

# **The Close Connections Between JPMorgan and the CCP**

*The financial giant is hit by the CCP virus*

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In April the CCP virus (novel coronavirus) pandemic spread in the trading department of JP Morgan 's Manhattan headquarters. The Wall Street Journal reported on April 7 that about 20 employees on the fifth floor of JPMorgan Chase 's headquarters tested positive for the CCP virus, and 65 others were quarantined; many traders who buy and sell stocks and sell trading strategies to customers work on the fifth floor of the building.

Bill Pike, a former senior executive at JPMorgan Chase, also passed away on March 18 due to infection with the CCP virus.

JPMorgan Chase, headquartered in Manhattan, New York, is the largest financial services institution in the United States, with assets larger than Bank of

America, Wells Fargo, or Citigroup. Why has the CCP virus hit JPMorgan Chase so hard?

An editorial in The Epoch Times points out that “the heaviest-hit regions outside China all share a common thread: close or lucrative relations with the communist regime in Beijing,” and “any country, community, or organization that keeps too close to the CCP and falls for its deception will taste the bitter fruits of that involvement.”

What is the relationship between JP Morgan and the Chinese Communist Party (CCP)? This article explores the symbiotic relationship between the two as a cautionary tale.

***Chinese Companies Listed in the U.S.***

***Market Finance the CCP Like Blood Transfusions***

For decades, JPMorgan Chase has played a key role as a lead underwriter to help many Chinese companies secure IPOs (initial public offerings) in the United States or Hong Kong, raising an astonishing amount of U.S. capital for the CCP.

A lead underwriter, per the Divestopedia website, is “usually an investment bank that helps an organization to sell its shares to the public for the first time. In the case of large offerings, a group of underwriters come together to form a syndicate and the entity leading this syndicate is the lead underwriter.”

China’s WeDoctor plans to list in Hong Kong in the second half of 2020 and plans to make an initial public offering of U.S. \$1 billion. JPMorgan Chase is also one of the listed underwriters chosen by WeDoctor.

According to data from China’s Baidu Baike (Chinese online Encyclopedia), JPMorgan Chase ranks first in Asian stocks and stock-related issuances since 1993. Since then, the company has underwritten 88 stock transactions for Asian companies. Since this is not the latest data, the number of stock transactions it has actually underwritten is likely higher than this.

***Which Chinese Companies Worked With JPMorgan Chase for U.S. or Hong Kong IPOs?***

The following are just a few examples of Chinese companies working with JPMorgan Chase on IPOs, based on the public information released by the US-China Economic and Security Review Commission (USCC), on Feb. 25, 2019 and reports from Chinese state media:

In 2014, Alibaba raised \$21.8 billion in its IPO in New York. JPMorgan Chase and six other investment banks acted as its lead stock underwriters. As of Feb. 25, 2019, Alibaba's market value exceeded \$458.6 billion.

In a document submitted to the U.S. securities regulator, Alibaba stated that the banks handling its IPO were set to receive a total of \$300.4 million in commissions, or more than 1% of the proceeds.

In November 2019, Alibaba re-listed its public offering in Hong Kong. Five well-known investment banks, including JPMorgan Chase, were underwriters of Alibaba's secondary listing in Hong Kong. Mainland China's media reported that the offering raised about \$15 billion.

Alibaba has a close relationship with CCP “princelings” (children of key communist officials). According to the New York Times, some of the executives of all four Chinese companies investing in Alibaba are the children and grandchildren of more than 20 CCP officials who served on the Standing Committee of the Political Bureau of the CPC Central Committee after 2002, including Jiang Zemin’s grandson “Alvin” Jiang Zhicheng.

In 1996, Guangshen Railway was listed in New York and Hong Kong, raising more than \$500 million dollars. JPMorgan Chase was one of its underwriters. As of Feb. 25, 2019, the market value of Guangshen Railway exceeded \$3.1 billion.

In 2000, PetroChina went public in New York and raised more than \$680 million. JPMorgan Chase was one of its lead underwriters. As of Feb. 25, 2019, CNPC’s market value exceeded \$123.6 billion. PetroChina is a Chinese state-owned enterprise.

In 2001, Chalco was listed in New York and Hong Kong, raising funds of \$486 million. JPMorgan Chase was one of its stock underwriters. As of Feb.

25, 2019, the market value of Chalco exceeded \$5.8 billion.

In 2002, China Telecom was listed in New York and Hong Kong, raising \$1.52 billion. JPMorgan Chase was one of its underwriters. As of Feb. 25, 2019, China Telecom's market value exceeded \$45.5 billion.

