

CHICAGO CITY COUNCIL HEARING
ON JP MORGAN CHASE MANHATTAN BANK MERGER

March 5, 2004

Testimony of Deadria C. Farmer-Paellmann

My name is Deadria Farmer-Paellmann. I am Executive Director of the Restitution Study Group – a not-for-profit organization that examines approaches to securing restitution for injuries inflicted upon oppressed people. I was also lead plaintiff in class action litigation against JP Morgan Chase Manhattan Bank and 18 other companies due to their historical roles in the enslavement of Africans.

I wish to thank Alderman Dorothy Tillman and the Judiciary Committee for your bold leadership in holding modern companies accountable for their complicity in slavery through this hearing and your prior passage of the Slavery Era Disclosure Ordinance.

I thank you all for this opportunity to contribute to the general understanding of slavery through my testimony.

I come before you today to inform you of the dangers of the merger of JP Morgan Chase Manhattan Bank with Bank One – an Illinois-based Bank, if JP Morgan Chase does not pay reparations as demanded by slave descendants.

First let me say that my role in the struggle for slavery began as a law student at New England School of Law, in Boston, Massachusetts, in 1997. I went to law school specifically to develop a case for slavery reparations. I thought the case would be against the federal government for the forty-acres and a mule promised in General Sherman's Field Order 15 during the Civil War. However, due to legal hurdles in litgating against the federal government, including sovereign immunity, I began focusing on corporations and private estates that were built on slavery, as targets for reparations demands.

I took a class called Race and the Law, taught by Robert V. Ward, now Dean of Southern New England School of Law. I choose to present a case for reparations that required me to research my family roots to link myself to a particular company. To conduct the complicated genealogy research required to trace enslaved ancestors, I referred to the book, Black Genealogy, by Charles L. Blockson. Blockson suggested that one source of tracing enslaved ancestors was slave life insurance policies. He directs readers to Aetna Incorporated, the Insurance Company of North America, and Lloyd's of London, as sources of such policies because they used to write them.

This was my first encounter with modern-day corporations that played a role in slavery.

In January of 2000, motivated by a desire for justice in the new millennium, I called Aetna to request copies of their slave policies. An enthusiastic Archivist sent copies of two policies, and a group of circulars from life insurance companies that competed with Aetna in its slave policy business. I conducted preliminary research on all the circulars and traced one circular to Chase Manhattan Bank.

Prior to making this critical link, I asked Aetna to apologize for its role in slavery and to pay

restitution. On March 10, 2000, they issued an unprecedented public apology for their role in slavery. Although they also promised me they would pay restitution to benefit slave descendants, they choose not to do so.

I contacted several other companies I traced to slavery making the same requests to no avail.

By September 2000, I had completed research around Chase Manhattan Bank. Using the online New York State Banking History Database, I traced two of JP Morgan Chase's earlier banks, The Merchant's Bank of New York, and The Leather Manufacturers Bank of New York, to a slave policy circular. They are listed as the exclusive bankers for a \$2.5 million venture in writing slave life insurance policies in 1852. This amount of money is substantial for that time. Other slave policy writing ventures I have encountered did not exceed \$300,000 in capital investments.

The company in which this investment was made was the National Loan Fund Life Assurance Company of London. The policies were to be written on the lives of enslaved people in Virginia, North Carolina, and Washington, D.C. Some of the wealthiest people of that time were listed as members of the board of directors in this venture such as George Barclay. Some were prominent tobacco planters and shippers such as Henry Ludlam of Virginia.

The local operation of this venture involved insurance agents and medical examiners. Medical examiners were required to inspect enslaved Africans before a policy could be written.

Many insurance companies practiced the writing of slave life insurance policies in 19th Century United States. The effect of this practice was to provide the financial backing necessary to give potential slave owners motivation to purchase human chattel – a very expensive investment. The policies gave slave owners the security necessary to employ enslaved Africans in ultra-hazardous capacities.

In exchange for this security, insurers required medical inspections to be sure that they could profit from writing policies. Further, they never insured an African for full value. The circular indicates that JP Morgan's early bank helped cover "three-fourths the actual cash value" of the enslaved African. The circular, listing fifty-five businessmen and their institutions, is submitted to the record.

