

# Meet the People Who Gave JPMorgan's Jamie Dimon a \$9.5 Million Raise



AP Photo / AP

PETER DREIER – JANUARY 27, 2014, 1:37 PM EST

On Friday, the board of directors of JPMorgan Chase voted to give CEO Jamie Dimon a raise. Not just a cost-of-living increase, but almost a doubling of his compensation. In Dimon's case, this means his compensation **jumped** from \$11.5 million to \$20 million.

Since 2013 was not a great year for the bank, the decision raised some hackles among Wall Street watchers, reflected in the headlines in the New York Times ("Big Raise for JPMorgan's Dimon Despite a Rough Year"), the Washington Post ("JPMorgan gives CEO Jamie Dimon 74 percent raise despite bank's legal troubles"), Business

Week ("Dimon Gets 74 Percent Raise After Billions in Fines"), Forbes ("Jamie Dimon's Undeserved Pay Raise Indicates an Ineffective JPMC Board"), and the Wall Street Journal ("Dimon Gets Raise After Rough Year").

Last year the federal government fined the bank \$20 billion for illegal activity, including a \$13 billion settlement over its sale of mortgage-backed securities that contributed to the financial crisis and another \$2 billion settlement over accusations that the bank failed to report signs of fraud surrounding Bernard Madoff's Ponzi scheme. It also laid off 7,500 employees and announced that it won't be giving its employees raises as a result of the fines. To ordinary Americans -- especially those who have seen their wages and standard of living stagnate or decline over the past decade -- Dimon's compensation, even before the new raise, looks extravagant. This is particularly true of a CEO whose bank took \$25 billion in bailout funds from taxpayers in 2008 (under the Troubled Asset Relief Program) to rescue JPMorgan from collapse.

But business school professors and other corporate watchdogs recognize that there is often little connection between a company's performance and the CEO's salary and bonuses. This is because decisions about CEO compensation are made by fellow board members who live in a rarified world where multi-million dollar salaries are taken for granted and where they often blame a company's poor performance on forces outside the CEO's control.

According to the New York Times, the JPMorgan board was split over whether, or how much, to increase Dimon's compensation. What the Times **described** as a "vocal minority" of directors did want to give Dimon a raise at all, while other directors argued that he deserved a pay boost as a reward for leading the bank through a difficult period. Despite steep legal fees, the bank earned \$17.9 billion in profits last year, while its stock price increased 22 percent.

The fines and settlements put Dimon, and the bank, in the national spotlight, contributing to his reputation as a typical Wall Street tycoon. But Dimon used his good looks, charisma, and political connections to soften the blow. Last September, right before the Justice Department was about to announce civil charges against JPMorgan over its risky mortgage investments, Dimon arranged a meeting with Attorney General Eric Holder, which led to the **brokered settlement** instead of a federal lawsuit. A few months later, Dimon met with Preet Bharara, the U.S. Attorney in Manhattan, which may have helped **reduce** JPMorgan's fine in the Madoff case.

The upper tier of America's business elite is a small circle. Fewer than 20,000 individuals sit on the boards of the largest banks and the Fortune 500 corporations, each of which typically has between 10 and 25 directors. Many of these individuals are part of a web of overlapping memberships on the same corporate boards as well as foundations, think tanks, charities, hospitals, universities, and corporate lobby groups. This doesn't mean they all think alike. Most are Republicans, but some are Democrats. They include liberals and conservatives, people who devote much of their time to philanthropy and others who hoard their fortunes, individuals who give lots of

money and advice to political candidates and those whose political engagement is limited to voting and paying lobbyists to look out for their corporate interests.

Dimon is at the pinnacle of America's corporate ruling class. After graduating from Harvard Business School in 1982, he went to work at American Express as an assistant to CEO Sandy Weill. Dimon's father, who worked at American Express, brought his son to Weill's attention. The younger Dimon went on to high-level jobs at Citigroup and Travelers before becoming CEO Bank One, the nation's fifth largest bank, in 2000. When JPMorgan Chase purchased Bank One in 2004, Dimon became president and chief operating officer of the larger company, was named its CEO in 2005, and added the title of chairman of the board the following year. Dimon's political influence is strengthened by his own, his company's, his board members', and his industry's political activities. Since the 1990s, Dimon has personally contributed more than \$550,000 to both Republican and Democratic candidates for Congress as well as to JPMorgan's own political action committee, according to the Center for Responsive Politics. Since 1990, JPMorgan employees have contributed over \$34 million in campaign contributions. Since 1999, the bank has invested over \$80 million in lobbying. In 2012 alone, JPMorgan employees donated \$5 million in campaign contributions (63% to Republicans) while the bank spent over \$8 million for lobbying.

