes (18 U.S.C. § 3553(a)(2)(A))

Antitrust conspiracies are by their very nature serious offenses. According to the background comments in the antitrust guideline, “there is near universal agreement that restrictive agreements among competitors, such as horizontal price-fixing (including bid-rigging) and horizontal market-allocation, can cause serious economic harm.” U.S.S.G. § 2R1.1 cmt. backg’d. The conspiracy charged in the Information affected one of the largest and most important markets in the global economy, continuing for a number of years and impacting market participants throughout the world. Because of the seriousness of the offense the United States has insisted on substantial monetary penalties. The Defendant has also made changes to its compliance programs, to ensure that the charged conduct does not recur. But the United States also recognizes that the conduct, while serious, was limited to a small part of the Defendant’s operations. This conduct involved a trader who, while invested with significant responsibility in connection with the Defendant’s role as a dealer in the FX Spot Market, was not a member of the Defendant’s senior management.

The significant criminal fine of \$550 million recommended in resolution of this matter provides deterrence to similar conduct and promotes respect for law. The criminal fine, if approved by the Court, will be among the largest fines ever imposed for an antitrust violation. Fines of this magnitude deter similar wrongdoing. Yet the proposed fine is proportionate and

reasonable, given the fact that the Defendant has also resolved with other regulatory authorities, and paid substantial civil penalties including: a \$352 million penalty to the U.K. Financial Conduct Authority; a \$310 million penalty to the U.S. Commodities Futures Trading Commission; a \$350 million penalty to the Office of the Comptroller of the Currency; and a \$342 million penalty to the Board of Governors of the Federal Reserve. Moreover, by charging the parent-level organization, the proposed resolution demonstrates that the United States will hold corporations responsible for the conduct of all of its employees, when appropriate. This will similarly deter future misconduct by employees in large organizations. Finally, the Defendant's unequivocal acceptance of responsibility for its conduct promotes a respect for law and serves as a positive example for others.

3. Measures to Protect the Public from Further Crimes of the Defendant and to Discipline Employees Responsible for the Offense (18 U.S.C. §§ 3553(a)(2)(A), 3572(a)(8))

The Defendant has made improvements to its compliance program, which will protect against similar crimes. For example, the Defendant has undertaken broad initiatives to enhance business practices to reduce potential conduct issues. These include a Culture of Conduct initiative, designed to advance compliance with laws and regulations. The Defendant also commenced a review of its business practices, which has resulted in enhanced sales and trading guidelines. These Guidelines are communicated annually to nearly 3000 global sales and trading staff. The Defendant has also made specific changes to its compliance measures in response to the conduct at issue in this case. Such new controls are designed to prevent the recurrence of the same offense, including new limits regarding chats and messaging groups involving competitors, and increased surveillance of communications. Taken together, these measures are a significant step by the Defendant designed to protect against similar conduct in the future.

The Defendant has also agreed, as a condition of probation, to report potential criminal violations to both the Antitrust Division and the Criminal Division. This reporting, covering a period of three years, will ensure continuing communication between the Defendant and the United States. As a result, the parties will be able to identify and address potentially problematic conduct.

Finally, the Defendant took remedial steps designed to assess the involvement of any employees in the offense, and to discipline any determined to be involved. The individual responsible for the offense is no longer employed by the Defendant.

V. Probation and Restitution

Pursuant to 18 U.S.C. § 3561(c)(1), the Court may impose a term of probation of at least one year, but not more than five years. In considering whether to impose a term of probation the Court should consider the factors set forth in 18 U.S.C. § 3553(a). *See* 18 U.S.C. § 3562. The Court should also consider the factors in U.S.S.G. § 8D1.1 that set forth the circumstances under which a sentence to a term of probation is required.

Pursuant to the Plea Agreement, the parties have agreed to recommend that the Court impose a term of probation of 3 years. During the term of probation, the Defendant has agreed, among other things, to report credible information regarding violations of U.S. antitrust law, as well as U.S. law concerning fraud, including commodities and securities fraud. The Defendant has also agreed to report, in certain contexts, investigations involving the Defendant conducted by other governmental authorities. The full conditions of probation proposed by the parties are set forth in Paragraph 9 (c) of the Defendant's Plea Agreement.

Pursuant to 18 U.S.C. § 3563(b)(2), the Court may order the Defendant to pay restitution. The potential victims in this matter have available a number of civil causes of action, which

potentially provide for a recovery of a multiple of the actual damages caused by the charged conduct. In light of the availability of these civil causes of action, the parties have agreed not to recommend that the Court impose an order of restitution. The Defendant has already made significant efforts to pay restitution to potential victims by settling certain private actions relevant to this matter, including a settlement in the amount of \$105,500,000 awaiting court approval.

VI. Motion for Substantial Assistance Departure

The Defendant provided timely, useful and substantial assistance to the United States' investigation into conduct in the FX Spot Market. In consideration of the factors under 18 U.S.C. §§ 3553(a) and 3572 as discussed above, and for the reasons set forth below, pursuant to U.S.S.G. § 8C4.1, the United States moves for a downward departure to reduce the Defendant's guidelines fine to \$550 million.

1. The Significance and Usefulness of the Assistance

The United States' wide-ranging investigation into conduct in the FX Spot Market involved the review of enormous volumes of electronic and telephonically recorded conversations collected over a number of years, the interviews of hundreds of witnesses, and the analysis of complex trade data detailing substantial FX transactions, and involving entities throughout the world. For over a year and half leading to the proposed resolution in this matter, the Defendant provided information to assist the investigations conducted by both the Antitrust Division and the Criminal Division. This cooperation continues to this day.

In its investigations into antitrust conspiracies, the United States relies heavily on the cooperation of insiders, because such conspiracies are inherently secretive. This is especially true in this case, in which much of the evidence of the conduct was contained in an exclusive

chat room which could only be viewed by the chat participants themselves. As an added complexity, the communications in this chat room were often filled with dense jargon, describing highly technical trading strategies, and conveyed frequently in shorthand. The Defendant provided valuable assistance by explaining how the FX Spot Market operates, and by defining and decoding certain jargon traders use when describing their actions in the market, sometimes via a line-by-line review of chat transcripts. This allowed the United States to more effectively question witnesses during its investigation, and helped guide the analysis of the evidence obtained. Moreover, while the EUR/USD currency pair is the focus of the charges in this matter, when the investigation began the United States examined conduct in multiple currencies, involving a number of different chat rooms. The Defendant's assistance helped narrow the scope and focus of the investigation.

The Defendant produced large amounts of trade, order, and sales data to the United States. To assist the investigation, the Defendant compiled and analyzed this data, much of which resided in older systems. The Defendant also produced data from different trading desks around the world, thus providing the United States with a comprehensive data set to rely upon in its investigation. This data was of critical importance to the United States because it was used, in part, to quantify the harm caused by the conduct in determining the appropriate fine. But the relevant trade data was itself also important evidence of the conduct because in many instances, the data corroborated statements made by the traders in the Cartel Chat.

The Defendant also provided significant and useful assistance by bringing certain evidence to the attention of the United States concerning a potential antitrust conspiracy in the FX Spot Market, separate from the conspiracy charged in the Information, and involving different currencies. In connection with this cooperation the Defendant has produced documents,

audio files, and trade data; identified certain relevant evidence; and conducted factual presentations on the conduct at issue. The United States has an ongoing investigation into this conduct, which the Defendant has advanced through its cooperation.

