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MADIGAN: JPMORGAN CHASE TO PAY \$100 MILLION TO ILLINOIS' PENSION SYSTEMS

Attorney General Madigan Recoups Full Losses to Pension Funds Caused By Bank Misconduct in Run-up to Financial Crisis

Chicago — Attorney General Lisa Madigan today announced a \$100 million settlement with JPMorgan Chase & Company to recover losses incurred by Illinois' pension systems as a result of the bank's misconduct in the lead up to the 2008 economic collapse. The announcement is part of a national settlement with the U.S. Department of Justice (DOJ) and attorneys general from California, Delaware, Massachusetts and New York, and addresses the bank's violations of federal and state laws in its marketing and sale of risky residential mortgage-backed securities.

In Illinois, the settlement will require JPMorgan Chase to pay \$100 million to the state's pension systems for losses sustained as a result of their investments in JPMorgan Chase, Bear Stearns and Washington Mutual mortgage-backed securities prior to 2009.

An investigation by Madigan's office revealed that between 2005 and 2008 the bank failed to disclose the true risk of these investments to Illinois' pension systems and therefore misled the systems when they invested in the residential mortgage-backed securities market.

"We are still cleaning up the mess that Wall Street made with its reckless investment schemes and fraudulent conduct," Madigan said. "Today's settlement with Chase will assist Illinois to recover its losses from the dangerous and deceptive securities that put our economy on the path to destruction."

JPMorgan Chase will pay \$72.4 million to the Illinois Teachers Retirement System, \$16.2 million to the State Universities Retirement System, and \$11.4 million to the Illinois State Board of Investment, which oversees the State Employees' Retirement System, General Assembly Retirement System and Judges' Retirement System.

Also as part of the national settlement, JPMorgan Chase will also provide \$4 billion in relief to aid homeowners harmed by the unlawful conduct of JPMorgan Chase, Bear Stearns, and Washington Mutual. Similar to the direct relief provided to borrowers in the [\\$25 billion national mortgage settlement](#), the consumer aid will include principal forgiveness and loan modifications. An independent monitor will be appointed to oversee the relief distribution.

Today's settlement is part of Attorney General Madigan's work on the Residential Mortgage-Backed Securities Working Group under President Obama's Financial Fraud Enforcement Task Force.

Long before today's settlement announcement, Attorney General Madigan has led the country in taking legal action against banks, lenders and other financial institutions for unlawful financial misconduct that contributed to the country's economic collapse.

Last year, Madigan was a lead negotiator in a \$25 billion national settlement with the country's largest mortgage servicers – Bank of America, JPMorgan Chase, Wells Fargo, Citibank and Ally Bank, formerly GMAC – to address allegations of widespread "robo-signing" of foreclosure documents and other fraudulent practices banks employed while servicing mortgages of struggling homeowners. The settlement has brought approximately \$2 billion in relief for Illinois homeowners.

Madigan became the first attorney general in the nation to sue a national bank for fair lending violations. Madigan and DOJ secured a \$175 million national settlement to resolve allegations that Wells Fargo illegally targeted African American and Latino borrowers for sales of the lender's poorest quality and most expensive mortgages during the height of the subprime mortgage lending spree. Madigan and DOJ also

reached a \$335 million national settlement with Countrywide, once the nation's largest mortgage lender, to resolve similar allegations of fair lending violations. The settlement has provided restitution to harmed Illinois borrowers and is the largest settlement of a fair lending lawsuit ever obtained by a state attorney general.

Madigan also reached a landmark \$8.7 billion national settlement in 2008 against Countrywide for deceptively placing thousands of Illinois homeowners into ultra-risky and unaffordable subprime mortgages. The settlement with Countrywide's new owner, Bank of America, established the nation's first mandatory loan modification program.

Currently, Madigan is litigating against the national credit rating agency Standard & Poor's, alleging that the company compromised its independence as a rating agency by doling out high ratings to unworthy, risky investments as a corporate strategy to increase its revenue and market share.

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