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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

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December 19, 2019

Mr. James Dimon
Chairman and Chief Executive Officer
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017

Dear Mr. Dimon:

We are deeply concerned about the facts raised by a New York Times article that revealed documented accounts of JPMorgan Chase's racist treatment of African American employees and customers.¹ The blatant discrimination—and the bank's initial attempts to sweep it under the rug—calls into question whether JPMorgan Chase is committed to addressing systemic racism in banking and ensuring that it provides fair and equal access to financial services and opportunities to all.

During a recent 60 Minutes interview, you stated that JPMorgan Chase needed to “re-earn” Americans' trust based on its role in the financial crisis and the devastation it caused in Detroit, Michigan.² You also touted the bank's efforts to remedy racial bias in lending against black and brown communities, such as a JPMorgan Chase's creation of an “Entrepreneurs of Color Fund” to provide loans to minority businesses.

Yet, you did not fully acknowledge the bank's role—including through predatory and discriminatory lending and reckless securitization practices—in the financial crisis that ravaged Detroit, Cleveland, and other communities across the country. In 2013, JPMorgan Chase agreed to pay \$13 billion as part of a settlement with the Department of Justice (DOJ) and several states over these predatory mortgages.³ In 2014, JPMorgan Chase agreed to pay another \$614 million for “fraudulent lending practices.”⁴ In 2017, DOJ fined the bank another \$55 million for charging at least 53,000 Black and Latino borrowers higher rates and fees on mortgage loans than similarly-situated white borrowers.⁵ As the DOJ explained, “Chase's pattern of discrimination has been intentional and willful, and has been implemented with reckless

¹ <https://www.nytimes.com/2019/12/11/business/jpmorgan-banking-racism.html>.

² <https://www.cbsnews.com/news/jamie-dimon-jp-morgan-chase-ceo-makes-data-focused-investment-in-detroit-60-minutes-2019-11-10/>.

³ <https://www.justice.gov/opa/pr/justice-department-federal-and-state-partners-secure-record-13-billion-global-settlement>.

⁴ <https://www.justice.gov/usao-sdny/pr/manhattan-us-attorney-sues-and-settles-jpmorgan-chase-614-million-fraudulent-mortgage>.

⁵ <https://www.bizjournals.com/newyork/news/2017/01/18/jpmorgan-chase-pays-fine-for-discriminating.html>

disregard of the rights of African American and Hispanic borrowers.⁶ Numerous other cities, states, and private plaintiffs also sued the bank for predatory or discriminatory lending practices.⁷

The bank's targeted investments in Detroit and a few other cities do not make up for its reckless behavior. The recession and widespread foreclosures have had a disproportionate impact on Black and Latino households: according to a 2014 Pew report, African American and Latino wealth declined 43 percent and 42 percent, respectively, from 2007 to 2013.⁸ The financial hole Wall Street created that these households are trying to climb out of is made even more difficult by the bank's decision to close bank branches in many lower-income communities and open new branches in affluent communities.⁹ In many cases, the customers left behind have little access to banking services other than high-cost payday lenders, check-cashing services, and out-of-network ATMs that charge high fees.

JPMorgan Chase is also closing branches in majority-Black neighborhoods, regardless of income. According to S&P Global Market Intelligence, "wealthy majority-Black areas, defined as having a median household income greater than \$100,000, were just as likely to lack a branch as low-income areas. Wealthy majority-Black areas were actually less likely to have a branch than low-income, non-majority-Black areas."¹⁰ From 2010 to 2018, the bank decreased the number of branches in majority-Black areas by 22.8 percent, a significantly higher proportion compared to non-majority-Black areas.¹¹

The New York Times article casts further doubts about the bank's commitment to fair and equal treatment for all customers. The article and recordings detail blatant discrimination by JPMorgan Chase bank management against African American customers, who were profiled, viewed with suspicion, and denied financial services. The bank disparaged a potential client who is African American, describing her as "somebody who's coming from Section 8," and denying her financial services because "[t]his is not money she respects" and "[s]he didn't earn it." It is shocking to learn that JPMorgan Chase management used the name of a vital affordable housing program as a derogatory label - especially given the fact that your bank profits in many different ways from critical government housing programs.