2. The Nature, Extent and Timeliness of the Assistance

The Defendant provided timely and extensive assistance. This cooperation involved responses to numerous requests from both the Antitrust and Criminal Division, which often required the Defendant to quickly and simultaneously provide information about different conduct of interest to the different Divisions, involving different groups of employees, in various business functions. In addition, the Defendant undertook a period of accelerated cooperation at a critical phase of the investigation, which included a massive effort to focus on specific conduct relating to the Defendant's sales practices.

The Defendant conducted a significant investigation of its own in order to cooperate with the United States. This included the collection and processing of over 90 million documents. Because the Defendant maintained a regular dialogue with the United States, the Defendant was able to respond to specific investigative needs of the United States and assist in developing approximately 1,000 search terms. This collaboration permitted the focused review of the documents of more than 40 custodians. The Defendant reviewed and reported on nearly 4 million documents, significantly streamlining the United States' investigation and saving substantial government resources by identifying extraneous materials while dedicating its own significant resources to doing so. The Defendant also undertook the complex and laborious task of reviewing audio files at the United States' request. The review of audio is particularly labor intensive, and the Defendant reviewed 114,000 files totaling in excess of 1,500 hours.

The United States relies heavily on evidence provided by witnesses. The Defendant substantially advanced the United States' investigation in this regard, by encouraging employees to cooperate and facilitating interviews conducted by the United States. The Defendant responded to 159 separate requests for information made by the United States. Such cooperation was important because it allowed the United States to focus the interviews it conducted as part of its investigation. The Defendant greatly assisted in obtaining additional evidence, and conducted at least 41 interviews as part of its own investigation.

The Defendant's cooperation included extensive, regular reporting to the United States. This improved the investigative efforts of both parties. The Defendant responded to and accommodated the United States by adjusting the Defendant's own investigation in response to the United States' investigative focus. Of particular note is the massive effort the Defendant undertook to meet an accelerated investigative schedule the United States requested during a crucial phase of the investigation. During a three-month period, the Defendant increased its already brisk investigative pace tailored to precise investigative needs of the United States.

The Defendant provided substantial assistance to the investigation. This assistance was comprehensive, useful and timely. It significantly advanced the United States' investigation and contributed to an expeditious resolution with three separate defendants. A downward departure from the Defendant's Sentencing Guidelines fine is therefore appropriate.

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VII. Recommendation

Pursuant to the 11(c)(1)(C) Plea Agreement between the United States and the Defendant, the United States requests that the Court depart downward from the Defendant's Sentencing Guidelines fine, and recommends that the Court impose: a fine of \$550 million, payable in full before the fifteenth day after the date of judgment; a period of probation of 3 years, with the conditions set forth in the Plea Agreement; no order of restitution; and a \$400 special assessment. This sentence is sufficient but not greater than necessary to meet the goals set forth in 18 U.S.C. §§ 3553(a) and 3572.

Respectfully submitted,

/s/ Bryan C. Bughman
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Antitrust Division

CERTIFICATION OF SERVICE

This is to certify that on December 1, 2016, a copy of the foregoing Memorandum was filed electronically and served by mail on anyone unable to accept electronic filing. Notice of this filing will be sent by e-mail to all parties by operation of the Court's electronic filing system or by mail on anyone unable to accept electronic filing as indicated on the Notice of Electronic Filing. Parties may access this filing through the Court's CM/ECF System.

BY: /s/ Bryan C. Bughman
BRYAN C. BUGHMAN
Trial Attorney
U.S. Department of Justice
Antitrust Division

EXHIBIT 3

Sentencing Transcript

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

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:
UNITED STATES OF AMERICA : No. 3:15-CR-00077(SRU)
: No. 3:15-CR-00078(SRU)
vs. : No. 3:15-CR-00079(SRU)
: No. 3:15-CR-00080(SRU)
:
BARCLAYS PLC; CITICORP; : 915 Lafayette Boulevard
JP MORGAN CHASE & CO.; THE : Bridgeport, Connecticut
ROYAL BANK OF SCOTLAND PLC :
: January 5, 2017
- - - - - x

SENTENCINGS

B E F O R E:

THE HONORABLE STEFAN R. UNDERHILL, U. S. D. J.

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1 (10:02 A.M.)

2 THE COURT: Good morning. We're here in four
3 related matters, United States vs. Barclays PLC, Citicorp,
4 JP Morgan Chase and Royal Bank of Scotland. Could I have
5 appearances, please.

6 MR. BUGHMAN: Good morning, Your Honor. Bryan
7 Bughman and Jeff Martino on behalf of the United States.

8 MR. MARTINO: Good morning, Your Honor.

9 THE COURT: Good morning. Thank you.

10 MS. SEYMOUR: Good morning, Your Honor. It's
11 Karen Seymour and Alex Willscher on behalf of Barclays
12 PLC.

13 THE COURT: Thank you.

14 MR. FITZWATER: Matt Fitzwater from Barclays
15 PLC.

16 THE COURT: Thank you.

17 MR. ENGLISH: Michael English for Barclays PLC.

18 THE COURT: Thank you.

19 MR. DASSIN: Lev Dassin and Jon Kolodner from
20 Cleary, Gottlieb for Citi. We also have David Ring from
21 Wiggin & Dana for Citi, and our corporate representative
22 Mei Lin Kwan-Gett.

23 THE COURT: Very good. Thank you.

24 MR. NEDEAU: Good morning, Your Honor.
25 Christopher Nedeau associated with the Alioto Law Firm on

1 behalf of certain victims in this case with respect to
2 this Rule 11 hearing.

3 THE COURT: Very good. Thank you.

4 MR. ANDRES: Judge, Greg Andres and Neil
5 Macbride from Davis Polk are here for RBS, together with
6 Dan Wenner.

7 THE COURT: Very good. All right. Let me --

8 MR. CARROLL: I'm sorry, Your Honor. John
9 Carroll, Warren Feldman and David Leland from Skadden for
10 JPMC. Our corporate representatives are Stacey Friedman
11 and Christine McDonough.

12 THE COURT: Very good. Thank you.

13 It makes a certain amount of sense to me to take
14 these four matters up collectively. Does anybody object
15 to that?

16 MR. BUGHMAN: No objection.

17 THE COURT: All right. To the extent that those
18 of you in the back want to come up and maybe sit on the
19 front or sit in the jury box, feel free to do that.

20 I'd like to note on the record that January
21 Welks of the U.S. Probation Office is with us in court and
22 is the principal author of the PSRs in these four related
23 cases.

24 On May 20 of 2015 each of these four defendants
25 appeared before me and entered into Rule 11(c)(1)(C)

1 guilty plea agreements with respect to count one of the
2 respective informations that charged violations of
3 Section 1 of the Sherman Act; and the presentence reports,
4 although they were waived in the plea agreement, in
5 subsequent proceedings it was determined that it made
6 sense, frankly at my request, to have some information to
7 be able to evaluate the 11(c)(1)(C) agreements in one form
8 or another, and ultimately it was determined that that
9 could be done effectively through the preparation of
10 presentence reports.

