Exhibit B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

- v. -

JPMORGAN CHASE BANK, N.A.,

Defendant.

INFORMATION

14 Cr. ____

COUNT ONE

**(Violation of the Bank Secrecy Act:
Failure to Maintain an Effective Anti-Money Laundering Program)**

The United States Attorney charges:

Background

1. At all times relevant to this Information, Bernard L. Madoff Investment Securities LLC, and its predecessor, Bernard L. Madoff Investment Securities (collectively and separately, "Madoff Securities"), had its principal place of business in New York, New York. Madoff Securities operated three principal lines of business: market making, proprietary trading, and investment advisory. Madoff Securities was registered with the United States Securities and Exchange Commission ("SEC") as a broker-dealer since in or about 1960 and as an investment adviser since in or about August 2006. Bernard L. Madoff ("Madoff") was the founder of Madoff Securities and its sole owner.

2. JPMorgan Chase & Co. ("JPMC" or the "Bank") is a financial holding company incorporated under Delaware law in 1968, with its principal place of business in New York, New York. JPMC operates four lines of business, including the Corporate and Investment Bank, Asset Management, Commercial Banking, and Consumer and Community Banking.

3. JPMORGAN CHASE BANK, N.A., the defendant, was at all relevant times the principal banking subsidiary of JPMC. JPMORGAN CHASE BANK, N.A., provides banking services throughout the United States, and is subject to oversight and regulation by the United States Department of the Treasury, Office of the Comptroller of the Currency (the "OCC").

The Bank Secrecy Act

4. The Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act, or "BSA"), 31 U.S.C. § 5311, *et seq.*, and its implementing regulations require domestic banks and certain other financial institutions to establish and maintain programs designed to detect and report suspicious activity, and to maintain certain related records "where they have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings." 31 U.S.C. § 5311.

5. Among other things, the BSA requires that financial institutions "maintain appropriate procedures to ensure compliance with [the BSA] and regulations prescribed under [the BSA] or to guard against money laundering." 31 U.S.C. § 5318(a)(2). Pursuant to 31 U.S.C. § 5318(h)(1) and 12 C.F.R. § 21.21, JPMORGAN CHASE BANK, N.A., the defendant, was required to establish and maintain an anti-money laundering ("AML") compliance program that, at a minimum:

a. provided internal policies, procedures, and controls designed to guard against money laundering;

b. provided for a compliance officer to coordinate and monitor day-to-day compliance with the BSA and AML requirements;

c. provided for an ongoing employee training program; and

d. provided for independent testing for compliance conducted by bank personnel or an outside party.

6. In addition, the BSA requires financial institutions to "report any suspicious transaction relevant to a possible violation of law or regulation." 31 U.S.C. § 5318(g)(1). Pursuant to 31 U.S.C. § 5318(g) and 12 C.F.R. § 21.11, a financial institution is required to file a Suspicious Activity Report ("SAR") when it "knows, suspects, or has reason to suspect" that a transaction, among other things, involves funds derived from illegal activities or has no apparent business or lawful purpose.

The Madoff Securities Ponzi Scheme

7. For more than three decades, the Madoff Securities investment advisory business was a massive, multi-billion dollar Ponzi scheme. From at least as early as the 1970s through Madoff's arrest on December 11, 2008, Madoff and his co-conspirators fraudulently promised investors in Madoff Securities that their money would be invested in stocks, options, and other securities of well-known corporations. Contrary to these representations, investor money was in fact virtually never invested as promised. Instead, the Madoff Securities investment advisory business operated as a massive Ponzi scheme in which some investors were paid with money "invested" by different investors, and other proceeds were used to personally benefit Madoff and the people around him. At the time of its collapse in December 2008, Madoff Securities maintained more than 4,000 investment advisory client accounts, which purported to have a combined balance of approximately $65 billion. In fact, Madoff Securities had only approximately $300 million in assets at the time.

8. From in or about October 1986 through Madoff's arrest on December 11, 2008, the Madoff Ponzi scheme was conducted almost exclusively through a demand deposit account and other linked cash and brokerage accounts held at JPMORGAN CHASE BANK, N.A., the defendant (collectively, the "703 Account"). During that time period, virtually all client

investments were deposited into the primary Madoff Securities account at JPMORGAN CHASE BANK, N.A., and virtually all client "redemptions" were paid from a linked disbursement account, also held by Madoff Securities at JPMORGAN CHASE BANK, N.A.

