



**2004-2008 PREDATORY LENDING, MORTGAGE LOAN FRAUD, AND SYSTEMIC RACIAL DISCRIMINATION/RACIAL PROFILING PRACTICES OF JPMORGAN CHASE BANK, N. A. AND CHASE MANHATTAN BANK USA, N. A. WERE TO PROVIDE SUBPRIME MORTGAGES TO FINANCIALLY-DISTRESSED CONSUMERS (MOST OF WHOM WERE OF AFRICAN AMERICAN, HISPANIC, AND LATINO DESCENT) WERE USED TO CREATE SUBPRIME RMBS TRUST CERTIFICATES.**

An illegal “Two-Tier Home Mortgage Origination Scheme” was used between 2004 and 2008 by Chase Lending Specialists employed by operators of Chase Home Loan Direct® Subprime Mortgage Origination Boiler-Room. These quasi-independent mortgage brokers created 412,872 conventional loan applications which resulted in the origination of 175,697 subprime and home mortgage loans which were immediacy sold to JPMORGAN Chase Bank, National Association (JPMCBNA). The process of selling non-conforming home mortgage loans to an affiliate during the same year in which they were originated, cleansed these loans of non-conforming characteristics; thus, JPMCBNA was able to securitize these “now conforming” home mortgage loans into RMBS Trust Certificates such as JPMAC 2007-CH1, which along with others, became the genesis of the DOJ’s \$13-Billion Chase RMBS Trust Certificate Lawsuit against JPMorgan. On November 19, 2013, the DOJ announced its settlement of the \$13-Billion Chase RMBS Securitization Lawsuit against JPMorgan Chase and Company (JPMorgan). This settlement provided immunity to JPMorgan against future CIVIL CLAIMS related to the creation, packaging, and sale of fraudulent Chase RMBS Certificates issued before 2008. However, this settlement explicitly excluded immunity for civil claims against “employees” of JPMorgan; or, more importantly, “criminal charges against JPMorgan or its employees.” Below are two relevant caveats from Chase RMBS Trust Certificate Settlement:

- ❑ *“The agreement does not release individuals from civil charges, nor does it release JPMorgan or any individuals from potential criminal prosecution. In addition, as part of the settlement, JPMorgan has pledged to fully cooperate in investigations related to the conduct covered by the agreement.”*
- ❑ *“Without a doubt, the conduct uncovered in this investigation helped sow the seeds of the mortgage meltdown,” said Attorney General Eric Holder. “JPMorgan was not the only financial institution during this period to knowingly bundle toxic loans and sell them to unsuspecting investors, but that is no excuse for the firm’s behavior. The size and scope of this resolution should send a clear signal that the Justice Department’s financial fraud investigations are far from over. No firm, no matter how profitable, is above the law, and the passage of time is no shield from accountability. I want to personally thank the RMBS Working Group for its tireless work not only in this case, but also in the investigations that remain ongoing.”*

HMDA-LAR Public Raw Data Disclosures obtained from the National Archives provide irrefutable evidence that Chase Lending Specialist employed at the Chase Home Loan Direct® Mortgage Origination Boiler-Room located in Fort Washington, Pennsylvania, committed multiple criminal offenses while creating 412,872 mortgage loan applications which resulted in the origination of 175,697 non-conforming, subprime, and home mortgage loans. These “Toxic Mortgages” were immediately sold to JPMCBNA, who then securitized them into fraudulent RMBS Trust Certificates. Many, if not most, of these “Toxic Mortgages” originated from economically-distressed African American, Hispanic, and Latino consumers residing in twenty urban MSAs/MDs with large minority populations. HMDA-LAR Public Disclosures show that African Americans, Hispanics, and Latinos residing in these urban MSAs/MDs were specifically targeted by Chase Lending Specialists, and between 2004 and 2007, it became an annual ritual for the “Toxic Mortgages” originated for these consumers to be refinanced at even higher predatory terms and conditions. The genius of the Chase Two-Tier Home Mortgage Loan Origination Scheme is that it eradicated the non-conforming terms and conditions of Chase Manhattan Bank USA, N. A. with conforming terms and conditions of the tier-two purchaser: JPMorgan Chase Bank, N. A.; and this allowed this bank to claim that it was both the originator and servicer of these Mortgage Loan, when in fact it was neither.