11 The presentence reports were thereafter prepared
12 for the Court in each of these cases. They are dated in
13 mid-November, and I'm happy to go through each one in
14 terms of the dates of the addenda if anybody thinks that's
15 important, but the point is I've reviewed each of the
16 presentence reports and each of the addenda to those
17 reports, and I've consulted with Ms. Welks, who is one of
18 the principal authors of the presentence reports.

19 In addition, in preparation for sentencing
20 today, I have reviewed, of course, the plea agreements,
21 the sentencing memoranda and motions of the government
22 that have been filed, the victim letter that was submitted
23 this morning. I'm not sure if counsel for the defense,
24 defendants has seen that, but it was a brief letter that
25 was faxed to chambers that I'm happy to share with you if

1 you'd like. And, in addition, I reviewed various
2 materials publicly available, both about news reports
3 about these cases, about certain information regarding the
4 related civil cases, various scholarly pieces. I'm not
5 going to try to go through everything that I looked at,
6 but I thought I would mention that.

7 Let me ask counsel for each of the defendants to
8 confirm on the record that you've had a chance to review
9 the presentence report and addenda related to your client.

10 MS. SEYMOUR: On behalf of Barclays, we have,
11 Your Honor.

12 THE COURT: Thank you.

13 MR. DASSIN: On behalf of Citi, we have, Your
14 Honor.

15 THE COURT: Very good.

16 MR. CARROLL: On behalf of JP Morgan, we have,
17 Your Honor.

18 THE COURT: Very good.

19 MR. ANDRES: On behalf of RBS, we have, Your
20 Honor. Thank you.

21 THE COURT: Excellent. Thank you.

22 Did any of you have any objections to any of
23 the factual statements that are set forth in the
24 presentence report?

25 MS. SEYMOUR: No, Your Honor.

1 MR. DASSIN: No, Your Honor.

2 MR. CARROLL: No, Your Honor.

3 MR. ANDRES: No, Your Honor.

4 THE COURT: All right. I had one very small but
5 potentially significant point to raise about the PSR, and
6 it's a statement that is repeated in each of the PSRs.
7 I'm looking at Barclays, and it's paragraph 35 in the
8 Barclays PSR. It has to do with the government analysis
9 of basically the impact, that is, the trading volume
10 estimate; and perhaps, since this was I think prepared by
11 the government, it's most important to hear from the
12 government. I believe that there is a slight misstatement
13 in that paragraph in the sentence that says: Given this,
14 the government concluded that a price movement of
15 approximately .03 percent of a USD cent was reasonable to
16 use, etc. I believe the word "cent" should come out of
17 that sentence because the percentage has the impact of
18 making it a cent of a U.S. dollar; that is, it would
19 correctly read 3 percent of a USD cent, but because it's
20 .03 percent, I think we're talking about dollars and not
21 cents.

22 MR. BUGHMAN: Your Honor, I believe that is
23 accurate as you have characterized it. The shorthand
24 often used to refer to this in the industry is 3 pips,
25 percentage in point; but as you stated, I believe you are

1 correct, Your Honor, and that is -- the statement in the
2 presentence report is not correct. It would be -- because
3 of the .03 percent, it's already talking about cents, so
4 in some ways it's redundant, so that is correct, Your
5 Honor.

6 THE COURT: Very good. So I'm going to direct
7 that the PSRs be corrected to take out the word "cent" in
8 each of the respective paragraphs --

9 MS. SEYMOUR: Your Honor, excuse me. I'm sorry.
10 I'm not sure. Maybe we could confer a brief moment. We
11 thought it was .003, to the thousandth, so I think, Your
12 Honor, perhaps we could confer with the government, but we
13 thought the "cent" should not come out.

14 THE COURT: Okay. Well, it is .003 --

15 MS. SEYMOUR: Right.

16 THE COURT: -- dollars -- excuse me, .0003
17 dollars.

18 MS. SEYMOUR: Right.

19 THE COURT: But when you put the percentage
20 symbol after .03, you're effectively adding two zeros.

21 MS. SEYMOUR: I think you're right, Your Honor.
22 Apologies. I think you're right. So if we add the
23 "cent," we're doubling it up.

24 THE COURT: Doubling it up, right.

25 MS. SEYMOUR: Does everybody agree? I'm the

1 slowest in the courtroom, so I apologize for that.

2 There's a reason why I wasn't a math major.

3 THE COURT: I'm not going to disclose how long I
4 have pondered this point. All right, but we will direct
5 those PSRs to be corrected, thank you, and with that
6 correction I'm going to adopt the factual statements of
7 the presentence reports as the findings of fact of the
8 Court in this case.

9 Let me next review the maximum penalties that
10 each of the banks faces today. First, there's a maximum
11 term of probation of five years, a fine of up to twice the
12 gross pecuniary gain or gross pecuniary loss resulting
13 from the offense, whichever is greater, and there is a
14 \$400 mandatory special assessment on the counts of
15 conviction, that is, one count for each defendant. Any
16 correction to that statement of the maximum penalties in
17 the case?

18 (No response.)

19 THE COURT: The only minimum that applies is
20 that the statute provides that any term of probation must
21 be at least one year. I assume there's no objection to
22 that statement either.

23 MR. BUGHMAN: Not from the government.

24 MS. SEYMOUR: No, Your Honor.

25 THE COURT: All right. Okay. I think it might

1 next be useful to take up the sentencing guideline
2 calculation. The sentencing guidelines here obviously are
3 calculated pursuant to Chapter 8. Chapter 8 directs that,
4 in effect, we undertake various calculations. The first
5 of those is the calculation that is described in the
6 government's analysis in the PSR, that is, 20 percent --
7 20 percent of the volume of affected commerce. That
8 number, according to the government's calculations, which
9 although I don't think the defendants are accepting,
10 they're not for this purpose disputing, would be
11 dramatically in excess of the statutory maximum here,
12 which is two times the gross loss, and therefore there's
13 no point in trying to calculate the upper bound of the
14 guidelines because the upper bound of the guidelines
15 becomes the statutory maximum when the guideline range is
16 otherwise in excess of the statutory maximum. So the PSRs
17 don't attempt to calculate that number, and I'm not going
18 to attempt to calculate it either. I think it is safe to
19 say that it is dramatically in excess of the statutory
20 maximum.

21 So the statutory maximum here becomes the
22 guideline recommended range, and what I'll do is for each
23 of the defendants I'll set forth my understanding of what
24 that number is, again, based upon the government's
25 calculation of the likely pecuniary loss.

1 For Barclays, the gross loss calculated by the
2 government is \$593,000,000, and therefore the guideline
3 and the statutory maximum fine is 1.186 billion dollars.

4 For Citicorp, the government calculates a gross
5 pecuniary loss of \$711 million, and therefore the
6 statutory maximum and the guideline recommended sentence
7 is \$1.422 billion.

8 For JP Morgan Chase, the government calculates a
9 gross pecuniary loss of \$423 million with a resulting
10 statutory maximum and guideline fine range of -- or fine
11 amount of \$846,000,000.

12 And for Royal Bank of Scotland, the government
13 calculation of gross pecuniary loss is \$264 million,
14 making the statutory maximum and guideline recommended
15 fine \$528 million.

