



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE**  
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**JP MORGAN CHASE FOREIGN EXCHANGE SALESMAN ARRESTED**  
**FOR \$6 MILLION WIRE FRAUD**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that TERRENCE J. GUMBS of Manhattan was arrested today on wire fraud charges filed in Manhattan federal court, stemming from his unauthorized trading in foreign currencies while he was a foreign exchange salesman at JP Morgan Chase.

According to a criminal complaint unsealed today, GUMBS was an employee of JP Morgan Chase Bank for approximately 17 years, and a salesman at JP Morgan Chase's foreign exchange desk at its New York, New York, branch for the past 9 years. In that capacity, GUMBS was responsible for taking orders from the bank's customers for purchases and sales of foreign currency, and for placing those orders with the bank's traders for execution. GUMBS was not, however, authorized to submit orders for foreign exchange trading on behalf of the firm's proprietary trading accounts, or to submit orders in clients' accounts without the clients' permission.

According to the Complaint, on December 29, 2005, GUMBS submitted an order to sell approximately 385,000,000 Euros (the "€385 Million Order"), which GUMBS claimed he submitted on behalf of one of JP Morgan Chase's clients (the "Client"). JP Morgan Chase's trading desk in Tokyo, Japan, executed the order on January 3, 2006. Subsequently, JP Morgan Chase learned that the Client had never ordered the sale of any Euros at or around the time GUMBS placed this sale order.

According to the Complaint, an investigation by JP Morgan Chase and the FBI revealed that GUMBS had entered the €385 Million Order to offset losses incurred by JP Morgan Chase due to earlier currency trading orders initiated by GUMBS, some of which, themselves, were placed to offset earlier losses. According to the Complaint, GUMBS admitted he knew he was not permitted to place unauthorized "offset" trades of this nature,

but that he did so anyway.

According to the Complaint, JP Morgan Chase suffered a loss relating to the €385 Million Order of approximately \$6 million.

The Complaint charges GUMBS with one count of wire fraud, on which GUMBS faces a maximum sentence of 20 years in prison and a fine of the greater of \$250,000 or twice the gross gain or gross loss from the offense.

GUMBS will appear for presentment before a federal magistrate judge this afternoon at a time to be set by the Court.

GUMBS, 36, lives in Connecticut.

Mr. GARCIA thanked the Federal Bureau of Investigation for its assistance in the investigation of this matter. Mr. GARCIA also said that the investigation is continuing.

Assistant United States Attorney DAVID SIEGAL is in charge of the prosecution.

The charges contained in the complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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