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Written by **William F. Jasper** on August 20, 2013

JPMorgan Chase Hit With China Bribery Probe

JPMorgan Chase & Co., one of the Big Four banks of the United States, is facing yet another scandal — and another federal probe for possible crimes and improprieties. This time the federal Securities and Exchange Commission (SEC) is investigating whether JPMorgan Chase violated the U.S. Foreign Corrupt Practices Act by hiring Chinese "princelings" — sons and daughters of China's super-wealthy Communist Party officials — in order to win business contracts from China's state-owned enterprises (SOEs). While it is not illegal for U.S. companies to hire people who are politically connected, doing so with the expectation of winning business from their relatives is considered bribery.

It is hardly shocking that JPMorgan Chase may be guilty of this practice; what else would one expect when one of the wealthiest and most corrupt banks in the world partners with one of the wealthiest, most corrupt, and ruthless regimes in the world? But JPMorgan Chase is hardly alone; virtually all of the big investment banks operating in China have been using the "hire-a-princeling" strategy as standard operating procedure for the past two decades.

Last week, two of the bank's former London traders — Javier Martin-Artajo and Julien Grout — were indicted for allegedly concealing massive bank losses in the infamous "London whale" debacle. When we reported on the matter last year, the losses were listed as $2 billion. Now, it turns out, those losses were seriously under counted; the real losses are around $6.2 billion.

So far, the bank's CEO, Jamie Dimon, has not only managed to evade any personal responsibility for the company's ongoing massive scandals, but continued to profit — at taxpayer expense. Dimon, a top Wall Street insider, continues to serve as a Class A Director of the Board of Directors of the New York Federal Reserve and JPMorgan Chase continues to enjoy its sweetheart status with the Fed as a "primary dealer," giving it access to the Fed's magic money-out-of-thin-air machine. For helping create the mortgage meltdown crisis of 2008, Dimon's bank was rewarded with $390 billion in emergency "loans" from the Fed.

As we reported in May of 2012, an audit by the Government Accountability Office (GAO) revealed that:

• Dimon served on the board of the Federal Reserve Bank of New York at the same time that his bank received over $390 billion in total emergency loans from the Fed.

• JPMorgan Chase was used by the Fed as a clearinghouse for the Fed's emergency lending programs.

• Dimon was successful in getting the Fed to provide JPMorgan Chase with an 18-month exemption from risk-based leverage and capital requirements.

• Dimon convinced the Fed to take risky mortgage-related assets off of Bear Stearns' balance sheet before JPMorgan Chase acquired this troubled investment bank.

$390 billion isn't small change, even considering our current stratospheric government spendathons that are now measured in trillions. And since we're mentioning trillions, it is apropos to bring up another figure that came out of the GAO audit of the Fed: $16 Trillion.

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