16 Let me hear if anyone has any objection to that
17 statement -- calculation or statement of the guidelines.

18 MR. BUGHMAN: No objection from the government,
19 Your Honor.

20 MS. SEYMOUR: No, Your Honor.

21 MR. DASSIN: No, Your Honor.

22 MR. CARROLL: No, Your Honor.

23 MR. ANDRES: No, Your Honor.

24 THE COURT: I should also note that the
25 guideline recommended range for probation for each

1 defendant is one to five years, and there is, of course, a
2 \$400 special assessment.

3 All right. Let's get to the heart of the issue,
4 which is whether to accept the binding plea agreements
5 that have been entered into by each of the defendants. As
6 is obvious, I think, if I accept the agreements and the
7 sentences set forth in those agreements, I will today
8 impose that sentence. If the plea agreements are
9 rejected, then all bets are off, and we're back, in
10 effect, with cases to move forward.

11 I think it may make sense, before I hear from
12 the government and from each of the defendants, to hear
13 first from the victim representative who wishes to be
14 heard. Mr. Nedeau, do you want to -- and while he's
15 coming forward, is there anyone else here who wishes to be
16 heard on behalf of any victim?

17 (No response.)

18 THE COURT: Seeing none, Mr. Nedeau? Thank you.

19 MR. NEDEAU: Good morning, Your Honor. Thank
20 you very much for letting me speak.

21 THE COURT: Good morning.

22 MR. NEDEAU: As I mentioned earlier, my name is
23 Christopher Nedeau, and I'm associated with the Alioto Law
24 Office representing plaintiffs John Nypl, N-y-p-l, et al
25 vs. JP Morgan Chase and Company. This is a related

1 putative class action brought against these defendants
2 that are here pending before Judge Schofield in the
3 Southern District of New York. For the record, that case
4 number is 1:15-cv-09300-LGS.

5 Your Honor, pursuant to Rule 32 on behalf of our
6 clients who are victims of the price-fixing conduct at
7 issue here, we'd like to take this opportunity to object
8 to the negotiated plea agreements with these banks and
9 urge you to reject them because we believe there's been no
10 adequate consideration of restitution to the victims
11 pursuant to an agreement between the DOJ and defendants.

12 In order to provide the Court some context for
13 objection, I would like to briefly mention some facts that
14 I've been able to -- we've been able to find from the
15 public record. For seven years, between January 2007 to
16 at least January 2013, all class members, that is,
17 consumers and businesses in the United States who directly
18 purchased supracompetitive foreign currency exchange rates
19 have been consistently, systematically and intentionally
20 damaged by the price-fixing conduct that defendants admit
21 to here today.

22 We estimate the price-fixing activity by these
23 banks, whose employees participated in the cartel chat to
24 fix the exchange rate of dollars to euros resulted in
25 \$50 million of profit per day or \$3.7 billion per year,

1 over \$20 billion during the conspiracy period.

2 In the United States sentencing memorandum and
3 motion for departure dated December 1, 2016, the affected
4 volume of commerce for Chase alone is estimated
5 1.41 trillion dollars.

6 Now, Your Honor, we're not here to debate the
7 appropriateness of departure from the guidelines or the
8 calculation of the guidelines. Rather, on behalf of the
9 putative class members who are victims of this conduct, we
10 want to point out that despite the magnitude of the
11 affected commerce and the illegal profits of \$50 million a
12 day, there seems to have been no consideration of
13 restitution to the victims. In the 16-page sentencing
14 memorandum there is only one paragraph devoted to
15 restitution. There it states that due to pending civil
16 litigation, the parties have agreed not to recommend
17 imposition of an order of restitution.

18 Now, I know the Court knows that under 18 USC
19 3771(a)(6) all crime victims have the right to full and
20 timely restitution. That's provided by law. Rule
21 32(d)(2)(D) requires information sufficient for a
22 restitution order to be provided for probation's
23 presentence report. It's abundantly clear that both these
24 rules have been ignored, and the rights of the victims of
25 price-fixing of the exchange rates were negotiated away in

1 these plea agreements.

2 In the DOJ's press release dated May 20, 2015 it
3 was estimated that nearly \$9 billion would be paid to the
4 federal, state and international authorities by these
5 banks that are pleading guilty to price-fixing in your
6 court.

7 Of course, the Court can easily enforce payment
8 of these fines and penalties. However, on the other hand,
9 the victims who are members of the putative class are on
10 their own to litigate, through discovery and trial, to
11 prove up the damages owed to them. The defendants in this
12 courtroom are pleading guilty to price-fixing, which
13 admits liability in the civil cases and is admissible
14 under the Clayton Act, Section 5. However, we know, as
15 practical lawyers, that as soon as these plea agreements
16 are accepted by Your Honor, these defendants most
17 certainly will move in civil actions to dismiss the civil
18 complaints under Rule 12, and they will challenge
19 certification of the class. This is inconsistent with the
20 plea agreement here and inconsistent with the spirit of
21 the law which requires restitution to these victims.

22 Your Honor, on behalf of the victims we fear
23 that defendants are talking out of both sides of their
24 mouths, which may cause manifest injustice to the victims
25 of their illegal conduct. So what to do? Your Honor, we

1 believe that there should have been an attempt, and there
2 may have been in the presentence report given to Your
3 Honor that we've not seen, to estimate the restitution
4 owed to the victims. In some of the plea agreements it
5 says this is far too difficult and would take far too much
6 time. Your Honor, it is done all the time, and for the
7 amount of money at issue here, it can be done. I was lead
8 defense counsel in the TFT-LCD price-fixing case and took
9 it to trial for four months, and we knew the potential
10 damages to the penny.

11 So in order to even the scales here and allow
12 victims a little bit of help from the government, which is
13 reaping vast, vast sums of dollars for this illegal
14 conduct, we suggest two points that we would ask the Court
15 to propose to the respective Department of Justice
16 prosecutors and defense counsel be included in the plea
17 agreements today.

18 We propose that the Court order that the plea
19 agreements be amended to include a provision that
20 defendants are estopped from moving to dismiss plaintiffs'
21 civil action in the Southern District of New York pursuant
22 to Federal Rule of Civil Procedure 12(b).

23 Further, Your Honor, we would propose that the
24 Court order that by virtue of these guilty pleas, these
25 defendants pleading guilty today are estopped from

1 contesting class certification in the Nypl putative class
2 action in the Southern District of New York.

3 Your Honor, I thank you for giving me the
4 opportunity to be heard.

5 THE COURT: Okay. Let me, before you sit down,
6 let me note that I don't have the authority to order an
7 amendment of a binding plea agreement, so my authority
8 extends to accepting or rejecting that agreement.

9 MR. NEDEAU: And I apologize for the shorthand,
10 but you could reject the agreement until it is changed,
11 Your Honor. That would be within your discretion, I
12 think.

13 THE COURT: Well, okay, fair enough, but that
14 would be a rejection --

15 MR. NEDEAU: I understand.

16 THE COURT: -- and the hope that there would be
17 a subsequent agreement.

18 Let me inquire a little further. I think it's
19 well established that the Court has discretion not to
20 order restitution when in doing so would result in
21 extensive damages, litigation in the criminal cases, and
22 in this case where the losses and presumably the numbers
23 of victims are so vast, why is the criminal proceeding a
24 better place to litigate those issues than the putative
25 class action civil case that you have pending?

