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Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

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MAJORITY (202) 225-5051
FACSIMILE (202) 225-4784
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October 28, 2008

Mr. James Dimon
Chairman and Chief Executive Officer
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017

Dear Mr. Dimon:

Earlier this month, the Treasury Department announced plans to invest \$125 billion of taxpayer funds in nine major banks, including yours, as an emergency measure to rebuild depleted capital. According to recent public filings, these nine banks have spent or reserved \$108 billion for employee compensation and bonuses in the first nine months of 2008, nearly the same amount as last year.¹

Some experts have suggested that a significant percentage of this compensation could come in year-end bonuses and that the size of the bonuses will be significantly enhanced as a result of the infusion of taxpayer funds.² According to one analyst, "Had it not been for the government's help in refinancing their debt they may not have had the cash to pay bonuses."³

¹ Bank of America, *Supplemental Third Quarter 2008 Financial Information* (Oct. 6, 2008); Bank of New York Mellon, *Quarterly Earnings Summary* (Oct. 16, 2008); Citigroup, *Third Quarter Financial Supplement* (Oct. 16, 2008); Goldman Sachs, *Goldman Sachs Reports 2008 Third Quarter Earnings Per Common Share of \$1.81* (Sept. 16, 2008); JPMorgan Chase & Co., *3Q08 Financial Supplement* (Oct. 15, 2008); Merrill Lynch & Co., *3Q 2008 Financials* (Oct. 16, 2008); Morgan Stanley, *3Q 2008 Financial Supplements* (Sept. 16, 2008); State Street Corporation, *Q3 2008 Financial Tables* (Oct. 15, 2008); Wells Fargo & Company, *Wells Fargo Reports Net Income of \$1.64 Billion, or \$0.49 Per Share* (Oct. 15, 2008).

² *Broken Securities Industry Still Has \$20 Billion to Pay Bonuses*, Bloomberg (Oct. 27, 2008); *How Washington's Bailout Will Boost Wall Street Bonuses*, Time (Oct. 27, 2008).

³ *How Washington's Bailout Will Boost Wall Street Bonuses*, Time (Oct. 27, 2008).

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Press accounts report that the size of the bonuses could exceed \$6 billion at some firms receiving federal assistance.⁴

While I understand the need to pay the salaries of employees, I question the appropriateness of depleting the capital that taxpayers just injected into the banks through the payment of billions of dollars in bonuses, especially after one of the financial industry's worst years on record. As one newspaper recently reported, "critics of investment banks have questioned why firms continue to siphon off billions of dollars of bank earnings into bonus pools rather than using the funds to shore up the capital position of the crisis-stricken institutions."⁵

To assist the Committee's investigation into this issue, I request that you provide the following information and documents for your company as well as any affiliates or subsidiaries:

1. For each year from 2006 to 2008, the total compensation and average compensation per employee, paid or projected to be paid to all personnel, broken down by salaries, bonuses (cash and equity), and benefits; and a description of the reasons for the year-to-year changes in these amounts.
2. For each year from 2006 to 2008, the number of employees who were paid, or are projected to be paid, more than \$500,000 in total compensation; the total compensation paid or projected to be paid to these employees, broken down by salaries, bonuses (cash and equity), and benefits; and a description of the reasons for the year-to-year changes in these amounts.
3. For each year from 2006 to 2008, the total compensation paid or projected to be paid to the ten highest paid employees, broken down by salaries, bonuses (cash and equity), and benefits; and a description of the reasons for the year-to-year changes in these amounts.
4. Documents sufficient to show all policies governing the granting of the bonuses to the groups of employees referenced in items (1) to (3).

Please produce the requested information to the Committee no later than November 10, 2008. To the extent that 2008 year-end bonuses have not been finalized by that time, you should notify the Committee as soon as those bonuses are determined and supplement your response with updated information and responsive documents.

⁴ *Broken Securities Industry Still Has \$20 Billion to Pay Bonuses*, Bloomberg (Oct. 27, 2008)

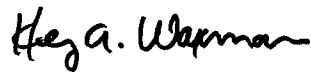
⁵ *Wall Street Banks in \$70bn Staff Payout*, The Guardian (Oct. 18, 2008).

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The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X. An attachment to this letter provides additional information about how to respond to the Committee's request.

If you have any questions about this request, please ask your representatives to contact Theodore Chuang or Alison Cassady of the Committee staff at (202) 225-5420. Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Henry A. Waxman". The signature is written in a cursive, slightly slanted style.

Henry A. Waxman
Chairman

Enclosure

cc: Tom Davis
Ranking Minority Member