

# **JP MORGAN AND AFFILIATES INCLUDING BEAR STEARNS & CO., INC.**

## **State Securities Regulators Announce Settlements with JP Morgan in Auction Rate Securities Investigations**

Under the terms of the settlement, JP Morgan and its affiliates, including Bear Stearns & Co., Inc., will offer to repurchase, no later than November 12, 2008, all illiquid auction rate securities from all JP Morgan individual investors, charities, not-for-profit companies and institutional clients who have account values and household assets of up to \$10 million.

JP Morgan will also:

- Fully reimburse all retail investors who sold their auction rate securities at a discount after the market failed in February 2008;
- Consent to a special, public arbitration procedure to resolve claims of consequential damages suffered by retail investors as a result of not being able to access their funds, in which JP Morgan will not contest its liability for the illiquidity of the auction rate securities and in which JP Morgan will pay all forum fees;
- Undertake to expeditiously provide liquidity solutions to all other institutional investors, with regular progress reports and subject to an outside deadline of December 2009;
- Reimburse all refinancing fees to municipal issuers who issued auction rate securities through JP Morgan since August 1, 2007, and who refinanced those securities after the market failed; and
- Establish a dedicated telephone assistance line, with appropriate staff to respond to questions from customers.

Courtesy North American Securities Administrators Association, *State Securities Regulators Announce Settlements with JP Morgan, Morgan Stanley in Auction Rate Securities Investigations*, August 14, 2008.