



Federal energy regulator accuses JPMorgan of manipulating electricity market

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By: Reuters

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The U.S. power market regulator took a step toward charging [JPMorgan](#) with gaming electricity prices on Monday, confirming months of media reports about "manipulative" trading schemes that have rattled the bank.

The "notice of alleged violations," which outlines bidding strategies used by traders in California and the Midwest, is an intermediate step by the regulator, but brings details of the investigation into public view.

The U.S. Federal Energy Regulatory Commission (FERC) staff has found "eight manipulative bidding strategies" used by a JPM affiliate in 2010 and 2011, the regulator said.

JPMorgan declined to comment.

The notice comes as little surprise after weeks of reports that JPMorgan and FERC are in talks to settle the alleged trading infractions for as much as \$400 million.

It did not contain any mention of specific traders or commodities chief Blythe Masters, who had been mentioned in media reports as having been at risk of being singled out.

In some cases it can be weeks or months between the time FERC issues a violations notice and it proceeds to issue a formal order. In many cases, a settlement will be reached in the intervening period.

It is a reminder of the tougher regulatory environment that commodity traders are facing, particularly banks, which have been under intensifying public and political pressure over their ownership of things like metals warehouses and power plants.

JPMorgan announced abruptly on Friday that it was quitting the physical commodity markets, seeking a buyer or partner to take over an operation that includes ownership of three power plants as well as a handful of large tolling agreements.

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