

# Joint Legislative Budget Committee

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May 28, 2024

Mr. Joe Stephenshaw, Director  
Department of Finance  
1021 O Street, Suite 3110  
Sacramento, California 95814

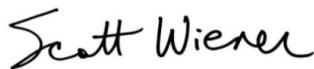
Dear Mr. Stephenshaw:

In a letter dated May 21, 2024, you notified the Joint Legislative Budget Committee, pursuant to Item 9840-001-0001 in the *2023 Budget Act*, of a request from the Department of Finance to provide \$5,850,000 for unanticipated costs associated with the terms of a recent legal settlement.

Earlier this month, the State of California entered into a settlement agreement with JPMorgan Chase (JPMC) Bank to reimburse the bank for attorney fees and expenses associated with the reversal of a wire transfer. In March 2020, after the State Treasurer's Office initiated a wire transfer of over \$456 million to Blue Flame Medical LLC for the purchase of N95 masks, JPMC alerted the state to concerns about the vendor. JPMC learned from Blue Flame's bank, Chain Bridge, that the vendor's account was new, that the account had been opened by a political lobbyist and that the size of the wire was unusual for this client. Ultimately, the state reversed course on the wire transfer and the funds were returned to the state the same day the wire was initially approved. In a third-party complaint, JPMC was found legally responsible for the vendor's bank attorney fees and expenses. In turn, JPMC filed suit against the state to recover its expenses. This settlement resolves all aspects of the case.

I have reviewed the notification letter and concur with the request. In addition, I approve your request to waive the remainder of the 30-day review period, in order to allow the Treasurer to pay the settlement before the end of the fiscal year.

Sincerely,



Scott Wiener  
Chair

cc: Members of the Joint Legislative Budget Committee