In 2014, China Momo (Momo, Inc.) listed in New York, raising funds of \$216 million, with JP Morgan Chase one of its lead underwriters. As of Feb. 25, 2019, the market value of Momo exceeded \$6.8 billion.

The USCC stated that, as of Feb. 25, 2019, there were 156 Chinese companies (the number does not including the offshore Chinese companies listed in Hong Kong) listed on the three major stock exchanges in the United States—the New York Stock Exchange, the NASDAQ, and the American Stock Exchange—with a market value of \$1.2 trillion.

Roger Robinson, the economic and financial strategist of former US President Reagan, estimated

that “the U.S. has roughly \$1.9 trillion invested in Chinese stocks and another trillion in bonds.”

In addition to the stock market, another major market for the CCP’s overseas financing is bonds.

### ***Big Bond Funds***

During this crucial time of the global fight against the CCP virus pandemic, JPMorgan Chase seemed to have made a big move quietly.

On Feb. 28, 2020, JPMorgan Chase included in its global emerging market government bonds index nine local Chinese government (CCP) bonds.

According to the plan, the inclusion will be completed step by step within 10 months.

JPMorgan Chase announced this news in September 2019, and this time it was implemented as originally planned.

It is reported that after the inclusion, international investments that “track” the index automatically allocate Chinese bonds in proportion. Goldman Sachs calculated that this inclusion will hopefully

attract \$3 billion in foreign funds into the Chinese bond market every month.

Industry insiders said that after the CCP government bonds are fully included in the JP Morgan Chase Index, they can reach the weight limit of 10% of the index.

According to mainland China media reports, Bloomberg calculated that when the weight of China's bond inclusion reaches 10%, the scale of potential foreign capital inflows to China will exceed \$20 billion.

Incorporating the Chinese government's government bonds into mainstream international bond indexes has contributed to the inflow of foreign capital into China. In February of this year, foreign ownership of Chinese bonds reached a record high.

### ***During the Pandemic, PMorgan Was Part of the Online Shanghai Opening Ceremony***

Under the pandemic, Shanghai held an online opening ceremony for local branches of five global

institutions including JPMorgan Chase, Invesco, and Russell Investment on March 20, 2020.

On Dec. 18, 2019, JPMorgan announced that the China Securities Regulatory Commission (CSRC) has approved a Securities and Futures Business Permit for JPMorgan Securities (China) Company Limited. The approval paves the way for JPMorgan's majority-owned securities company in China to commence business operations.

Filippo Gori, CEO for JPMorgan, Asia Pacific, said in the company's statement: "China represents one of the largest opportunities for many of our clients and is a critical component of JPMorgan's growth plans in Asia Pacific, and globally."

According to a report from Sina, JPMorgan has posted more than 30 career and job opportunities in China in 2020.

The business and investment of JPMorgan in China have a long history.

***A Business With Deep Roots in China***

The following historical information is taken from JPMorgan's official website.

1973

Chase Chairman David Rockefeller leads a U.S. delegation to China to meet with China's Premier Zhou Enlai. In the same year, Chase becomes the first U.S. bank to be designated as a correspondent bank for Bank of China.

1997

JPMorgan acts as a joint book runner for the People's Republic of China's \$500 million bond issuance.

2001

JPMorgan Chairman and CEO Bill Harrison meets with China's President Jiang Zemin in Beijing.

J.P. Morgan Chase Bank (China) Company Limited, the firm's locally incorporated bank, is established.

JPMorgan received approval from the China Securities Regulatory Commission to enter into a joint venture futures company, known as the J.P. Morgan Futures Company Limited.

2011

JPMorgan signs the investment agreements in Beijing to establish a Sino-foreign joint venture guarantee corporation as one of the major investors.

2015

JPMorgan Chase & Co. forms a strategic partnership with Postal Savings Bank of China.

2017

JPMorgan received a Type-A Bond Settlement Agent license in China.

JPMorgan received Debt Financing Instruments of Non-financial Enterprises Underwriting License in China's interbank bond market.

JPMorgan was appointed by the People's Bank of China as an RMB clearing bank in the U.S.

JPMorgan offers trading and clearing of Renminbi-denominated crude oil futures contract for its onshore and offshore clients.

JPMorgan submitted an application to the China Securities Regulatory Commission seeking to establish a new securities company in which it would hold a 51% stake.

JPMorgan China becomes a Bond Connect market maker, acting as one of the price providers to serve the Northbound Link leg of the connection between the mainland bond market and Hong Kong and the overseas investors.

