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May 16, 2012

Mr. James Dimon
Chairman and CEO
JP Morgan Chase & Co.
383 Madison Avenue
New York, NY 10179

Re: $2 Billion Trading Loss

Dear Mr. Dimon,

I am writing to you to express my concern with the surprising $2 billion trading loss that JP Morgan recently disclosed. At your shareholder meeting you noted that the mistakes made were "self-inflicted" and that a loss like this should never have happened. Given these circumstances, I would urge you to impose financial penalties against the responsible parties in your company by conducting a compensation clawback review.

I supported the Dodd Frank reform package in hopes that it would help curb unnecessary risk-taking in the financial sector, while ensuring that capital can still flow efficiently to the businesses that employ millions of our fellow Americans. While regulations are necessary, it is also very important that when unprecedented mistakes do occur, banks will use the internal policies that they have set up to promote employee accountability.

To that end, your 2012 Proxy statement states that with regard to employee incentive compensation, JP Morgan "retain[s] the right to reduce current year incentives to redress any prior imbalance that we have subsequently determined to have existed, and a clawback review or other recovery mechanism may be initiated as a result of a material restatement of earnings."

It is my hope that you will use this provision to its full potential to address this situation. In exercising this provision, you would be sending a strong signal to your investors, the markets, and other Wall Street firms that employees at JPMorgan that take outsized risks in search of short-term profits and at the expense of the long term success of the institution will face financial penalties.

It has been very frustrating to watch the continuing volatility in our financial markets. Stronger leadership is needed on Wall Street, and this $2 billion loss, while painful, provides a good opportunity for JP Morgan to prove that compensation practices have truly changed as a result of the 2008 financial crisis. I would also point out that if the recent $2 billion loss leads to a restatement of JPMorgan's first quarter results, Dodd Frank requires that any incentive compensation that would not have been awarded under the earnings restatement be subject to a mandatory clawback, and a strict liability standard is imposed.

Thank you for your consideration in this matter.

Sincerely,

Scott P. Brown

Scott P. Brown
U.S. Senator