On September 18, 2000, I wrote a letter to William Harrison, Jr., Chairman and CEO of Chase Manhattan Bank, and requested that they verify that such policies were written, and if so, that they apologize and create a restitution trust fund to benefit the descendants of enslaved Africans.

By October 27, 2000, Lynne Federman, one of Chase's Vice Presidents, wrote back saying the matter was under investigation and that she would contact me directly. I was never contacted.

During the course of the reparations litigation, I learned that a report was prepared about the matter; however, the report has never been made public. I have never seen it or been offered a copy. I urge this panel to demand a copy of the report.

Subsequent to my communications with Chase Manhattan Bank in 2000, they merged with JP Morgan, but not without inquiries at the Federal Reserve Board about their possible connection to slavery. At that time, Chase Manhattan Bank indicated that the matter was being investigated and that they would take full responsibility for issues arising out of the

investigation.

In January of 2003, JP Morgan Chase was added to the list of companies against whom reparations lawsuits were filed. The filing took place in Texas. In response to the filing, a JP Morgan Chase spokesperson said no evidence exists linking the bank to slavery. Tom Johnson, of the bank, is quoted in the Houston Chronicle, on January 21, saying: "We've found nothing to indicate that we were involved in any of the (slave) transactions that are being quoted in articles about the lawsuit."

This statement raises major questions about the veracity of the company. Is the company violating state consumer protection laws by making misleading statements about their history – a history that would motivate many consumers to take their business elsewhere?

If there is no connection between JP Morgan Chase and slavery, what do we make of the circular from Aetna's archives? What about the \$2.5 million capital investment advertised in the 1852 circular – what became of that? Also, would fifty-five bankers, doctors, insurers, shippers, and others advertise a venture that was never launched?

The public and their consumers, have a right to know the truth!

I urge this committee to uncover that truth. JP Morgan Chase Manhattan Bank must release their investigative report on this matter.

BANK HOLDING COMPANY ACT CONSIDERATIONS

With respect to the potential merger of JP Morgan Chase and Bank One, the historical and current actions around the issue of slavery raise factors the Federal Reserve Board is required to consider under the Bank Holding Company Act -- such as "the financial and managerial resources and future prospects of the companies and banks involved in a merger proposal".

Future Prospects and Financial Resources

The prospects for this merger are clear – news reports indicate that high profile litigation teams are preparing new reparations lawsuits against companies, including JP Morgan Chase. The new entity comprised of JP Morgan Chase and Bank One will be forced to fight expensive legal battles that JP Morgan Chase could resolve right now. The prospect is that their financial resources will be adversely affected by this litigation.

In addition to the litigation, there is the prospect of more financial woes due to actions by state and local governments, such as you. Laws, modeled after your Slavery Era Disclosure Ordinance, are being introduced and passed around this country requiring disclosure of ties to slavery. Besides you, Los Angeles has slavery disclosure laws, and New York City and Cleveland, Ohio, have pending disclosure bills.

Disclosure laws are making life more difficult for companies that are trying to hide their tainted histories. The laws force them to tell the whole truth about their connections to slavery. When a company reports, it becomes exposed to more reparations lawsuits. If a company is found to have failed to disclose the truth, they could lose lucrative contracts with state and local governments.

One example of a company caught in the crosshairs of Chicago's slavery disclosure law is Lehman Brothers. As you know, Alderwoman Dorothy Tillman introduced the slavery disclosure bill that became a City ordinance in October of 2002, and took effect at the beginning of 2003. Consequently, last year Lehman Brothers was forced to disclose its connection to slavery, or forgo a \$145 million contract with the City. In January of this year, just one month after the media reported on the disclosure filing, a new class action lawsuit for reparations was filed against Lehman Brothers. In addition, an investigation is underway to determine whether their disclosure was incomplete. If Lehman Brothers is found to have distorted their history, they could lose their contract with the City.

This merger will make JP Morgan Chase/Bank One of the ten largest companies in the world. If this is true, their financial exposure to ongoing slavery reparations litigation and disclosure laws could have a profound impact on the nation's banking system, the national economy, and certainly the City of Chicago. Considering these factors, this merger should not be allowed to go forward, until JP Morgan Chase tells the truth about their history, pays reparations, and changes a legacy of shame, to a future of dignity and respect for humanity.

Thank you.