Indeed, JPMorgan is one of the most influential and connected corporations in the country, so it should be no surprise that its board of directors - the people who voted to give Dimon a big raise - include individuals who are deeply enmeshed in the overlapping web of elite affiliations and whose views of what constitutes reasonable compensation would appear outrageous to many people outside the world of the .001 percent.

So let's sneak a peek inside the JPMorgan board room to see who was sitting at the table when Dimon got his raise.

William C. Weldon, 64, retired as CEO of Johnson & Johnson, the health care products behemoth, in 2012. The company **paid** Weldon \$26.8 million in total compensation in 2011. He's been on the JPMorgan board since 2005 and, like the other nine directors, he gets \$245,000 a year to serve on the board. He is also on the board of CVS Caremark Corporation, whose board gave its CEO Larry Merlo, a 44 percent pay **increase** last year to \$20.3 million. Weldon is a director of the US-China Business Council, a member of the Healthcare Leadership Council (a business lobby group) and a member of the board of Quinnipiac University, his alma mater. He is the former chairman of the Pharmaceutical Research and Manufacturers of America, the powerful drug industry lobby group. In 2011, the New York Times **listed** Weldon as one "The Worst C.E.O.'s of 2011" for the large number of Johnson & Johnson product recalls that year. The Harvard Business School uses Weldon's experience at Johnson and Johnson as a **case study** of unethical corporate leadership. Despite these lapses, J&J rewarded Weldon with \$143.5 million in retirement pay, according to **Business Week**. In the 2010-12 election cycle Weldon contributed

\$4,900 to Congressman Ben Quayle of Arizona, son of former Vice President Dan Quayle. The younger Quayle, a Tea Party Republican, lost his bid for re-election in 2010. Weldon also contributed to the Republican National Committee and to Johnson & Johnson's corporate PAC.

Stephen B. Burke, 54, is the CEO of NBCUniversal and Executive Vice President of Comcast Corporation, the television and entertainment conglomerate. His compensation in 2011 (**the latest figures**) was \$23,654,837. He's served of JPMorgan's board since 2004. He is also on the board of Berkshire Hathaway, the investment firm headed by Warren Buffett, the nation's second wealthiest person, worth over \$58 billion, according to **Forbes magazine**. Burke is chairman of The Children's Hospital of Philadelphia. Prior to joining NBCUniversal he was president of ABC Broadcasting, a division of the Walt Disney Company. During the 2012 election season Burke donated \$1,000 to Mitt Romney, \$10,000 to the Democratic Senatorial Campaign Committee, \$15,000 to the National Cable and Telecommunications Association (his industry's lobbying arm), and \$15,000 to Comcast's own political action committee. In 2010 he contributed another \$14,120 to the Democratic Senatorial Campaign Committee as well as \$7,500 to the National Republican Senatorial Committee. He donated to the campaigns of Democratic Senator Arlen Specter of Pennsylvania and his Republican opponent Pat Toomey, to Republicans Patrick Meehan, Robert Bennett, Jim Gerlach, and Eric Cantor, and to Democrats Blanche Lincoln and Rich Boucher.

Lee R. Raymond, 74, former CEO of ExxonMobil, has been on the JP Morgan board of directors since 2001. Raymond made headlines in 2006 when ExxonMobil handed him a **retirement package** worth at least \$398 million, one of the largest in the history of American business. In 2005, the year before he retired, ExxonMobil **paid** Raymond \$19.9 million in salary, bonus and other incentives. Raymond spent his entire career with the company, rising to CEO of Exxon in 1993 and then of Exxon-Mobil when the two firms merged in 1999 to form the world's largest and most powerful oil company. He served as chairman of the National Petroleum Council, one of the industry's lobby groups. He is also a director of the Business Council for International Understanding, a Trustee of the Wisconsin Alumni Research Foundation, a Trustee of the Mayo Clinic, a member of the Innovations in Medicine Leadership Council of UT Southwestern Medical Center, and a member of the National Academy of Engineering. In 2012 he donated \$5,000 to Mitt Romney's campaign and another \$7,500 to the National Republican Committee.

