

EMANUEL CLEAVER, II

FINANCIAL SERVICES COMMITTEE
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Congress of the United States
House of Representatives

December 19, 2019

FIFTH DISTRICT, MISSOURI

HOMELAND SECURITY COMMITTEE

SELECT COMMITTEE ON THE
MODERNIZATION OF CONGRESS

[HTTPS://CLEAVER.HOUSE.GOV](https://cleaver.house.gov)

Jamie Dimon
Chief Executive Officer
JPMorgan Chase
270 Park Avenue
New York, NY 10017

Dear Mr. Dimon,

We write to express our deepest concerns surrounding allegations of race-based discrimination against both clients and employees of JPMorgan Chase ("JPMorgan" or the "firm"), representing a possible pattern or practice of invidious discrimination. We request that you initiate an immediate investigation, in coordination with appropriate regulators, into potential violations of law and regulation, including, but not limited to, the Civil Rights Act; the Equal Credit Opportunity Act ("ECOA"); and the Fair Housing Act ("FH Act"). We request that the firm furnish to regulators any and all information related to these allegations, including all relevant internal investigative efforts related to this case and like cases throughout JPMorgan. Further, Mr. Dimon, We urge you to respond to the enclosed questions by January 20.

As detailed in a December 11 *New York Times* report entitled "This is What Racism Sounds Like in the Banking Industry", former JPMorgan client Jimmy Kennedy, as well as his financial advisor Ricardo Peters, were possible victims of race-based discrimination by the firm.¹ In your December 13 letter to JPMorgan employees, you also observe that "[r]acism has existed for too long — in our country, in our communities — and unfortunately, at times, even at our company."²

The *Times* article notes that some allegations are supported by audio recorded evidence. As reported by the *Times*, after Mr. Kennedy was denied the opportunity to become a "private client" with the firm, he was presented with race-based factors as a possible explanation for the unfavorable service outcome. Upon Mr. Kennedy asking directly if the branch supervisor had made a race-based decision, he was told by a Mr. Belton that:

I don't think any person at that level is dumb enough for it to be that blatant....
I don't have any reason to believe blatantly that he's that way. You feel what I'm saying? Now, whether there's some covert action? To be honest? I always err on the side of thinking that.

¹ <https://www.nytimes.com/2019/12/11/business/jpmorgan-banking-racism.html>

² <https://www.jpmorganchase.com/corporate/news/pr/jamie-letter.htm>

PLEASE REPLY TO:

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The same branch supervisor Mr. Kennedy suspected of discriminatory behavior also reportedly directed financial advisor Mr. Peters not to invest funds of a separate client because he believed she was coming from Section 8 Housing and that therefore “this is not money she respects.” Mr. Peters, a person of color, also alleges race-based discrimination and reportedly alerted branch management that “I feel that I am being treated differently because of the color of my skin.” According to public reports, in August, Mr. Peters filed a formal complaint with the firm and has accused your company of misconduct, including the denial of opportunities to work with wealthier and more lucrative clients, unjustified transfer to a branch located in a less wealthy location, and termination following the filing of his complaint with the firm – despite receiving numerous performance awards.

If the above allegations are true, and are representative of pervasive conduct within or beyond this branch, they represent violations of the Civil Rights Act, FH Act, ECOA, federal consumer protection rules, and SEC broker-dealer compliance standards, among other federal laws and regulations. We urge you to cooperate with federal regulators to undertake a comprehensive and thoughtful investigation of these claims as well as the firm’s practices surrounding these kinds of allegations. In particular, we urge JPMorgan to disclose all material surrounding this and similar discrimination claims to appropriate regulators for investigation and review. Further, we look forward to your responses to the below questions by January 20, 2019:

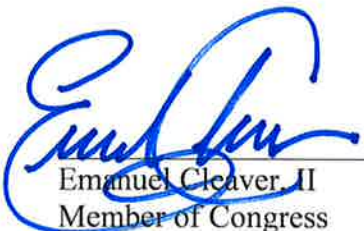
1. What are JPMorgan’s policies and investigative practices governing claims of discrimination against clients, prospective clients, and employees?
2. Do you concur with the findings of the Arizona branch of the firm that there was no evidence of race-based discrimination against Mr. Kennedy?
 - a. If yes, please explain the firm’s bases for arriving at this determination.
 - b. If no, please explain why the branch’s investigation failed to identify this discrimination and describe JPMorgan’s planned corrective measures.
3. How do you plan to address concerning allegations by employees of color regarding discrimination within your firm? Please provide the following data:
 - a. Data on allegations of race-based discrimination made by your company’s employees and the investigative efforts made to prove or disprove the allegations.
 - b. Data on how the firm has sought to tangibly foster an environment of diversity and inclusion and detail the mechanisms used in measuring outcomes.
4. Within its Statement on the Purpose of a Corporation, The Business Roundtable states that “we foster diversity and inclusion, dignity and respect.”
 - a. As Chair of the Board for the Business Roundtable, how do you and the firm you lead reconcile that purpose with the reported misconduct within the firm?
 - b. How do you and your firm plan to better align these stated values with practices throughout your company?
5. Last year, JPMorgan settled a class action lawsuit with current and former employees who alleged that the firm practices “uniform and national in scope” discrimination against African-American financial advisors.
 - a. Does your firm have plans to review company-wide operations and determine the extent to which any gathered evidence may indicate systemic patterns of race-based discrimination?

- b. Does your firm have a process for anonymous internal whistleblowing, particularly in cases where employees believe that their direct reports may be unresponsive or retaliate for putting forth concerning information?
6. According to the 2018 Complaint in *Senegal, et alia v. JPMorgan Chase Bank N.A.*:

Chase studies and ranks its bank branches and territories according to various metrics and demographic data, including client and community wealth, asset base, and other measures of opportunity in a given branch or territory. As a result of racial stereotypes, race matching and racial redlining, Chase disproportionately assigns African American [Financial Advisors] FAs to less lucrative branches and territories, with fewer investable assets and less wealthy clients and potential clients. White FAs are assigned to wealthier territories with greater opportunities. These practices dramatically limit the compensation and advancement opportunities and increase attrition of African American FAs.³


- a. Which claims made in the above excerpt of the *Senegal v. JPMorgan* Complaint are accurate and why?
- i. Please provide the metrics and measures JPMorgan uses to determine branch rankings.
 - ii. Exactly what demographic variables does JPMorgan use in determining the employee composition of branches?
 - iii. Please provide complete compensation data of your financial advising workforce based on race and ethnicity.
 - iv. Please provide all reporting data submitted to the EEOC and OFCCP for the past 5 years.
- b. What exactly is the racial breakdown of the Financial Advisors at each of your branch locations?
- c. Are branches serving lower income and minority communities provided the same services as all other branches of JP Morgan? If not, why not?
- d. How exactly does JPMorgan decide on services provided at its various branch and service locations?

We welcome your timely responses to the above questions and your active coordination with regulators to investigate these alarming allegations of discrimination. Thank you for your attention to this critical matter.



Emanuel Cleaver, II
Member of Congress

Sincerely,



Al Green
Member of Congress

³ <https://www.classaction.org/media/senegal-et-al-v-jpmorgan-chase-bank-na.pdf>

CC: Consumer Financial Protection Bureau, Federal Reserve Board of Governors, Office of the
Comptroller of the Currency, Securities and Exchange Commission, Department of Justice,
Equal Employment Opportunity Commission