

**JP Morgan Chase Stockholders' Meeting
Q &A Session with CEO James Dimon
Questioners Jesse Jackson and Deneen Borelli
Transcript
May 20, 2008**

Jesse Jackson: Mr. Dimon, let me... uh... rise to... uh... express my appreciation for your leadership. Your integrity and your judgment are sound and [unintelligible] evidence of that. It arises several concerns: one, to see that human rights and religious [unintelligible] and inclusion both represent good business.

When the merger took place in Chicago, I remember a special moment. It had to do with how much management fees to pay the hundred million dollars and legal fees — seven-hundred fifty million and no black or brown lawyers had been involved in the settlement of the seven-hundred fifty million in legal fees [or] were involved in the management fee transaction. We're interested in the progress made since that time. One... uhh... you mentioned today of seven hundred million dollars in legal fees, five hundred partial in outside legal fees. Uhh... how much of that was done by black and brown lawyers?

James Dimon (CEO, JPMorgan Chase): Let me give you the deep number, which is the most important. I don't have the legal number. You can take it out. Uhh... the big number is that we in our diversity... uh... sourcing now spend seven hundred million dollars a year, it is up 30 percent last year, and our total spent is up two percent... um... and that's up from a number, I think, from '04 of like three or four-hundred million dollars. So it's gone up substantially since then, and equally importantly two-thirds is done directly with minority firms as opposed through large corporations that pass it out to minority firms. And I do believe that we've hired direct... uh... African-American law firms and money managers, etcetera.

Jackson: Well, I wish I could get at a certain time a more precise figure on that.

Dimon: I'd be happy to share with you.

Jackson: Okay. The same would be true with CPA fees and... uhh... advertising.

Dimon: I believe, in all those categories, the number is up substantially. I think we have a ways to go in terms of improving. I'd love to share that with you... I don't have it in front of me.

Jackson: Well, a concern has been your management fees, leadership fees. There's no effort at diversity and that can imply that there was some stagnation. Is there a reason for that?

Dimon: I think... uh... if you're talking about the senior leadership team that reports to me there's no African-American among it. We'd love to have one there. And if you're talking about senior managers, the company is now nine percent — it's up from eight percent. This is

African-American. Women are 22 percent, and we are making — I think — very good progress but we'd like to make a lot more.

Unidentified person: Actually, the nine percent is people of all color.

Jackson: Well, I don't mind how it's broken down, but I believe I would like to know what the break out is. The last is that the risk factor in the past earned... uh... deal in the sense that part of what has driven this recession is unregulated banking up top without transparency, and un-enforced [unintelligible] laws at the base.

For example, the court and the FDIC [a clear disproportion] of the subprime losses to African-Americans and for the [unintelligible] and Latinos have been eligible for prime and got subprime. As you know, in one house it was found seven [unintelligible] plus goes with it. The question to come is there some plan — some longer-range plan — to restructure loans that might repossess en masse? I think it has to be up-to-scale because the impact — we've not seen the bottom yet. The impact of violation of fair lending practices and its damage to the holding company may have started by violating fair lending laws. The loss... The loss was redlining. It became a kind of reverse redlining of these unscrupulous loans and that affects everybody and as you now have a great burden — you and our government — in some sense for bailing us out, quote-unquote.

Is there some plan for — a massive plan for — restructuring loans and not repossessing homes? And I'm not talking about those people who speculated and got handed and they got tethered to their homes and they have to bite the bullet; of those who got loans that they could not afford in the first place which the realtors set up. The hard-working everyday Americans, teachers and bus drivers who bought the homes and they got manipulated by some form of steering or otherwise unscrupulous behavior who are now caught in the trap. Is there some plan to restructure loans and not repossess those homes en masse?

Dimon: Yeah, I think we work extensively with anyone who is delinquent on loans. We offer refinancing plans. We offer outside counseling and independent counseling. We work with the government on the Hope Program. We work with the government on this current program they announced this morning, in which we don't happen to know the details yet. So you think you would find that Chase does more than anybody in terms of trying to keep people in their homes if they want to stay there in any increment they want and have the ability to stay there.

Jackson: Well, let me say again congratulations to you for your leadership, but the stakes for all of us are so incredibly high, in some sense none of us would say... amen. (laughter)

The stakes are incredibly high it seems to me with the government intervention, the one thing Mr. Bush said that he is willing to invest in is to bail out Wall Street, but your commitment to bail out homeowner victims of this crisis. It seems to me at some point there must be an even bigger base because, if the market goes down, you cannot sell a loan that's now in a fallen market. And so it seems that we need to take somebody's here that is at the meeting; the rest of the banking community and the government to have a bigger plan because long-term implications of the home foreclosures and when the home foreclose and the tax base it affects

public education... public transportation. The rippling effect of this crisis is so big it seems that we need your leadership beyond just saving JPMorgan Chase as it were is my appeal to you.

Dimon: We'll do the best we can.

(a few moments later)

Deneen Borelli: Hello, my name is Deneen Borelli, and I'm with the Project 21. We're a black conservative public policy group, and we believe in personal responsibility and the benefits of limited government.

And I have a question and a challenge for Mr. Dimon and the board members. I'm wondering if there will ever be a day where you will stand up and say "no" to Mr. Jackson and to his demands and messages of victimization and divisiveness. This is the United States of America, and this is not the 1960s. People should be hired based on their talents and they should be retained based on their results.

There should not be color-coded hiring in the United States. Thank you.

(applause)

*Transcribed by Reece Epstein
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