1 MR. NEDEAU: Well, Your Honor, I'm glad you
2 asked that question. As a former prosecutor, I think a
3 criminal proceeding is a very good place to litigate those
4 issues because those issues can be determined by the
5 parties and be part of the negotiation under the leverage
6 of the Court and the leverage of the sentencing
7 guidelines. It can be done efficiently. It probably has
8 been done already. So I don't think it's an
9 insurmountable task as described in these plea agreements.
10 I think those numbers exist today. Now, the alternative
11 is months or years of civil litigation.

12 THE COURT: Well, let me just interrupt you.
13 The total number may exist today, and in fact I've relied
14 upon a total loss number in setting the guidelines. What
15 I am fairly certain has not been settled and would be
16 extremely difficult to settle is how much of that total
17 loss number goes to which particular victim. There may be
18 literally millions of victims here.

19 MR. NEDEAU: Yes, correct.

20 THE COURT: Right. So my assumption is no one
21 sitting in this room knows that any particular victim
22 either was a victim or how much they lost, and to take on
23 in a restitution hearing what could be years worth of
24 discovery, it seems inconsistent with the case law.

25 MR. NEDEAU: And, Your Honor, your comments are

1 certainly well taken, and I understand that difficulty,
2 and that's why we're simply here to object on the record
3 and to talk about the unfairness with this powerful
4 proceeding before Your Honor to bring this illegal conduct
5 to account and punish it where it's punished and the money
6 goes to the state but there's nothing for the victims.

7 Now, as a plaintiff's antitrust lawyer now, we
8 will undertake that task, and we will use the guilty pleas
9 as admissions of liability in the class action, and we
10 know how to do that. But I'm simply asking -- I'm simply
11 proposing that the Court consider and counsel consider
12 talking about an estoppel so that counsel do not walk out
13 of this courtroom -- and they have a job to do, Your
14 Honor, I did it for 30 years -- to walk out of this
15 courtroom, walk into the Southern District of New York and
16 file a 12(b) motion to dismiss a complaint that they've
17 admitted is valid.

18 THE COURT: Well, okay; but, one, assuming that
19 happens, which would surprise me, why is it not
20 appropriate for Judge Schofield to take that up in the
21 first instance? In other words, you're going to argue to
22 her, Wait a minute, they were just up in Bridgeport and --
23 assuming I accept these agreements -- they've now been
24 adjudged guilty, and here are these judgments, so how can
25 they move to dismiss it?

1 MR. NEDEAU: You're correct, Your Honor. I'm
2 also going to tell the judge that we did not waive this
3 argument in front of you.

4 THE COURT: Fair enough. I get that. Okay.
5 All right, thanks for coming.

6 MR. NEDEAU: Thank you, Your Honor.

7 THE COURT: I'm not sure what everybody is used
8 to in other districts, but my practice is generally to
9 hear first from the defense, then from the government, and
10 to the extent that the defense wants to be heard again to
11 hear from the defense. Any objection to proceeding in
12 that manner?

13 MR. BUGHMAN: That's fine, Your Honor.

14 THE COURT: Very good. And if nobody minds,
15 I've got it set up in alphabetical order, so that would
16 put --

17 MS. SEYMOUR: Yes, Your Honor, just on behalf of
18 Barclays, we really rest on our submission, but I would
19 say with respect to this point on restitution we think we
20 are well within the statute, which does allow the Court
21 not to impose restitution here for the reasons that the
22 Court stated, and we think that the appropriate place to
23 litigate these issues is the court most fully familiar
24 with the class action that can address the estoppel issues
25 and the other issues that counsel raised.

1 So with that, unless there's questions about
2 Barclays, we would rest on the papers.

3 THE COURT: Very good. Thank you. Citicorp?

4 MR. DASSIN: Yes, a few things, Your Honor, but
5 briefly, the plea agreement does provide in paragraph 9(b)
6 that in light of the availability of civil causes of
7 action, which potentially provide for recovery of a
8 multiple of actual damages, the recommended sentence does
9 not include a restitution order for the offense charged in
10 the information. So this was something that was
11 contemplated.

12 Secondly, there was civil litigation pending,
13 Citi and I believe some of the other banks have settled, a
14 consolidated class action for a considerable sum of money.
15 Preliminary approval has been given for that and final
16 approval -- a final approval hearing in the fall. So to
17 the extent there is additional litigation out there, the
18 civil litigation that exists is the appropriate forum to
19 deal with that and whether any additional compensation to
20 those plaintiffs is appropriate or not.

21 THE COURT: All right. Thank you. JP Morgan
22 Chase.

23 MR. CARROLL: Yes, Your Honor. JP Morgan has
24 also settled that action, Your Honor, pending proper
25 approval, so we believe that is the proper forum for these

1 issues. Other than that, we're happy to rest on our
2 submission.

3 THE COURT: Very good. Thank you. And Royal
4 Bank of Scotland.

5 MR. ANDRES: Thank you, Judge. RBS has also
6 settled at least one of the civil class action cases in
7 front of Judge Schofield, and other than that on the
8 sentencing issues we also rest on our papers.

9 THE COURT: All right. And before I leave the
10 defense side, again, it's a little bit unclear in the
11 corporate context, but certainly the rule requires that I
12 directly address the defendant and give the defendant an
13 opportunity to be heard. If any of the corporate
14 representatives would like to add anything or be heard in
15 connection with the 11(c)(1)(C) issue or the sentencing
16 issue, please let me know.

17 MR. NEDEAU: Your Honor, in response I would ask
18 one more thing. Could the letter that we sent in be made
19 a part of the record?

20 THE COURT: Any objection?

21 MR. BUGHMAN: None from the government, Your
22 Honor.

23 MS. SEYMOUR: No, Your Honor.

24 MR. DASSIN: No, Your Honor.

25 MR. CARROLL: No, Your Honor.

1 MR. ANDRES: No, Your Honor.

2 THE COURT: Very well. That letter will be
3 docketed.

4 All right. Mr. Bughman, do you have anything to
5 say?

6 MR. BUGHMAN: Thank you, Your Honor. As we set
7 forth in our submissions, the government submits that the
8 sentences that are agreed upon in each of these matters
9 are sufficient but not greater than necessary to comply
10 with the purposes set forth in 18 USC 3553(a) and 3572(a).
11 Also, for the reasons set forth in our papers, Your Honor,
12 the government would move with respect to each defendant
13 for a downward departure from the sentencing guidelines
14 range pursuant to U.S. sentencing guidelines 8C4.1. We
15 would rest on our papers unless the Court has any
16 additional questions for the United States.

17 THE COURT: I do not. Thank you.

18 MR. BUGHMAN: Thank you, Your Honor.

19 THE COURT: Let me start by granting the 8C4.1
20 motions. It's apparent to me from review of the
21 presentence report for each defendant that each of these
22 defendants, notwithstanding the seriousness of the
23 conduct, was both extremely helpful and extremely prompt
24 in cooperating with the government's investigation, that
25 there was a significant amount of resources that were

1 committed to that effort that saved the government a
2 tremendous amount of hard work, that made these
3 proceedings more efficient, dramatically more efficient,
4 and it seems to me that the timely, prompt and valuable
5 assistance provided certainly warrants granting the 8C4.1
6 motions.