JPMorgan Chase also denied financial services to Mr. Jimmy Kennedy, a wealthy former NFL player. When he asked why, an employee explained it was because "You're bigger than the average person, period. And you're also an African American They don't see people like you a lot." The New York Times article also details JPMorgan Chase's poor treatment of Mr. Ricardo Peters, an African American financial advisor employed by the bank, who had received

⁶ <https://www.justice.gov/crt/case-document/file/928586/download>

⁷ See, e.g., <https://www.reuters.com/article/us-usa-jpmorgan-chase-discrimination-idUSKBN0ER20R20140616>; <https://www.latimes.com/business/realestate/la-fi-re-jpmorgan-mortgage-lawsuit-20140530-story.html>;

⁸ <https://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>.

⁹ <https://www.bloomberg.com/news/articles/2019-03-06/as-u-s-banks-shut-branches-jpmorgan-leads-shift-toward-wealthy>.

¹⁰ <https://www.spglobal.com/marketintelligence/en/news-insights/trending/ACUz4k3y8D1zdZPhi25-tw2>

¹¹ *Id.*

several performance awards. The bank's branch management obstructed Mr. Peters' attempts to provide financial services to African American customers. Despite Mr. Peters' track record, the bank denied his request for a promotion, moved him to a less desirable office, then to a bank branch in a less wealthy neighborhood, and eventually fired him. JPMorgan Chase also dismissed his claims of discrimination until he produced secret recordings of his interactions with other bank employees.

Mr. Peters is not the only African American financial advisor at JPMorgan Chase to experience such treatment. Last year, the bank paid more than \$19 million to settle claims that it had systemically discriminated against its African American financial advisors.¹² JPMorgan Chase also agreed to put \$4.5 million into a fund to back recruitment, bias training, and a review of branch assignments for its African American financial advisors. In an announcement, a JPMorgan Chase representative stated, "We will enhance the careers of our black advisors." That commitment to your employees does not seem to have been seriously executed.

These incidents are the latest in a troubling list of discriminatory practices by your bank. Your public acknowledgment that racism and hate do not reflect your stated values and your stated commitments to remedy racism in the banking industry are hard to take seriously unless followed by prompt action.¹³ In practice, JPMorgan Chase continues to engage in discriminatory treatment in branching, lending, and employment. In light of these concerns, please respond to the following questions by January 15, 2020:

1. Please explain what concrete steps the bank has taken to address discriminatory lending. How has this been communicated and enforced at all of your branches nationwide?
2. How was the \$4.5 million settlement fund related to the systemic discrimination against African American financial advisors allocated? How many Financial Advisors were recruited? Were unconscious/conscious bias training and coaching programs implemented? Were branch assignments review conducted across the entire institution? Have the settlement funds been used to address discriminatory practices against other minority groups working at JPMorgan Chase?
3. Congress passed the Fair Housing Act and the Equal Credit Opportunity Act to protect consumers from unfair and discriminatory practices, and the Community Reinvestment Act (CRA) to encourage banks to meet the needs of their customers in all segments of their communities, including low- and moderate-income neighborhoods.

Please provide a list of all federal, state, or municipal enforcement actions against JPMorgan Chase between 2010 through the present for violations of consumer protection,

¹² <https://www.chicagotribune.com/business/ct-biz-jpmorgan-chase-discrimination-allegations-20180905-story.html>.

¹³ <https://www.cnbc.com/2019/12/13/jamie-dimon-says-hes-disgusted-by-racism-and-progress-is-needed-at-jp-morgan-after-report.html>

housing, civil rights, and fair lending laws, including the Fair Housing Act, the Equal Credit Opportunity Act, and the Community Reinvestment Act.

Please include the amount of penalties, fines, or restitution paid as results of these enforcement actions.

4. Congress passed the Equal Employment Opportunity Act to protect workers from unfair and discriminatory practices.

Please provide a list of all federal, state, or municipal enforcement actions against JPMorgan Chase between 2010 through the present for violations of employment laws.

Please include the amount of penalties, fines, or restitution paid as results of these enforcement actions.

5. What efforts has the bank undertaken to recruit senior level executives and Board members of color? Has JPMorgan Chase committed to setting specific goals for senior level executives and Board recruitment? Is JPMorgan reviewing its Board and senior level executive hiring practices?
6. Shortly after the New York Times story was published, you made available on the JPMorgan Chase website a message from yourself to all of your employees. The message was widely reported, but it appears to have been removed from the website as of December 16.¹⁴ Why?
7. Please provide a list of JPMorgan Chase branch closures from 2010 to present and indicate which branches were located in Black and Latino areas. How do you explain the number of branch closures in Black and Latino neighborhoods compared to others? What steps is the bank taking, if any, to address this disparity?
8. Please provide a list of JPMorgan Chase's new branches opened since 2010 and indicate which branches were located in majority-Black or majority-Latino areas.
9. In Detroit, Chicago, Washington, D.C., and other cities where JPMorgan Chase is making investments and opening new branches, how will you ensure that capital, financial products and services, and other benefits are equally available to working families and not just wealthy individuals or investors? Will you commit to hiring local workers at your branches and paying all workers, including those employed through contracts with JPMorgan Chase, a living wage? Will you commit to allowing your workers to unionize?

