The Virgin Islands Consortium

JPMorgan and GVI Dispute Epstein Case Facts in Competing Summary Judgment Motions

Government / **Published On July 26, 2023 05:15 AM /**

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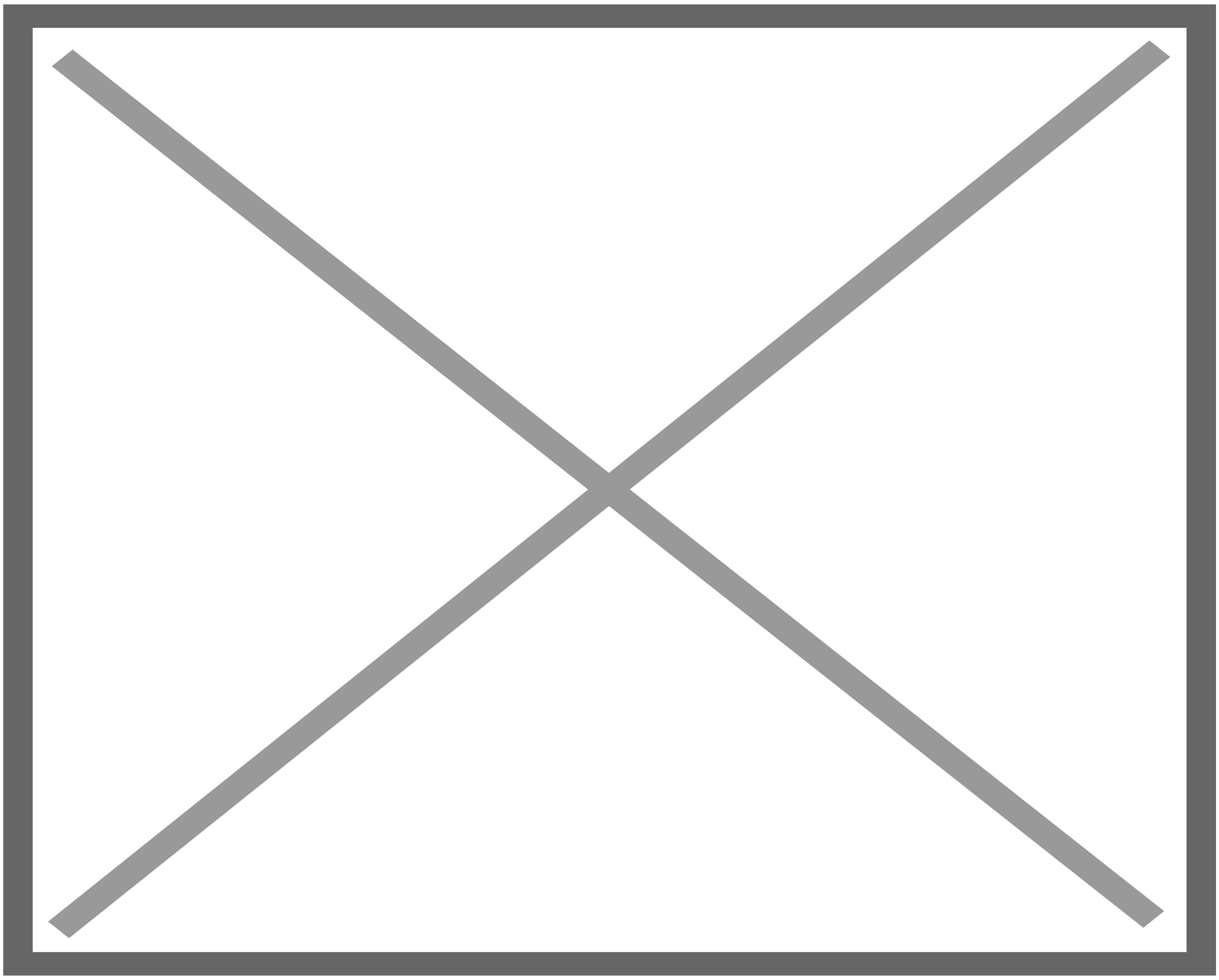

Dueling motions for partial summary judgment have been filed by the Government of the Virgin Islands and JPMorgan in the civil lawsuit surrounding the bank's alleged facilitation of convicted sex offender Jeffrey Epstein's human trafficking network, in violation of the Trafficking Victims Protection Act (TVPA).

Accompanying the USVI's 2-page motion seeking summary judgment on two counts of GVI's second amended complaint is a 45-page memorandum of law, in which the territory's attorneys make the case for why a partial summary judgment is justified in this matter.