**Michael A. Neal**, 58, joined the JPMorgan board on January 3 this year, following his retirement as Vice Chairman of General Electric Company and CEO of GE Capital. He 2011 GE provided Neal with \$17,305,855 in compensation.

He serves as a member of the U.S. Advisory Board of the European Institute of Business Administration, as a trustee of Fairfield University and the Georgia Tech Foundation, and as a director of Soundwaters, a camp in

Stamford, Connecticut. Since 2010, he has contributed \$30,800 to the Republican National Committee, \$5,000 to Mitt Romney, \$4,000 to Republican Scott Brown (in his face against challenger Elizabeth Warren), other funds to the campaigns of Republicans Rob Portman, Richard Shelby, Johnny Isakson, and David Camp as well as Democrats Bryan Georgiou, Chris Dodd, Jim Himes, Richard Neal, John Larson, Richard Blumenthal and Blanche Lincoln, and thousands to GE's own political action committee.

James A. Bell, 64, served as President, Chief Financial Officer, and Executive Vice President of the Boeing Company, the world's largest aerospace company and defense contractor, before he retired in 2012. The previous year Boeing **paid** him \$7,066,327 in total compensation. A member of JPMorgan's board since 2011, he also serves on the board of the Dow Chemical Company, which pays CEO Andrew Liveris \$10.4 million He is also a board member of the Chicago Urban League and the Chicago Economic Club.

Linda B. Bammann, 55, joined JPMorgan's board last September. She had been the bank's Deputy Head of Risk Management from July 2004 until her retirement in 2005, prior to which she had been Chief Risk Management Officer at Bank One Corporation since 2001. From 1992 to 2000 she was a Managing Director with UBS Warburg and its predecessor firms. From 2009 and 2012, she served as a Director of Manufacturers Life Insurance Company, which paid its CEO Donald A. Guloien \$10.4 million in 2012. Bammann served as a Director of The Federal Home Loan Mortgage Corporation (Freddie Mac) from 2008 until July 2013, earning \$177,500 a year. In 2012 she donated \$250 to the National Republican Congressional Committee.

Crandall C. Bowles, 65, is chairwoman of Springs Global, Inc., a privately-held manufacturer of home textile products, based in Fort Mill, South Carolina, that is not required to disclose its top executives' compensation. She has been on JPMorgan's board since 2006. She is a director of Deere & Company, the large manufacturer of farm equipment, whose CEO, Samuel Allen, is paid \$8.3 million. Bowles previously served as a director of Hillshire Brands Corporation (formerly known as the Sara Lee Corporation) from 2008 to 2012 and of the banking giant Wachovia Corporation from 1991 to 1996. She serves on the boards of the American Textile Manufacturers Institute, The Business Council, The Business Roundtable, the Palmetto Business Forum, South Carolina Climate, Energy and Commerce Advisory Committee, and the South Carolina Chapter of the Excellence in Education Council, all business lobby groups and corporate-backed policy organizations. She's on the board of the Brookings Institution, the influential think tank, and on the governing boards of the Packard Center at Johns Hopkins, The Wilderness Society, and the African Wildlife Foundation. In 2012, Bowles contributed \$5,000 to Obama's re-election campaign and at least \$34,000 more to other Democratic candidates and the Democratic Party. Her husband, Erskine Bowles, a wealthy financier, served as Bill Clinton's chief of staff.

James S. Crown, 59, joined his family's firm, Henry Crown and Company, a privately-held investment and real estate company, in 1985 and has served as its president since 2002. He has served on JPMorgan's board since



2004. He's also a director of General Dynamics Corporation whose CEO Jay Johnson made \$18 million before he retired in 2012, and whose successor, Phebe Novakovic, took home \$6.4 million last year. Crown served on the board of Sara Lee Corporation from 1998 to 2012 and of Banc One Corporation from 1991 to 2004, when it merged with JPMorgan. He is on the boards of the University of Chicago Medical Center, the Museum of Science and Industry, The Aspen Institute, the University of Chicago, and the Chicago Symphony Orchestra. Since 2009 he has contributed \$173,720 to political campaigns, all but \$2,500 of it to Democratic candidates and the Democratic Party.

