The Virgin Islands Consortium

Former JPMorgan Exec Accuses Bank of 'Media Stunt' in High-Stakes Virgin Islands Lawsuit

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Judge Jed Rakoff, presiding over the complex lawsuit brought by the Government of the Virgin Islands against JPMorgan Chase, now has a third motion for summary judgment to consider.

The motion was filed by third party defendant James Edward ("Jes") Staley, former CEO of JPMorgan's Asset and Wealth Management Division, as well as the entity's Investment Bank.

JPMorgan is seeking to transfer any liability the court may assess as a result of the lawsuit to Staley, arguing that the former executive betrayed his employer's interests in favor of his own when it came to Jeffrey Epstein. In his defense, Mr. Staley contends it was the bank's lax compliance policies to blame for the legal hot water in which it now finds itself, not his friendship with Mr. Epstein.

In a memorandum of law to support Mr. Staley's request for summary judgment, he calls JPMorgan's attempt to blame him "little more than a media stunt to distract from its own egregious compliance failures." He argues that despite his relationship with Mr. Epstein, he was not professionally responsible for vetting and monitoring the transactions on the sex offender's accounts. There were five or more "layers" of compliance personnel at the bank, none of which fell under Mr. Staley's purview. Further, Mr. Epstein had been a client of the bank long before he and Mr. Staley met, and remained so subsequent to Mr. Staley's departure from JPMorgan.

The significantly redacted memorandum notes that many other bank employees were aware of the issues surrounding their high-value client, and also highlights the multi-year delay between the results of the bank's 2019 probe of its dealings with Mr. Epstein and the third-party complaints that were filed against Mr. Staley.

The memorandum argues that the bank is legally barred, under New York law, from transferring its $290 million settlement liability from a different lawsuit to Mr. Staley. Nor can it do so for any penalties assessed against it in the USVI matter, his attorneys argue.

The employment claims against him, Staley argues, could and should have been brought three years ago, had the bank been so inclined. Of the accusations that the former banking executive was pursuing his own interests rather than the bank's by his continuing relationship with Mr. Epstein, Mr. Staley's lawyers assert that "by 2019 at the latest, the bank not only could have, but actually did, develop knowledge and allegations sufficient to plead the same claims that it brings now." Instead of acting swiftly, "the bank waited more than three additional years until it needed to use Mr. Staley to distract from the plaintiff's allegations," according to the memorandum. As such, the claims have expired, Mr. Staley's argument concludes.

Now that the deadline for summary judgment requests has passed, parties will have until September 15 to file answers and replies, while oral argument for all summary judgment motions is scheduled for October 2.