

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Small Business Administration (collectively the "United States") and JPMorgan Chase Bank, NA (hereafter collectively referred to as "the Bank"), through its authorized representatives.

RECITALS

A. 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. The Bank processed individual and commercial loans nationwide, and specifically in Salt Lake City, Utah.

B. The United States contends that it has certain civil claims against the Bank arising from three Small Business Administration ("SBA") loans which were processed in Utah Bank branches during 2006. Specifically, the United States contends:

(i) Bank employees falsified borrower information on loan applications to meet underwriting criteria and to obtain approvals on three SBA Express guaranteed loans. The Bank makes SBA loans to small businesses which cannot otherwise obtain financing within reasonable terms. These loans are guaranteed by the SBA up to 50% of the loan amount. The Bank is an approved lender and therefore receives the benefit of this program.

(ii) The three loans which are the subject of this Settlement Agreement are more specifically identified as JPMC Loan Numbers [REDACTED] and [REDACTED]

(iii) On October 16, 2007, the SBA received a communication from a managerial level Bank employee that these loans had been misused to invest in real estate. Further, the Bank employee stated the three subject loans were now in default. An investigation by the SBA Office of Inspector General determined the loans were then used to by the borrowers to invest in a Ponzi type scheme which benefitted certain Bank employees through commissions they earned and proceeds they received from the Ponzi type scheme.

(iv) Between November 13, 2007 and July 29, 2008, the same Bank managerial level employee submitted Purchase Demand Kits to the SBA seeking the payment of the guaranteed 50% of the loan amount.

C. The conduct alleged in Recital B is referred to below as the "Covered Conduct."

D. This Settlement Agreement is neither an admission of liability by the Bank nor a concession by the United States that its claims are not well founded.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. The Bank shall pay to the United States Two hundred Twelve Thousand Nine Hundred Twenty Dollars and Nineteen Cents (\$212,920.12) (Settlement Amount) by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney for the District of Utah no later than 10 days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 3 (concerning excluded claims) below, and conditioned upon the Bank's full payment of the Settlement Amount, the United States releases the Bank from any claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

3. Notwithstanding the release given in paragraph 2 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Except as explicitly stated in this Agreement, any administrative liability, including the suspension and debarment rights of any federal agency;
- c. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- d. Any liability based upon obligations created by this Agreement.

4. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

5. The Bank fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that it could have asserted,

or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. This Agreement is intended to be for the benefit of the Parties only.

7. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

8. Each party and signatory to this Agreement represents that it freely and voluntarily enters in to this Agreement without any degree of duress or compulsion.

9. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Utah. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

10. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

11. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

12. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

13. This Agreement is binding on the Bank's successors, transferees, and assigns.

14. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

15. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

DATED: 3/24/14

THE UNITED STATES OF AMERICA

BY: *Sandra L. Steinvort*

Sandra L. Steinvort
Assistant United States Attorney
District of Utah

DATED: 3/21/14

BY: *Scott Geller*

Scott Geller
CEO of Business Banking
JPMorgan Chase Bank, NA