Timothy P. Flynn, 56, retired in 2012 as chairman of KPMG International, the global accounting firm, which is also not required to disclose its executives' compensation. He's been on the JPMorgan board since 2012. He also serves on the board of Walmart (which paid CEO Mike Duke \$20.7 million before he resigned last November) and the Chubb Corporation (which paid CEO John Finnegan \$13.9 billion). Flynn is on the board of trustees of the University of St. Thomas in St. Paul, Minnesota, his alma mater. He is a member of the Business Roundtable, the elite corporate lobby group comprised of CEOs, and on the board of the Committee to Encourage Corporate Philanthropy. He is a board member of the Partnership for New York City and of Carnegie Hall. He previously served as a trustee of the Financial Accounting Standards Board, a member of the World Economic Forum's International Business Counsel, and a founding member of The Prince of Wales' International Integrated Reporting Committee. Since 2010 he's contributed \$5,250 to KPMG's political action committee and \$1,000 to Senator Charles Schumer, the New York Democrat who serves on the Senate's Finance Committee.

Laban P. Jackson, Jr., 70, is CEO of Clear Creek Properties, Inc., a real estate development company, has been a JPMorgan director since 2004. He serves as a director of Gulf Stream Home, Garden, Inc, TBN Holdings, Inc, and South Street Securities Holdings, Inc. He was on the boards of Bank One Corporation (1993-2004), Home Depot (2004-2008), Interactive Pictures Corporation (1989-2000).and Ipix Corporation (2000-2006). He was a director of the Federal Reserve Bank of Cleveland from 1987 to 1992. He is also a director of Markey Cancer Foundation. Since 2009 he has contributed \$10,900 to Andy Barr, a Kentucky Republican, who lost his race for Congress Congressman in 2010 but won in 2012.

Two people with long-term ties to Dimon didn't get to vote on his pay increase. Last July, David Cote (CEO of Honeywell International) and Ellen Futter (president of the American Museum of Natural History) resigned from the JPMorgan board after receiving weak support from shareholders at the bank's annual shareholder meeting. Futter earned only 53% of the shareholder vote, while Cote received 59%. Crown **garnered** only 57.4% of shareholders' votes but remains on the board.

Both Cote and Futter had extensive business and political ties. Cote had served on JPMorgan's board since 2007. In 2012, his compensation at Honeywell **totaled** \$55.7 million, including \$1.8 million in salary, \$23.3 million in

bonuses, \$22.9 million in stock gains, and \$7.7 million in other benefits. Honeywell's directors gave Cote a huge compensation boost from the previous year, when he earned only \$37.8 million. Cote is a member of the Business Roundtable, the powerful lobby group comprised of the CEOs of the nation's largest corporations. In 2009, President Obama named Cote the co-chair of the U.S-India CEO Forum. The following year Obama named Cote to serve on the bipartisan National Commission on Fiscal Responsibility and Reform. He contributed \$2,000 to George W. Bush's 2000 election campaign and to other Republican politicians.

Futter had been a JPMorgan director since 2001. She was president of Barnard College from 1981 to 1993. She began her career as a lawyer with the high-powered corporate law firm, Milbank, Tweed, Hadley & McCloy. She is on the board of Consolidated Edison, the giant utility company. She previously served on the boards of American International Group Inc. (1999-2008) and Viacom (2006-2007). She was a director of the Federal Reserve Bank of New York (1988-1993) and served as its Chairman (1992-1993). She is a member of the board of Memorial Sloan-Kettering Cancer Center, Brookings Institution, and the American Ditchley Foundation.

*This post **originally appeared** at The Huffington Post. Peter Dreier teaches Politics and chairs the Urban & Environmental Policy Department at Occidental College. His latest book is The 100 Greatest Americans of the 20th Century: A Social Justice Hall of Fame (Nation Books, 2012).*

