

Press Releases



FDIC Announces Settlement With JPMorgan Chase & Co. Settlement of RMBS Claims Totals \$515.4 million

**FOR IMMEDIATE RELEASE
November 19, 2013**

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The Federal Deposit Insurance Corporation (FDIC) as Receiver for six failed banks has announced a \$515.4 million settlement with JPMorgan Chase & Co. and its affiliates (JPMorgan) of the receiverships' federal and state securities law claims based on misrepresentations in the offering documents for 40 residential mortgage-backed securities (RMBS) purchased by the failed banks. The settlement funds will be distributed among the receiverships for the failed Citizens National Bank, Strategic Capital Bank, Colonial Bank, Guaranty Bank, Irwin Union Bank and Trust Company, and United Western Bank. As part of the settlement, JPMorgan has agreed to waive any claims for indemnification from the FDIC in its corporate capacity or its capacity as Receiver for the failed Washington Mutual Bank based on any part of JPMorgan's \$13 billion settlement with the United States Department of Justice and other government entities of claims relating to the sale of RMBS, including the \$515.4 million settlement with the FDIC.

FDIC Chairman Martin J. Gruenberg said, "The settlement announced today will provide a significant recovery for the six FDIC receiverships. It also fully protects the FDIC from indemnification claims out of this settlement. The FDIC will continue to pursue litigation where necessary in order to recover as much as possible for FDIC receiverships, money that is ultimately returned to the Deposit Insurance Fund, uninsured depositors and creditors of failed banks."

As receiver for failed financial institutions, the FDIC may sue professionals and entities whose conduct resulted in losses to those institutions in order to maximize recoveries. From May 2012 to September 2012, the FDIC as Receiver for five of the failed banks filed ten lawsuits against JPMorgan, its affiliates, and other defendants for violations of federal and state securities laws in connection with the sale of RMBS. As of October 30, 2013, the FDIC has authorized lawsuits based on the sale of RMBS to a total of eight failed institutions and has filed 18 lawsuits seeking damages for violations of federal and state securities laws.

Citizens National Bank and Strategic Capital Bank were each placed into receivership on May 22, 2009; Colonial Bank was placed into receivership on August 14, 2009; Guaranty Bank was placed into receivership on August 21, 2009; Irwin Union Bank and Trust Company was placed into receivership on September 18, 2009; and United Western Bank was placed into receivership on January 21, 2011.

Attachment:

[Additional background on Professional Liability Suits](#)

Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's 6,940 banks and savings associations and it promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars – insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-103-2013**

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Last Updated 11/19/2013

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