

JPMorgan Loses \$4 Billion Verdict to Widow in Probate Fight

21 / 30 / 17



Bloomberg
Thomas Korosec



© Bloomberg via Getty Images/Bloomberg 1506479062_jp morgan

JPMorgan Chase & Co. was ordered by a Dallas jury to pay more than \$4 billion in damages for mishandling the estate of a former American Airlines executive, but the verdict will probably be knocked down on appeal.

Jo Hopper and two stepchildren won the probate court verdict over claims that JPMorgan mismanaged the administration of the estate of Max Hopper, who was described as an airline technology innovator in a statement issued by the family's law firm.

Large punitive damages verdicts like the one in the Hopper case are often scaled back because the U.S. Supreme Court has ruled they can't be disproportionate to actual damages. In this case, the jury awarded less than \$5 million in actual damages.

The bank said it acted in a professional manner and in good faith on Hopper's estate and is "highly confident" the jury verdict won't stand under Texas law.

"Clearly the award far exceeds any possible interpretation of Texas tort reform statutes," Andrew Gray, a spokesman for the bank, said in an emailed statement. "There has been no judgment entered by the court based on this verdict."

Max Hopper, who pioneered a reservation system for the airline, died in 2010 with assets of more than \$19 million but without a will and testament, according to the statement. JPMorgan was hired as an administrator to divvy up the assets among family members.

Putters, Wine

"Instead of independently and impartially collecting and dividing the estate's assets, the bank took years to release basic interests in art, home furnishings, jewelry, and notably, Mr. Hopper's collection of 6,700 golf putters and 900 bottles of wine," the family's lawyers said in the statement. "Some of the interests in the assets were not released for more than five years."

"The nation's largest bank horribly mistreated me and this verdict provides protection to others from being mistreated by banks that think they're too powerful to be held accountable," Jo Hopper said in the statement.

The court's verdict form shows jurors awarded \$8 billion in punitive damages against the bank. Alan Loewinsohn, attorney for Jo Hopper, said in an interview there may be duplication of some of the damage findings. As a result, he said, the punitive damage award could end up being "somewhere between \$4 billion and \$8 billion."

Loewensohn said he asked the jury to take into account the bank's worth and asked them for \$2 billion in punitive damages. "I believe they used that figure for the other parties in the case as well," he said.

Fiduciary Duty

The jury found that the bank committed fraud, breached its fiduciary duty and broke a fee agreement, according to court papers.

At the lower end of that range, the jury's award would erase almost two-thirds of the \$6.6 billion profit that JPMorgan generated globally during the second quarter.

And it would rank high among the largest sanctions ever levied against the bank -- somewhere between the \$2.6 billion it agreed to pay in 2014 for allegedly failing to stop Bernard Madoff's Ponzi scheme, and a \$13 billion settlement it reached with government authorities in 2013 for its handling of mortgage bonds that fueled the financial crisis.

The verdict form shows jurors were advised to consider factors including "the net worth of JPMorgan." Indeed, the bank has a stock market value of about \$330 billion.

To contact the reporter on this story: Tom Korosec in Dallas at tkorosec@texaswordworks.com.

To contact the editors responsible for this story: Elizabeth Wollman at ewollman@bloomberg.net, David Scheer

©2017 Bloomberg L.P.