October 2008: JPMC's Suspicions That Madoff's Returns Were Too Good To Be True

9. Since 2006, the Bank's London-based Equity Exotics Desk, which specialized in creating complex derivatives based on the performance of certain investment funds, had issued structured products linked to the returns of "feeder" funds that were invested in Madoff Securities. As a hedge for its issuance of these derivative products, JPMC made certain proprietary investments tied to the returns of Madoff Securities. On October 16, 2008, an analyst on the Equity Exotics Desk, wrote a lengthy e-mail to the head of the desk and others about Madoff Securities (the "October 16 Memo"). The October 16 Memo, among other things, described JPMC's inability to validate Madoff's trading activity or even custody of assets; questioned Madoff's "odd choice" of a small, unknown accounting firm; and reported that JPMC "seem[ed] to be relying on Madoff's integrity" with little to verify that such reliance was well-placed. The October 16 Memo ended with the observation that: "[t]here are various elements in the story that could make us nervous," including the "feeder" funds managers' "apparent fear of Madoff, where no one dares to ask any serious questions as long as the performance is good."

10. On or about October 29, 2008, JPMORGAN CHASE BANK, N.A., the defendant, filed a report with the United Kingdom Serious Organised Crime Agency ("SOCA") pursuant to the U.K. Proceeds of Crime Act. In that report, which identified Madoff Securities as its "Main Subject – Suspect," JPMORGAN CHASE BANK, N.A., reported that, among other things, "the investment performance achieved by [the Madoff Securities] funds . . . is so consistently and significantly ahead of its peers year-on-year, even in the prevailing market

conditions, as to appear too good to be true – meaning that it probably is." JPMORGAN CHASE BANK, N.A., reported that, "[a]s a result," it had submitted redemption requests for more than $300 million of its own funds, which were invested in Madoff Securities "feeder" funds.

11. JPMORGAN CHASE BANK, N.A., the defendant, failed to file a SAR in the United States concerning Madoff Securities or Madoff. The concerns raised in the October 16 Memo were never communicated to anti-money laundering compliance personnel in the United States, and there was no meaningful effort by the Bank to examine or investigate the Madoff Securities banking relationship with JPMC, including the transaction activity in the 703 Account.

12. Prior to Madoff's arrest on December 11, 2008, JPMORGAN CHASE BANK, N.A., the defendant, lacked effective policies, procedures, or controls designed to reasonably ensure that information – such as the information culminating in the October 2008 report to SOCA – obtained in the course of JPMC's other lines of business, was communicated to anti-money laundering compliance personnel based in the United States. In addition, JPMORGAN CHASE BANK, N.A., lacked effective policies, procedures, or controls designed to reasonably ensure that information about United States-based clients, obtained by JPMC in its business abroad, was communicated to anti-money laundering compliance personnel based in the United States. These systemic deficiencies reflected a failure to maintain adequate policies, procedures, and controls to ensure compliance with the BSA and regulations prescribed thereunder and to guard against money laundering.

Statutory Allegation

13. In or about 2008, in the Southern District of New York and elsewhere, JPMORGAN CHASE BANK, N.A., the defendant, did willfully fail to establish an adequate anti-money laundering program, including, at a minimum, (a) the development of internal policies, procedures, and controls designed to guard against money laundering; (b) the designation of a compliance officer to coordinate and monitor day-to-day compliance with the Bank Secrecy Act and anti-money laundering requirements; (c) the establishment of an ongoing employee training program; and (d) the implementation of independent testing for compliance conducted by bank personnel or an outside party, to wit, JPMORGAN CHASE BANK, N.A., failed to enact adequate policies, procedures, and controls to ensure that information about the Bank's clients obtained through activities in and concerning JPMC's other lines of business was shared with compliance and anti-money laundering personnel, and to ensure that information about the Bank's clients obtained outside the United States was shared with United States compliance and anti-money laundering personnel.

(Title 31, United States Code, Sections 5318(h) and 5322(a); and
Title 12, Code of Federal Regulations, Section 21.21.)

COUNT TWO

**(Violation of the Bank Secrecy Act:
Failure to File a Suspicious Activity Report)**

The United States Attorney further charges:

14. The allegations contained in paragraphs 1 through 12 above are hereby repeated, realleged and incorporated by reference as if fully set forth herein.

Statutory Allegation

15. In or about October 2008, in the Southern District of New York and elsewhere, JPMORGAN CHASE BANK, N.A., the defendant, did willfully fail to report suspicious transactions relevant to a possible violation of law or regulations, as required by the Secretary of the Treasury, to wit, JPMORGAN CHASE BANK, N.A., the defendant, failed to file a Suspicious Activity Report in the United States with respect to transactions in bank accounts maintained by Madoff Securities.

(Title 31, United States Code, Sections 5318(g) and 5322(a); and
Title 12, Code of Federal Regulations, Section 21.11.)

PREET BHARARA
United States Attorney

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31 U.S.C. §§ 5318(g), 5318(h), 5322(a);
Title 17, Code of Federal Regulations,
Sections 21.11 and 21.21.

PREET BHARARA
United States Attorney.