

ONCE AGAIN JAMIE DIMON GETS SPECIAL TREATMENT

Yesterday, the Office of the Comptroller of the Currency issued two orders to JP Morgan Chase, one related to its London Fail Whale, the other related to failures in its Bank Secrecy Act/Anti-Money Laundering compliance. With respect to latter order, OCC said, in part:

(1) The OCC's examination findings establish that the Bank has deficiencies in its BSA/AML compliance program. These deficiencies have resulted in the failure to correct a previously reported problem and a BSA/AML compliance program violation under 12 U.S.C. § 1818(s) and its implementing regulation, 12 C.F.R. § 21.21 (BSA Compliance Program). In addition, the Bank has violated 12 C.F.R. § 21.11 (Suspicious Activity Report Filings).

(2) The Bank has failed to adopt and implement a compliance program that adequately covers the required BSA/AML program elements due to an inadequate system of internal controls, and ineffective independent testing. The Bank did not develop adequate due diligence on customers, particularly in the Commercial and Business Banking Unit, a repeat problem, and failed to file all necessary Suspicious Activity Reports ("SARs") related to suspicious customer activity.

(3) The Bank failed to correct previously identified systemic weaknesses in the adequacy of customer due diligence and the effectiveness of monitoring in light of the customers' cash activity and business type, constituting a deficiency in its BSA/AML

compliance program and resulting in a violation of 12 U.S.C. § 1818(s)(3)(B).

That last one is the real peach. You see, in spite of the fact the order includes 22 pages of things JPMC “shall” do to fix this problem, the order did not include any fine. Remember, it has been less than 18 months since JPMC got caught—among other things—sending a ton of gold bullion to Iran in violation of sanctions. That time, at least, Treasury’s Office of Foreign Asset Controls fined JPMC, if only \$88.3 million.

Still, here we are a year and a half later, with JPMC still refusing to police what it is helping its customers do, and the government is letting JPMC off with no fine.

Compare that to the treatment of Karen Gasparian, the manager of the G&A Check Cashing company out in LA. Today, he got sentenced to five years in prison for doing precisely what Jamie Dimon did: fail to comply with BSA/AML law. In his sentencing, he even submitted record of all the big banks that have skated for doing what he did, including HSBC’s 1.9 Billion wrist slap, and noted the disparity in treatment.

An even greater problem with the Government’s seeking a sentence of incarceration in this case is the disparity when compared to other instances of the same offense, or instances involving even more egregious conduct, such as much larger financial institutions conducting business with drug trafficking organizations and terroristic regimes like Iran. Time and time again, the United States Government has offered deferred prosecution agreements (and fines) to financial institutions whose conduct was exponentially more egregious than the conduct at issue here. Mr. Gasparian’s offense, while serious, was still far short of the conduct committed by these

other institutions. Any sentence of incarceration in this case would be a loud proclamation that the rich and powerful receive one type of justice, while those less powerful receive another type.

The government, of course, insisted on enhancements to Gasparian's sentence because his crime amounted to over \$100,000 in a one year period (the government sent two confidential witnesses to cash checks at G&A, which is how they proved that amount).

Remember HSBC provided over \$990 million in cash to a terrorist bank over a four year period. All that's before you consider their money laundering for Mexican cartels and probable Russian mafia. Not a single HSBC employee was so much as indicted, much less sent to jail for five years or for a lifetime for material support for terrorism.

And now JPMC—and its “manager,” Jamie Dimon—not only get off without indictments, but without even a fine (at least not from OCC—OFAC may end up fining them).

The government submitted a bunch of sealed documents explaining why Gasparian should be treated so much more harshly than the big banks. I'm just going to assume the government explained what great intelligence work the big banks are doing to avoid being subjected to the rule of law.

Predictably, Lanny Breuer ~~waved his dick around~~ boasted about this conviction.

“Karen Gasparian, Humberto Sanchez and their company G&A Check Cashing purposefully thwarted the Bank Secrecy Act, making it easier for others to use G&A to commit illegal activity,” said Assistant Attorney General Breuer. “They knew they were required to report transactions over \$10,000, but deliberately failed to do so. As this

case shows, check cashing businesses must adhere to our anti-money laundering rules, or else pay the consequences.”

This is the guy who, just one month ago, failed to even mention he was letting a bank that sent hundreds of millions in cash to a terrorist bank off without any charges.

At this point, it's beginning to look like DOJ's disparate treatment is not just about preserving his buddies the CEOs. But it's about eliminating the little competitors like G&A so the equally corrupt big banks can take over their markets.

Update: Adding this from the government's sentencing motion. The government insisted that Gasparian do time ... as a deterrent.

Because there are hundreds of check cashers in Los Angeles as well as an underlying health care fraud problem, it is more important that the sentence here be sufficient to promote respect for the law and general deterrence for the types of criminal activities defendant engaged in as well as the health care fraudsters. A significant sentence is also necessary to reflect the serious [sic] of the offense, deter criminal conduct, and protect the public from defendant.