GVI's argument makes multiple thrusts: the territory claims that JPMorgan "knew or recklessly disregarded that Epstein ran a sex-trafficking venture" as early as 2006. The bank's own due diligence process raised red flags when it came to Epstein and his associate Ghislaine Maxwell, who is now serving a 20-year sentence for her conspiracy with Epstein to engage in sex trafficking, the government alleged. The bank knew about how Epstein's lawyers helped him escape federal sex-trafficking charges. JPMorgan also knew, according to GVI lawyers, that Epstein was connected to MC2, the modeling agency through which he allegedly trafficked minor girls.

The memorandum begins with the assertion that after his arrest in 2006, Epstein told then-JPMorgan executive Jes Staley as well as then-CEO Mary Erdoes about his prostitution with young women, although he denied that one or more was a minor at the time. "At that time, JPMorgan could have immediately exited Epstein", GVI argues, but the financial institution chose not to do so because the financier was well-connected in New York City. He had introduced Google co-founder Sergey Brin to JP Morgan's private bank, as well as Glenn Dubin, the founder of Highbridge Capital Management, and a slew of other high-value clients. Epstein was so integral to the success of JPMorgan that he played a key role, along with Jamie Dimon (prior to his ascension as CEO) in the bank's acquisition of Highbridge, according to the USVI. "Esptein was too big to fail," GVI's lawyers emphasized.

In the redacted document currently available to the public, the bank is alleged to have facilitated millions of dollars in payments to Epstein's lawyers who were working to discredit his victims. JPMorgan also provided banking services for all the women who, by 2006, were publicly named as victims, accomplices, or recruiters, giving them complete oversight into the entire network of payments between Epstein, his enablers and accomplices, and the minor girls he abused, the GVI argued.

GVI lawyers contended that the bank continued to do this – essentially "participate in Epstein's sex-trafficking venture" — despite having linked his extensive cash movements to his criminal enterprise. The bank oversaw millions of dollars in payments to girls and women "with Eastern European surnames or located in Eastern Europe, from where JP Morgan knew Epstein was reported to have trafficked girls," according to GVI attorneys. Despite the internal chatter about Epstein's proclivities and activities, bank officials spent years observing the flurry of cash movements without flagging them to relevant authorities, the government argued. The evidence provided in support of these allegations, GVI attorneys said, are enough for the court to render summary judgment as a matter of law, "for JPMorgan's participation in Epstein's sex-trafficking venture and obstruction of federal prosecutors' enforcement of the law."

The memorandum of law is itself accompanied by hundreds of exhibits, many of which have not previously been in the public domain, supporting the GVI's specific claims about who at JPMorgan knew what about Epstein's conduct, when they knew it, and what they did about it.

Meanwhile, JPMorgan countered with their own request for summary judgment, claiming that the Government of the Virgin Islands does not have standing to pursue some of its claims, and is "demanding unavailable categories of relief" for other claims. Because the Trafficking Victims Protection Act was amended in 2008, JPMorgan also argues that some of the counts in the complaint cannot apply to any of the bank's conduct prior to

2008.

“First, USVI cannot seek monetary relief,” JPMorgan’s motion reads, arguing that the GVI itself has “expressly disclaimed any damages related to its territorial or quasi-sovereign interests – the only category of damages to which it could be entitled.” Rather, JPMorgan argues, the damages being claimed are those available to victims, something expressly forbidden by the concept of parens patriae, which holds that a political authority can bring a suit on behalf of citizens only in certain circumstances.

JPMorgan also rejects GVI’s claims of obstruction, because the allegations are that the bank obstructed a federal investigation under the TVPA. Such a claim can only be brought by the federal government or a victim – under neither of which categories GVI falls.

Further, the obstruction claim cannot rely on any of JPMorgan’s conduct prior to 2008, since it was only then that such a cause of action was enacted. Ultimately, the TVPA “does not provide a means for USVI to seek fines or penalties” under the statute, because the government is a civil litigant, not a state actor prosecuting a violation of its own laws.

Further, the bank alleges that its officials “repeatedly alerted the federal government to Epstein.” In a heavily-redacted section of its memorandum of law, JPMorgan claims that “between 2002 and 2013, JPMC filed approximately 150 CTRs [Currency Transaction Reports] related to Epstein and his accounts in which JPMC identified its relationship with Epstein.” Almost half of these were filed prior to his arrest in 2016, the bank says. According to JPMorgan, there was no response from law enforcement as a result of any of these filings.

As a result of these and other actions, “no reasonable juror could conclude that JPMC intentionally obstructed enforcement of the TVPA,” argues JPMorgan, and therefore, neither should a summary judgment by the court.

It will now be up to Judge Jed Rakoff to decide – after reading both memorandums and considering the mountain of evidence before him – in whose favor to rule on the requests for partial summary judgment, all while parties involved prepare for trial on the rest of the issues.