

J.P. Morgan Securities to pay \$51,400 to Biden's Investor Protection Unit

Wilmington – Attorney General Beau Biden announced Thursday that J.P. Morgan Securities has paid the Delaware Department of Justice \$51,400 as a result of a settlement with the Attorney General's Investor Protection Unit. The settlement resolves a multi-state investigation which found that J.P. Morgan Securities failed to ensure that its agents were properly registered in Delaware and other states, and failed to properly record data on trades executed in Delaware and other states.

“Our financial system only works when everyone plays by the rules, and there must be accountability when the rules are broken,” Biden said. “State law requires those who sell stocks and securities to Delaware investors to be registered with our Investor Protection Unit, and to record their trades properly. Ensuring that J.P. Morgan Securities follows the law and its agents register with us gives my office the ability to protect the investments, pensions, and retirement funds of Delawareans.”

J.P. Morgan Securities functions as a broker-dealer in Delaware. The states' investigation found that a flaw in J.P. Morgan Securities' order entry system allowed agents not registered in Delaware to accept orders from investors in Delaware. J.P. Morgan Securities settled the multi-state investigation, coordinated by the North American Securities Administrators Association and led by the New Hampshire Board of Securities Regulation, by agreeing to pay up to a total of \$2,790,625 in civil penalties among the 50 states, District of Columbia, Puerto Rico and the U.S. Virgin Islands. In addition to its payments to the states, J.P. Morgan Securities revised

its client transaction processes and supervisory procedures to address the violations. Delaware's payment was made to the Attorney General's Investor Protection Fund which supports securities fraud investigations and investor education initiatives.

The Attorney General's Investor Protection Unit enforces the Delaware Securities Act. Ensuring proper registration of investment professionals is an important part of the Unit's mission to ensure that Delawareans are not victimized by fraudulent, unscrupulous or overreaching practices by those offering investments and investment services within the state. Biden urged investors who believe they have been the victims of such practices to immediately contact the Investor Protection Unit Hotline at 302-577-8424.

Delaware's participation in the multistate investigation that led to the settlement was handled for Delaware by Investor Protection Director Owen Lefkon and Assistant Attorney General David Casler.

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