¹⁴ Letter from CEO Jamie Dimon to all employees, last accessed at: <https://www.chase.com/personal/response>

10. According to a Federal Trade Commission report, one in five consumers has an error in at least one of their credit reports.¹⁵ These errors can lower consumers' credit scores, hurting their ability to get new lines of credit or making the terms of credit more costly.¹⁶ These credit report errors often disproportionately harm lower income consumers.¹⁷ Studies have also found that the existing credit scoring system has a discriminatory impact on communities of color.¹⁸

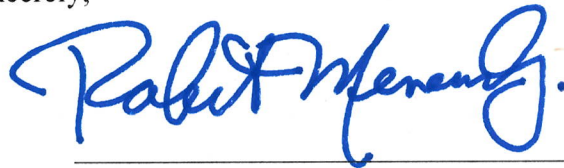
In light of the known rate of inaccuracies of credit report information and the disproportionate impact that such errors have on lower income and minority consumers, what steps, if any, is JPMorgan Chase taking to ensure that its underwriting and lending practices do not unfairly harm lower income consumers or have a disproportionate impact on communities of color?

As you acknowledged in your 60 Minutes interview, Chase has a lot of work to do to “do better than we did last time.” It is disappointing that 10 years after the financial crisis it seems that JPMorgan Chase still needs to be reminded that racism and discrimination have no place in our banking system, economy, and country.

Sincerely,



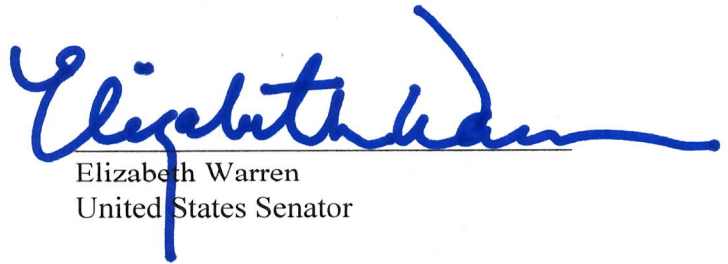
Sherrod Brown
United States Senator



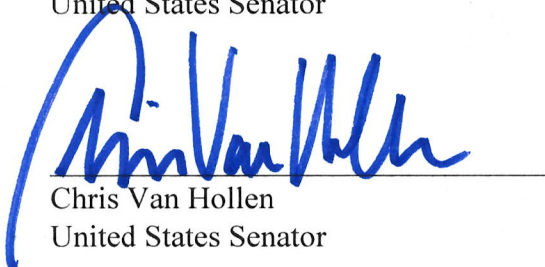
Robert Menendez
United States Senator



Catherine Cortez Masto
United States Senator



Elizabeth Warren
United States Senator



Chris Van Hollen
United States Senator

¹⁵ See <https://www.ftc.gov/news-events/press-releases/2013/02/ftc-study-five-percent-consumers-had-errors-their-credit-reports>.

¹⁶ See <https://advocacy.consumerreports.org/wp-content/uploads/2014/04/Errors-and-Gotchas-report.pdf>.

¹⁷ *Id.* at 21.

¹⁸ See, e.g., Lisa Rice and Deidre Swesnik, Discriminatory Effects of Credit Scoring on Communities of Color, 46 Suffolk U. L. Rev. 935 (2014), available at http://suffolklawreview.org/wp-content/uploads/2014/01/Rice-Swesnik_Lead.pdf.

CC:

The Honorable Jerome Powell, Chair, Board of Governors of the Federal Reserve System

The Honorable Joseph Otting, Comptroller, Office of the Comptroller of the Currency

The Honorable Jelena McWilliams, Chair, Federal Deposit Insurance Corporation

The Honorable Kathleen Kraninger, Director, Consumer Financial Protection Bureau

The Honorable Janet Dhillon, Chair, U.S. Equal Employment Opportunity Commission