**2013 CHASE/SPS ELEVENTH-HOUR OUTSOURCING MANEUVER TO CONCEAL CHASE-ORIGINATED “TOXIC MORTGAGES” FROM DOJ INVESTIGATORS. THIS ILLEGAL OUTSOURCING MANEUVER DEPRIVED CHASE-MORTGAGOR (MANY, IF NOT MOST, OF WHOM WERE OF AFRICAN AMERICAN, HISPANIC, AND LATINO DESCENT) OF THEIR RIGHTFUL SHARE OF THE \$4-BILLION RESTITUTION INCLUDED IN THE \$13-BILLION CHASE RMBS TRUST LAWSUIT SETTLEMENT.**

In 2013, after numerous federal and state civil claims arising from the sale of Residential Mortgage-Backed Securities (RMBS) by JPMorgan, Bear Stearns, and Washington Mutual prior to Jan. 1, 2009, the Department of Justice (DOJ) filed a landmark lawsuit against JPMorgan Chase and Company for illegal activities related to the packaging, marketing, sale and issuance of RMBS Trust Certificates. On October 16, 2013, just three weeks before the DOJ announced its settlement of the Chase RMBS Lawsuit, Chase-Mortgagor and her husband received a letter from Chase notifying them that their mortgage was being outsourced to Select Portfolio Servicing, Inc. and when they called Chase, they were told that they did not have anything to worry about because this mortgage was in good standing and only the servicing rights for their being outsourced. Chase-Mortgagors were told that Chase would still be responsible for all mortgage loan related issues, including their “open, unresolved” Racial Discrimination Claim filed by Chase Mortgagor and her husband with the Vice President of the Chase Legal and Compliance Department in 2009, 2010 and 2011. This Chase-coined “Good-bye Letter” was sent to Chase Subprime Mortgagors announcing this servicing mortgage agreement explicitly stated that only servicing rights were being outsourced; and JPMCBNA would still own the mortgage loan; and would be accountable for any problems resulting from the origination and servicing of these “Toxic Mortgages” prior to November 1, 2013. Serendipitously, the DOJ’s settlement of the Chase RMBS Trust Lawsuit was announced 33 days later on November 19, 2013, and included a \$4-Billion fine, which was designated as Consumer Relief/Restitution:

- ❑ *“JPMorgan will pay out the remaining \$4 billion in the form of relief to aid consumers harmed by the unlawful conduct of JPMorgan, Bear Stearns and Washington Mutual.”*
- ❑ *JPMorgan Chase and Company, the defendant in this lawsuit, was named the “sole administrator” (without any Oversight or Monitoring from the CFPB, HUD, or the Housing and Enforcement Section of the DOJ) of the \$4-billion Consumer Relief/”Restitution” Settlement. It is unlikely that this unprecedented action would not have occurred, had the DOJ been aware of the role of JPMorgan affiliates: JPMorgan Chase Bank, N. A., Chase Manhattan Bank USA, N. A, and Chase Home Loan Direct® in originating more than one-hundred-and-seventy-five thousand “Toxic Mortgages” included in the Chase RMBS Trust lawsuit.*

The final report from the Chase-Paid Consumer Relief Monitor, Joseph A. Smith, Jr., shows that 123,737 home mortgage loans received some form of relief (Restitution) from the \$4-Billion Consumer Relief Provision of the settlement of Chase RMBS Trust Lawsuit. This relief/restitution included: a.) Loan Modifications, b.) Principal Reductions, and last but not least, c.) Principal Forgiveness. The September 30, 2015, Consumer Relief report for the Chase RMBS Settlement included the caveat: *“Chase receives incentives for certain relief conducted in the hardest-hit areas, and on loans held for investment as opposed to loans serviced by SPS and other non-Chase Servicers.”*

When the above caveat is viewed in the context of the timing of the 2013 Chase/SPS Eleventh-Hour Outsourcing Maneuver, it leads to the conclusion that the “serviced by other” phraseology was specifically used to exclude the tens of thousands of Chase-Originated “Toxic Mortgages” which were outsourced to SPS less than three weeks before the Chase RMBS Settlement Agreement was announced. (Some (or all) of this \$4-billion consumer relief/restitution settlement was diverted to mortgages held by JPMCBNA for investment purposes.)