The following are among the financial services provided by JPMorgan in China:

In September 2003, when China Telecom announced its up to \$10 billion plan to purchase six provincial phone networks from its parent company, Morgan Stanley was the sole financial advisor to the company.

In 2004, China's dominant offshore oil and gas producer CNOOC launched a \$750 million bond in the international capital market. JPMorgan served as one of the bookrunners.

Among the many financial services and investment projects carried out in China, what is the scale of revenue JPMorgan could make? The following case may illustrate.

In one of the biggest tech mergers ever, Dell bought EMC for nearly \$67 billion in 2016. Morgan Stanley was the lead financial adviser to EMC, while JPMorgan was the lead financial adviser to Dell. Together, they may have raked in up to \$210 million in advisory fees, according to estimates from consulting firm Freeman & Co.

### ***JPMorgan's 'Sons and Daughters' Program to Win Favor of the Regime***

A three-year investigation into JPMorgan marks one of the first major crackdowns on a big U.S. bank for running afoul of the Foreign Corrupt Practices Act (FCPA). This legislation prohibits companies from

making payments or giving “anything of value” to win business from foreign officials.

Wall Street Journal reported that JPMorgan Chase & Co. hired friends and family members of executives at three-quarters of the major Chinese companies it took public in Hong Kong during a decade-long boom in Chinese IPOs, according to a document compiled by the bank as part of a federal bribery investigation.

Obviously, this program was meant to safeguard business within JPMorgan by securing its communist connection.

Charles Li, the head of the Hong Kong stock exchange, was involved in controversial hiring efforts when he worked at JPMorgan Chase & Co., recommending that the bank employ children and acquaintances of Chinese officials, clients, and potential clients, according to people familiar with the matter and emails reviewed by The Wall Street Journal.

Among those recommended were a family friend of Huang Hongyuan, then a senior official at the China

Securities Regulatory Commission and now the president of the Shanghai Stock Exchange.

Other referrals included Liu Lefei, the son of Liu Yunshan, the current head of the CCP Propaganda Department and a member of the Politburo Standing Committee.

Also included is former Hong Kong Chief Executive Leung Chun-ying's younger daughter. She interned at a Hong Kong subsidiary of JPMorgan Chase & Co. Leung Chung-yan did the internship in the summer of 2010 when she was in secondary school, when the bank's internship program offered in Hong Kong did not apply to secondary school students.

In 2016, JPMorgan agreed to pay a \$264 million fine to settle claims that its hiring violated the FCPA. Over a seven-year period between 2006 and 2013, the bank hired about one hundred interns and full time employees at the request of government officials in China and elsewhere in Asia as part of its efforts to build banking relationships in the fast-growing region. The hiring, dubbed internally as a "Sons & Daughters Program," enabled JPMorgan to

win business that generated \$100 million in revenues for the bank.

***Staying Away from the CCP and Be Self-reliant:  
The Way to Defend Against the CCP Virus***

The only thing that enables the CCP to stay afloat is foreign investments from the United States and the West, according to Kyle Bass, founder of Hayman Capital Management. In the China Forum, an annual conference in Washington, D.C., Bass said on September 26, 2019 that without foreign investments, the CCP could not survive.

Steve Bannon, former White House chief strategist, said “The Chinese Communist Party is the Frankenstein monster created by the elites in the West—the capital provided by the elites in the West, the technology that’s provided by the elites in the West.”

He urged Western countries to stop providing capital and technology to China. “We have to stop that. We have to hold ourselves accountable. This was not Xi, this was not Wang Qishan. This was us. We did this. That Frankenstein monster is our responsibility...

We have a fiduciary, a responsibility to unwind this.  
”

“This is not about trade, this is not about soybeans, this is not about steel. This is the highest moral imperative we have,” he said.

“Now people are all shocked...It (China) permeates everything. It’s the central issue of our time. And the central issue, the core issue, is how we took the great values of the West and look the other way for money.”

“We are at an inflection point because the world is starting to awaken that something has gone terribly terribly wrong, and the reason it went terribly wrong is because of us.”

How do we stay safe in face of this global pandemic caused by the CCP virus? An editorial by The Epoch Times provides an answer: “Staying away from the CCP and condemning the CCP can help any individual, organization, or country alleviate or even avoid the CCP pandemic entirely. They may then embrace a wonderful future.”

*[https://www.theepochtimes.com/the-close-connections-between-jpmorgan-and-the-ccp\\_3338393.html](https://www.theepochtimes.com/the-close-connections-between-jpmorgan-and-the-ccp_3338393.html)*