7 The question of whether to accept an 11(c)(1)(C)
8 agreement overlaps or intersects with the question about
9 an appropriate sentence. In effect, my role is to
10 determine what sentence is sufficient but not greater than
11 necessary to serve the purposes of sentencing with respect
12 to each of these defendants. It seems to me that that
13 inquiry then -- the result of that inquiry should then be
14 compared to the proposed sentence in the 11(c)(1)(C)
15 agreements. So I'm going to start my consideration of the
16 11(c)(1)(C) agreements with, in effect, the more
17 traditional sentencing factors that are found in 18 USC
18 Section 3553(a).

19 That statute requires that I consider quite a
20 number of factors. They're set forth in the statute. I'm
21 not going to list them today, but I have, in fact,
22 considered them. With a corporate defendant, the
23 sentencing options are limited, and the principal method
24 of punishment and of deterrence, frankly, is the
25 imposition of a fine. The statute, 18 USC Section 3572,

1 sets forth various factors that the Court should consider
2 when deciding the amount of a fine to impose. These
3 include, in effect, the financial capability of the
4 defendant, the amount of losses inflicted upon others,
5 whether restitution is ordered or not, the need to deprive
6 the defendant of illegally obtained gains from the
7 offense, and whether the defendant can pass on to
8 consumers or other persons the expense of the fine, as
9 well as any measures taken by the organization to
10 discipline any officer, director, employee or agent who is
11 responsible.

12 I will note that it does not appear to me from
13 the information I have been able to obtain, both through
14 the presentence report and through public media reports,
15 that any individual has been prosecuted here. That is
16 obviously a decision for the government to make, but I do
17 think it worth a comment that one of the most effective
18 ways to deter an organization from wrongful conduct is for
19 individuals responsible for that conduct to face criminal
20 sanctions, including imprisonment.

21 These are obviously white collar offenses. The
22 responses made by the various banks to these prosecutions
23 is commendable, but the opportunity for further mischief
24 exists, and I think that mischief will be best deterred if
25 people responsible are not only fired but any compensation

1 paid to them that was dependent upon or triggered by the
2 wrongful conduct, for example, the calculation of a bonus,
3 those amounts I hope these banks are seeking to claw back,
4 have the individuals disgorge; and, frankly, I would urge
5 the government to consider prosecution of individuals.
6 And we have any number of white collar defendants in this
7 court for comparatively miniscule losses to the
8 government, be it wrongful receipt of Social Security
9 benefits, be it failure to pay taxes or whatever, and
10 those folks frequently receive prison terms, and the
11 deterrence of white collar crime I think depends upon
12 individuals realizing the personal risks to them, not
13 simply the risk to their employers. So it is a factor I
14 have to consider in deciding whether the fine amounts are
15 reasonable, but I thought it also merited some comment.

16 The guidelines have a number of factors for
17 considering fine amounts as well. They're set forth in
18 8C2.8. I'm not going to list those, but again, will just
19 assure everyone that I've considered those factors.

20 These crimes are quite serious. The
21 significance stems not only from the dollar amounts
22 involved, which are eye-popping, frankly, but also from
23 the impact on the faith that market participants can have
24 in the market itself. If the market is rigged, then folks
25 who play by the rules are suckers, and the loss of faith

1 in the accuracy and fairness, fundamental fairness of the
2 market is, I think, a significant aspect that makes these
3 crimes even more significant than the dollar amounts
4 involved.

5 That said, these fines, especially when combined
6 with other fines and sanctions that have been imposed on
7 the banks, are also eye-popping. These are huge dollar
8 amounts. I think they are appropriate in light of the
9 calculated losses that the government has submitted. I
10 understand the defendants dispute the calculation of
11 losses and understandably so, but the amounts of these
12 fines are quite large, and the amounts of the other
13 sanctions that they face are quite large, and
14 significantly they represent a small but I think material
15 percentage of the market capitalization of the firms. And
16 I'm just going to note -- I believe these figures are
17 accurate -- that the fine for Barclays is 1.85 percent of
18 its market capitalization; for Citicorp, 0.64 percent of
19 market capitalization; JP Morgan Chase, 0.22 percent of
20 market capitalization; and Royal Bank of Scotland,
21 1.58 percent of market capitalization. Those are amounts
22 that will be felt, that will be recognized at the highest
23 levels of the corporations, and that will result and have
24 already resulted in some cases with significant impacts on
25 corporate operations and personnel.

1 I think it's also worth saying that the fines
2 appear to be large enough that we can all have confidence
3 that these banks did not profit from this wrongdoing; that
4 is, the losses appear to be greater than the profits, and
5 because we're doing a multiple of losses there's not
6 really much doubt that these fines are more than
7 sufficient to cover any monies that these banks made from
8 this wrongful conduct.

9 I also believe that these fines are large enough
10 to deter, at least in the sense that the corporations, the
11 banks themselves will have every incentive, their boards,
12 their shareholders, their officers will be motivated by
13 these fines to make sure that corporate culture is
14 consistent with the laws of not just the United States but
15 other jurisdictions, that there will be serious
16 consequences for anyone who departs from law-abiding
17 culture or practice, and that this kind of conduct will
18 certainly be searched out by the banks themselves and
19 thwarted when possible.

20 Significantly, the impression I have from the
21 presentence reports and from public media reports is that
22 the conduct at issue here was engaged in by a very small
23 number of individuals within each firm. I think it's fair
24 to classify this as rogue behavior on the part of a small
25 group. That doesn't minimize the seriousness of the

1 behavior, but I do think it impacts the reasonableness of
2 these fine amounts because we do not have banks who appear
3 to have condoned conduct at any high-ranking level, which
4 is important to me.

5 And, finally, I noted before the reasons for
6 granting the 8C4.1 motions. I believe that the prompt and
7 valuable cooperation provided by the banks is an important
8 factor in deciding the reasonableness of the 11(c)(1)(C)
9 agreements, and I have taken that into account as well.

10 I do need to comment on the question of
11 restitution, which has been raised as an objection to
12 acceptance. It is always best, when realistically
13 possible, to impose restitution as part of a criminal
14 sentencing. I do not have any confidence that this Court
15 is better situated than the Southern District in which the
16 civil actions are pending to undertake the extremely,
17 almost mind-bendingly complex task of identifying victims
18 and specific loss amounts suffered by each of those
19 victims. This is, in my view, a very clear and obvious
20 case in which restitution is best left to the civil
21 process, civil litigation process, and restitution is a
22 useful tool when it can be done promptly. I think the
23 statute basically assumes it can be done within 90 days.
24 It's simply impossible to comprehend that we could have
25 anything close to an accurate restitution order in 90 days

1 or even three years and 90 days from today. So I
2 really -- I acknowledge the concerns raised by the
3 victims' representative. I think those are potentially
4 valid concerns in a more ordinary case, but here I think
5 the better practice by far is to not reject the plea
6 agreements because they do not call for restitution, but
7 rather, to leave restitution to the civil process.

