



May 21, 2024

Honorable Scott D. Wiener, Chair  
Joint Legislative Budget Committee  
Senate Budget and Fiscal Review  
Committee

Honorable Jesse Gabriel, Chair  
Assembly Budget Committee

Honorable Anna M. Caballero, Chair  
Senate Appropriations Committee

Honorable Buffy Wicks, Chair  
Assembly Appropriations Committee

**Notification of Intent to Fund through Item 9840 Supplemental Appropriation—Lawsuit Settlement**

Pursuant to the provisions of Item 9840-001-0001, Budget Act of 2023, the following request is respectfully submitted.

The Department of Finance has received an executed settlement agreement in the case of *JPMorgan Chase Bank N.A. v. The State of California and the State Treasurer's Office*. The lawsuit related to the reversal, based on concerns about the vendor, of a \$456,888,660 wire transfer originated by the State Treasurer's Office on March 26, 2020, for the urgent purchase of N95 face masks from Blue Flame Medical LLC.

Due to the reversal of the wire transfer, the vendor's bank incurred attorney fees and expenses so it filed a third-party complaint against JPMorgan Chase Bank. Ultimately, JPMorgan Chase Bank was required to reimburse that bank. JPMorgan Chase Bank filed suit to recover its expenses from the State on February 24, 2022. A settlement was reached in May 2024 between JPMorgan Chase Bank and the State. The State Treasurer's Office will make the payment on behalf of the State.

Funding for this unanticipated cost request will be provided from Item 9840-001-0001, Augmentations for Contingencies or Emergencies, in the amount of \$5,850,000. While this request exceeds the percentage threshold described in Provision 7(b) of 9840-001-0001, it is necessary, so the settlement is paid in full on a timely basis.

Finance requests an expedited review of the submission and a waiver of the 30-day waiting requirement.

If you have any questions or need additional information regarding this matter, please call Gregory Bruss, Principal Program Budget Analyst, at (916) 445-5332.

JOE STEPHENSHAW

Director

By:



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Chief Deputy Director

cc: Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee No. 5  
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee  
No. 4  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Honorable Vince Fong, Vice Chair, Assembly Budget Committee  
Gabriel Petek, Legislative Analyst (3)  
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee  
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Christopher W. Woods, Senate President pro Tempore's Office (2)  
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Jason Sisney, Assembly Speaker's Office (2)  
Mark McKenzie, Staff Director, Senate Appropriations Committee  
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee  
Honorable Fiona Ma, State Treasurer  
Patrick Henning, Chief of Staff, State Treasurer's Office  
William Pahland, General Counsel, State Treasurer's Office  
Rebecca Grajski, Director of Administration, State Treasurer's Office  
Karma Manni, Chief of Fiscal Services, State Treasurer's Office