

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of: James L. Hertz Former officer of J.P.Morgan Securities LLC, And Agent of JPMorgan Chase Bank, N.A. Columbus, Ohio)))))	AA-EC-2013-22
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CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate prohibition proceedings against James L. Hertz (“Respondent”) pursuant to 12 U.S.C. § 1818(e) on the basis of Respondent’s activities while serving as an officer of J.P.Morgan Securities LLC (“JPMS”), an affiliate of JPMorgan Chase Bank, N.A., Columbus, Ohio (“Bank”) formerly known as JPMorgan Securities Inc., and as agent of the Bank from as early as 1998 until at least November 2006;

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, Respondent, without admitting or denying any wrongdoing, desires to enter into this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(e);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and Respondent that:

Article I

JURISDICTION

(1) The Bank is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.* Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c) (2).

(2) Respondent is a former agent of the Bank and is an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof (*see* 12 U.S.C. § 1818(i) (3)).

(3) Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the “appropriate Federal banking agency” to maintain an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain a prohibition action against him pursuant to 12 U.S.C. § 1818(e).

Article II

COMPTROLLER’S FINDINGS

The Comptroller finds, and Respondent neither admits nor denies, the following:

(1) Respondent was a vice president and marketer of investment agreements and other municipal finance contracts with the JPMS municipal

derivatives group. In that capacity, Respondent was authorized to act as an agent for the Bank. His duties included marketing Bank products to municipalities and bidding on or negotiating municipal derivative transactions associated with the issuance of municipal debt.

(2) On November 30, 2010, Respondent pled guilty to two counts of conspiracy in violation of 15 U.S.C. § 1 and 18 U.S.C. § 371, respectively, and to one count of wire fraud in violation of 18 U.S.C. § 1343, in United States v. James L. Hertz, Criminal No. 10-CRM-1178, in the U.S. District Court for the Southern District of New York. His sentencing is pending.

(3) The Information to which Respondent pled guilty charged, among other things, that from as early as October 2001 until at least November 2006, Respondent conspired with others to allocate and rig bids for investment agreements or other municipal finance contracts in unreasonable restraint of interstate trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. §1). It also charged that Respondent conspired with others from as early as 1998 until at least November 2006 to defraud municipal issuers and the Internal Revenue Service (“IRS”) by causing the issuers to award investment agreements and contracts at artificially determined or suppressed rates and to impede the IRS’s collection of revenue due and owing from such issuers related to those investment agreements and contracts, in violation of 18 U.S.C. §§ 371, 1343.

(4) On July 6, 2011, the Bank entered into a Formal Agreement with the OCC, which required it to pay its profits, including prejudgment interest, to certain municipalities harmed by Respondent's misconduct and listed in the Formal Agreement. In addition, the OCC assessed a civil money penalty against the Bank related to the foregoing misconduct.

(5) By reason of such misconduct, Respondent engaged in violations of law, unsafe or unsound practices, breached his fiduciary duty to the Bank and demonstrated personal dishonesty, and a willful or continuing disregard for the safety and soundness of the Bank that resulted in financial loss or other damage to the Bank.

Article III

ORDER OF PROHIBITION

Respondent consents to, and it is ORDERED that:

- (1) With respect to the institutions and agencies set forth in paragraph
- (2) of this Article, Respondent shall not:
 - (a) participate in any manner in the conduct of their affairs;
 - (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights;
 - (c) violate any voting agreement previously approved by the "appropriate Federal banking agency," as defined in 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an “institution-affiliated party,” as defined in 12 U.S.C. § 1813(u).

(2) The prohibitions in paragraph (1) of this Article apply to the following institutions and agencies:

- (a) any insured depository institution, as defined in 12 U.S.C. § 1813(c);
- (b) any institution treated as an insured depository institution under 12 U.S.C. §§ 1818(b)(3), (b)(4) or (b)(5), including, but not limited to, bank holding companies and any subsidiary of such institution, or treated as a savings and loan holding company or subsidiary under 12 U.S.C. § 1818(b)(9);
- (c) any insured credit union under the Federal Credit Union Act;
- (d) any institution chartered under the Farm Credit Act of 1971;
- (e) any appropriate Federal depository institution regulatory agency; and
- (f) the Federal Housing Finance Board and any Federal Home Loan Bank.

(3) The prohibitions of paragraphs (1) and (2) of this Article shall cease to apply with respect to a particular institution if Respondent obtains the prior written consent of both the Comptroller and the institution's “appropriate Federal financial institutions regulatory agency,” as defined in 12 U.S.C. § 1818(e)(7)(D).

(4) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818(e) and (h).

Article IV

OTHER PROVISIONS

- (1) By consenting to the issuance of this Order, Respondent waives:
 - (a) the right to the issuance of a Notice of Intention to Prohibit Further Participation under 12 U.S.C. § 1818(e);
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(e) and 12 C.F.R. Part 19;
 - (c) all rights to seek judicial review of this Order;
 - (d) all rights in any way to contest the validity of this Order; and
 - (e) any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(2) Respondent shall not cause, participate in or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any legal (or other professional) expense relative to the negotiation and issuance of this Order

except as permitted by 12 C.F.R. § 7.2014 and Part 359; and Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate thereof) with respect to such amounts except as permitted by 12 C.F.R. § 7.2014 and Part 359.

(3) Respondent acknowledges that he has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the Comptroller, his agents or employees to cause or induce him to agree to consent to the issuance of this Order or to execute this Order.

(4) Respondent undertakes to cooperate fully with the OCC in any and all investigations, litigations or other proceedings relating to or arising from the matters described in this Order. In connection with such cooperation, Respondent agrees to be interviewed by the OCC at such times as the OCC reasonably may request and to appear and testify truthfully and completely without service of a notice or subpoena in this matter, including for deposition, hearing or trial as may be requested by the OCC.

(5) This Order constitutes a settlement of prohibition proceedings arising out of the specific acts, omissions, or violations described in the Comptroller's Findings (Article II of this Order). However, the specific acts, omissions, or violations described in Article II may be used by the OCC in future

enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(6) This Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (5), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting Respondent if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(7) Nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and nothing herein constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

IN TESTIMONY WHEREOF, the undersigned has hereunto set his hand.

s/James L. Hertz

5/9/2013

James L. Hertz

Date

IT IS SO ORDERED.

s/Morgan Morris

5/21/2013

Sally G. Belshaw
Deputy Comptroller for Large Bank
Supervision

Date