8 In sum, I've reached the conclusion that when
9 looking at the sentences that are sufficient but not
10 greater than necessary to serve the purposes of sentencing
11 for each of these defendants, that the 11(c)(1)(C)
12 proposed sentences are consistent with the requirements of
13 3553(a); and, accordingly, I will accept the 11(c)(1)(C)
14 agreements for each of these four defendants.

15 I think, as a practical matter, we have engaged
16 in what I would ordinarily now do as a sentencing
17 proceeding. I will, however, offer to anyone, any
18 defendant or the government, who wishes to be heard, the
19 opportunity to speak further or to have your
20 representative speak further in connection with
21 sentencing; but it's my intention, having accepted these
22 agreements, to simply impose the sentences called for by
23 those agreements.

24 Does anyone wish to be heard further?

25 MR. BUGHMAN: Nothing from the government, Your

1 Honor.

2 THE COURT: Very well.

3 MS. SEYMOUR: No, Your Honor.

4 MR. DASSIN: No, Your Honor.

5 THE COURT: All right, thank you.

6 Turning first to Barclays, I sentence Barclays
7 to a period of three years of probation, to a fine of
8 \$650 million, plus an additional \$60 million for the
9 violation of the 2012 NPA, to a special assessment of
10 \$400, and with respect to the conditions of probation --
11 let me ask how counsel would like to proceed.

12 The plea agreements specify, in effect, the
13 obligations of each defendant during the term of
14 probation. I'm happy to restate those if anybody thinks
15 it's important to do that as part of the sentencing
16 proceeding. Otherwise, I'll simply adopt by incorporation
17 those conditions.

18 MR. BUGHMAN: That's fine, Your Honor.

19 MS. SEYMOUR: That's fine.

20 MR. DASSIN: Agreed, Your Honor.

21 THE COURT: Very good.

22 MR. CARROLL: Agreed, Your Honor.

23 MR. ANDRES: Agreed, Your Honor.

24 THE COURT: All right, thank you. So those
25 conditions as required by the written plea agreement are

1 adopted as conditions of probation that will be included
2 in the judgment.

3 Let me hear from either the government or
4 Barclays' counsel if there's any reason why that sentence
5 cannot lawfully be imposed as the sentence of the Court.

6 MR. BUGHMAN: There's no reason, Your Honor.

7 MS. SEYMOUR: We agree, Your Honor.

8 THE COURT: Very well. That sentence is imposed
9 as the judgment of the Court.

10 I'm going to advise you of the fact that there
11 is a theoretical right to appeal; but I'll do that,
12 frankly, for all four at the same time when we're done.

13 Let me turn next to Citicorp. And with respect
14 to Citicorp, I sentence Citicorp pursuant to the
15 11(c)(1)(C) agreement to a fine of \$925 million, to a
16 period of three years of probation with conditions as
17 required by the written plea agreement and incorporated
18 into this statement of the sentence, as well as a \$400
19 special assessment.

20 Is there any reason why that sentence cannot be
21 lawfully imposed by the Court?

22 MR. BUGHMAN: No, Your Honor.

23 MR. DASSIN: No, Your Honor.

24 THE COURT: All right, it is so imposed.

25 Turning to JP Morgan Chase, I sentence JP Morgan

1 Chase to a fine of \$550 million, to a term of three years
2 of probation with the conditions of probation as set forth
3 in the written plea agreement, and to a special assessment
4 of \$400.

5 Is there any reason why that sentence cannot
6 lawfully be imposed as the sentence of the Court?

7 MR. BUGHMAN: No, Your Honor.

8 MR. CARROLL: We know of no reason, Your Honor.

9 THE COURT: Very good, thank you. That sentence
10 is imposed as the sentence for JP Morgan Chase.

11 And, finally, Royal Bank of Scotland, I intend
12 to sentence Royal Bank of Scotland to a fine of
13 \$850 million -- excuse me, wrong number. Boy, you were
14 surprised, weren't you? Weren't you surprised? Let's
15 make that \$395 million -- sorry about that -- to a period
16 of three years of probation with the conditions as
17 required in the written 11(c)(1)(C) agreement, and a \$400
18 special assessment.

19 Is there any reason why that sentence cannot
20 lawfully be imposed as the --

21 MR. BUGHMAN: No, there's not, Your Honor.

22 MR. ANDRES: We agree, Your Honor.

23 THE COURT: Very good. That sentence is
24 imposed.

25 Let me advise each of the four defendants that

1 you have a statutory right to appeal your sentences by
2 filing a notice of appeal with this court within 14 days
3 of the entry of judgment. I will remind each of you that
4 your plea agreements waive that right, except in certain
5 extraordinary circumstances, but if you could please
6 confirm you understand that you have the right to appeal.

7 MS. SEYMOUR: We understand, Your Honor.

8 MR. DASSIN: Yes, we understand, Your Honor.

9 MR. CARROLL: That's our understanding, Your
10 Honor.

11 MR. ANDRES: We understand.

12 THE COURT: Very good. The time limit for that
13 appeal, obviously, is triggered by the entry of judgments.
14 We will try to enter those judgments promptly.

15 Is there anything else we can or need to take
16 up?

17 MR. BUGHMAN: Nothing from the government, Your
18 Honor.

19 MS. SEYMOUR: No, Your Honor.

20 MR. DASSIN: No, Your Honor.

21 MR. CARROLL: Nothing here.

22 MR. ANDRES: No, Your Honor.

23 THE COURT: Very good. Let me thank you all,
24 and we will -- oh, let me just confirm one thing. There
25 is a question of supervision of probation. Obviously, the

1 supervision will be extremely minimal. It's my intention
2 to maintain supervision in this district unless there's a
3 strong objection to that. I think all it requires,
4 basically, is the filing of electronic submissions. Does
5 anybody object to probation in the District of
6 Connecticut, being supervised here?

7 MR. BUGHMAN: No objection from the government.

8 MS. SEYMOUR: No, Your Honor.

9 MR. DASSIN: No objection, Your Honor.

10 MR. CARROLL: No objection, Your Honor.

11 MR. ANDRES: No objection.

12 THE COURT: Very good. Thank you all very much.

13 We'll stand in recess.

14 MR. CARROLL: Thank you very much, Your Honor.

15 (10:56 A.M.)

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C E R T I F I C A T E

I, Sharon L. Masse, RMR, CRR, Official Court Reporter for the United States District Court for the District of Connecticut, do hereby certify that the foregoing pages are a true and accurate transcription of my shorthand notes taken in the aforementioned matter to the best of my skill and ability.

