

NEVER PUT MONEY WITHIN REACH OF JAMIE DIMON

I actually **don't** think Federal Reserve Bank of NY Board Member Jamie Dimon got his hands on the almost \$3 billion of Iraqi money deposited in the FBRNY that has vanished.

An audit by [Special Inspector General for Iraq Reconstruction Stuart] Bowen's office published on Sunday investigated the roughly \$3 billion the Iraqi government gave the Defense Department to pay bills for contracts the Coalition Provisional Authority awarded before it dissolved in 2004. Most of these funds were deposited into an account at the Federal Reserve Bank of New York. Even though DOD was responsible for maintaining the proper documentation, it could only account for \$1 billion of the money.

"It's symptomatic of the poor record keeping that was rife throughout the early stages of the reconstruction effort," Bowen, who has conducted three other major audits into the original pot of roughly \$21 billion in Iraqi funds the U.S. managed in 2003 and 2004, said.

After all, that money dates to 2004 and Dimon's service on the FBRNY Board didn't begin until January 2007. (Though I will note that Jamie Dimon and Iraq's money overlapped at the FBRNY for a year.) Moreover, it was DOD's responsibility to keep track of the money, not the FBRNY or Jamie DIMON.

Still, I can't help but notice that the announcement that we've lost almost \$3 billion of Iraqi's money (on top of the more than \$100 million in cash that managed to walk out of Saddam's former palace) came within a day of the

time some are declaring the missing MF Global \$1.2 billion has “vaporized.”

Nearly three months after MF Global Holdings Ltd. collapsed, officials hunting for an estimated \$1.2 billion in missing customer money increasingly believe that much of it might never be recovered, according to people familiar with the investigation.

As the sprawling probe that includes regulators, criminal and congressional investigators, and court-appointed trustees grinds on, the findings so far suggest that a “significant amount” of the money could have “vaporized” as a result of chaotic trading at MF Global during the week before the company’s Oct. 31 bankruptcy filing, said a person close to the investigation.

That money **does** seem to have been lost in the immediate vicinity of Dimon’s JP Morgan.

As the week progressed, MF Global executives came to believe that JPMorgan Chase & Co., one of MF Global’s primary bankers and a middleman moving that cash, was dragging its feet in forwarding the funds.

Corzine phoned Barry Zubrow, then JPMorgan’s chief risk officer, to question the slow payments. Corzine also called William Dudley, president of the Federal Reserve Bank of New York, to update him on MF Global’s status and told him that payments were slow to arrive from JPMorgan and others.

[snip]

JPMorgan was able to slow the delivery of funds, worsening MF Global’s distress. As a result, they note, hundreds of millions of dollars of MF Global money may be still stuck in

accounts at JPMorgan.

So while I'm not suggesting Jamie Dimon bears any personal liability for these missing billions (or those of Lehman or Bear Stearns), I will note that Dimon seems to have the 21st Century equivalent of the Midas Touch: Rather than turning things into gold when he touches them, when billions get within reach of Jamie Dimon, they seem to vaporize.

Poof!