January 10, 2017

/S/ Sharon L. Masse
Sharon L. Masse, RMR, CRR
Official Court Reporter
915 Lafayette Boulevard
Bridgeport, Connecticut 06604
Tel: (860) 937-4177

DECLARATION

I, Cyrus Amir-Mokri, a Managing Director of JPMorgan Chase & Co. ("**JPMC**" or the "**Firm**"), hereby declare, under penalty of perjury under the laws of the United States of America, that, (i) to the best of my knowledge and belief and (ii) based on my review of the Plea Agreement, the Sentencing Memorandum, the Sentencing Transcript, the Annual Report and other relevant JPMC business records as I deemed appropriate, in each case, as is applicable (as each capitalized term is defined below), the following is true and correct:

1. In addition to being a Managing Director of JPMC, I am the General Counsel of the Firm's Corporate & Investment Bank ("CIB"). In this capacity, I oversee and have responsibility for legal matters which relate to and arise within the various lines of business comprising the CIB, including those businesses described in this declaration.
2. Attached to the letter requesting that the Federal Communications Commission ("FCC" or "Commission") find that the Firm has the requisite character to hold interests in FCC licensed entities (the "Filing") are true and correct copies of (i) the Plea Agreement, (ii) the Sentencing Memorandum, and (iii) the Sentencing Transcript (each, as defined in the Filing).
3. Based on my review of the foregoing documents, the Filing accurately describes the contents of the Plea Agreement.
4. Based on my review of the most recently filed Form 10-K filed on behalf of JPMC (the "**Annual Report**"), JPMC, a widely traded, publicly held company, is a leading global financial services firm and is one of the largest banking institutions in the United States, with operations worldwide. JPMC is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing, and asset management. JPMC, which has more than 250,000 employees globally, serves millions of customers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands.

5. Based on my review of JPMC books and records, in January 2011, JPMC subsidiary SIG Holdings, Inc. ("SIG"), acquired shares of LightSquared Inc.'s Convertible Series B Preferred Stock. JPMC, through certain of its affiliates was a lender in LightSquared's pre-petition bank debt. Since Ligado's emergence from bankruptcy in December 2015, JPMC's equity interest in Ligado has been held by RL2 Investors Holdings, LLC, a Delaware limited liability company ("RL2 Holdings") and an indirect, wholly owned subsidiary of JPMC. At the time of emergence, RL2 Holdings was owned by RL2 Inc., a Delaware corporation, which, in turn, was owned by SIG. Subsequent to Ligado's emergence from bankruptcy, as part of an internal reorganization of certain legal entities, SIG merged downstream with RL2 Inc., and RL2 Inc. merged with and into JPMorgan Broker-Dealer Holdings, Inc., a Delaware corporation ("JPMBDH"). JPMC transferred all of its interest in JPMBDH to JPMorgan Chase Holdings LLC, a Delaware limited liability company ("JPMCH LLC") and a wholly owned subsidiary of JPMC, such that JPMCH LLC sits in the chain of ownership between JPMC and JPMBDH.
6. Based on my review of JPMC books and records, the employee involved in the antitrust conspiracy described in the Plea Agreement worked for JPMC as a EUR/USD trader in the FX Spot Market business and was based in London. Specifically, the trader was employed by two UK subsidiaries of JPMC between July 2010 and October 2013—J.P. Morgan Europe Ltd. ("JP MEL") from July 2010 to May 25, 2011 and J.P. Morgan Limited ("JP ML") from May 25, 2011 to October 1, 2013. The trader was also seconded to the London Branch of JPMorgan Chase Bank, N.A. during a portion of that period and employed by the London Branch for approximately two weeks before he was placed on leave. The individual was placed on leave and removed from the desk in October 2013. He was formally suspended on January 15, 2014 and terminated effective October 6, 2014. The trader's responsibilities were unrelated to JPMC's interests in Ligado or other FCC regulated businesses.
7. Both the individuals responsible for the interests in Ligado, and the individual who supervises such individuals, have resided in JPMC's offices in the United States and were not part of the FX Spot Market business or involved in the EUR/USD conspiracy described in the Plea Agreement.
8. Since first discovering the trader's misconduct, JPMC has undertaken extensive remedial and compliance efforts. Under the terms of the Plea Agreement, JPMC is required, among other things to (i) implement and continue to implement a compliance program designed to prevent and detect the types of conduct as set forth in the Plea Agreement, and (ii) further strengthen its compliance and internal controls as required by the U.S. Commodity Futures Trading Commission, the United Kingdom Financial Conduct Authority, and any other regulatory or enforcement agencies that have addressed the conduct set forth in the Plea Agreement. JPMC has implemented, and is continuing to implement, such remedial measures, and is committed to ensuring that it is in compliance with the obligations set forth in the Plea Agreement.

9. In furtherance of its obligations under the Plea Agreement and sentencing, JPMC has made substantial improvements to its compliance program, undertaking broad efforts to enhance business practices and reduce potential conduct issues, including a "Culture and Conduct" initiative and the development of enhanced sales and trading guidelines. The Firm also has implemented new controls designed to prevent recurrence of the offense, including new limitations on and increased surveillance of employees.
10. Based on my review of the Annual Compliance Program Progress Report submitted to the Department of Justice on January 10, 2018 pursuant to Paragraph 9(c)(iii) of the Plea Agreement, JPMC's remediation efforts are executed over the Firm's wholesale principal trading businesses, focusing on senior management oversight, the internal controls and compliance program (which is subject to periodic testing through the annual controls review as well as other assessments), the compliance risk management program, and internal audit. The remediation action plan that JPMC has designed and implemented includes:
 - a. improvements to senior management oversight, incorporating periodic reassessment of risks, enhancements to the supervision and governance structure, and monitoring of compliance with the remedial efforts,
 - b. internal controls and compliance program measures that include enhancements to policies and procedures and preventive and detective controls (including monitoring and surveillance), further defining management responsibilities, and promoting a compliance testing program to test internal controls,
 - c. a variety of risk assessments, including those done annually as well as prior to commencing new business initiatives, in each case designed to enhance the Firm's compliance risk management program,
 - d. annual control reviews of relevant policies, procedures, and other key controls, with subsequent action items to address any identified gaps implemented by the Firm, and
 - e. an internal audit plan that includes enhanced escalation procedures, as well as periodic internal audits of business line controls and compliance detection and monitoring processes.
11. Based on a review of FCC databases undertaken by JPMC's outside counsel, Wiley Rein, LLP, Appendix A sets forth a discussion of JPMC's history of compliance.
12. Based on a review of FCC databases undertaken by Wiley Rein LLP, JPMC has not had any FCC station authorization or license revoked or had any application for an initial, modification or renewal of FCC station authorization, license, or construction permit denied by the Commission.¹

¹ I have been advised by Wiley Rein LLP that (i) in addition to performing database searches related to JPMC itself, the searches also included the entities that are or were within the ownership chain of JPMC's interest in Ligado, as

13. Based on my review of JPMC books and records and the most recently filed Form 10-K filed on behalf of JPMC (the "Annual Report"), with the exception of the antitrust violation discussed in the Filing, JPMC has not been convicted of a felony by any state or federal court.

14. Based on my review of JPMC books and records and the Annual Report, JPMC has not been finally adjudged guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement or any other means or unfair methods of competition by any court.

By: _____

Name: Cyrus Amir-Mokri

Title: Signing on behalf of JPMorgan Chase & Co. as a Managing Director

Position: General Counsel for J.P. Morgan's Corporate & Investment Bank

Executed on October 30, 2018.

set forth in footnote 29 of the Filing and accompanying text, (ii) with respect to RL2 Inc. and RL2 Investors Holdings LLC, the research was limited to the time period after December 7, 2015, which is the date on which JPMC acquired an indirect ownership interest in these two entities as a result of Ligado's emergence from bankruptcy, and (iii) the research was limited to FCC records that are, according to the FCC's Commission Registration System ("CORES") database, associated with the FCC Registration Numbers that are linked to the federal Employer Identification Numbers for those JPMC entities.