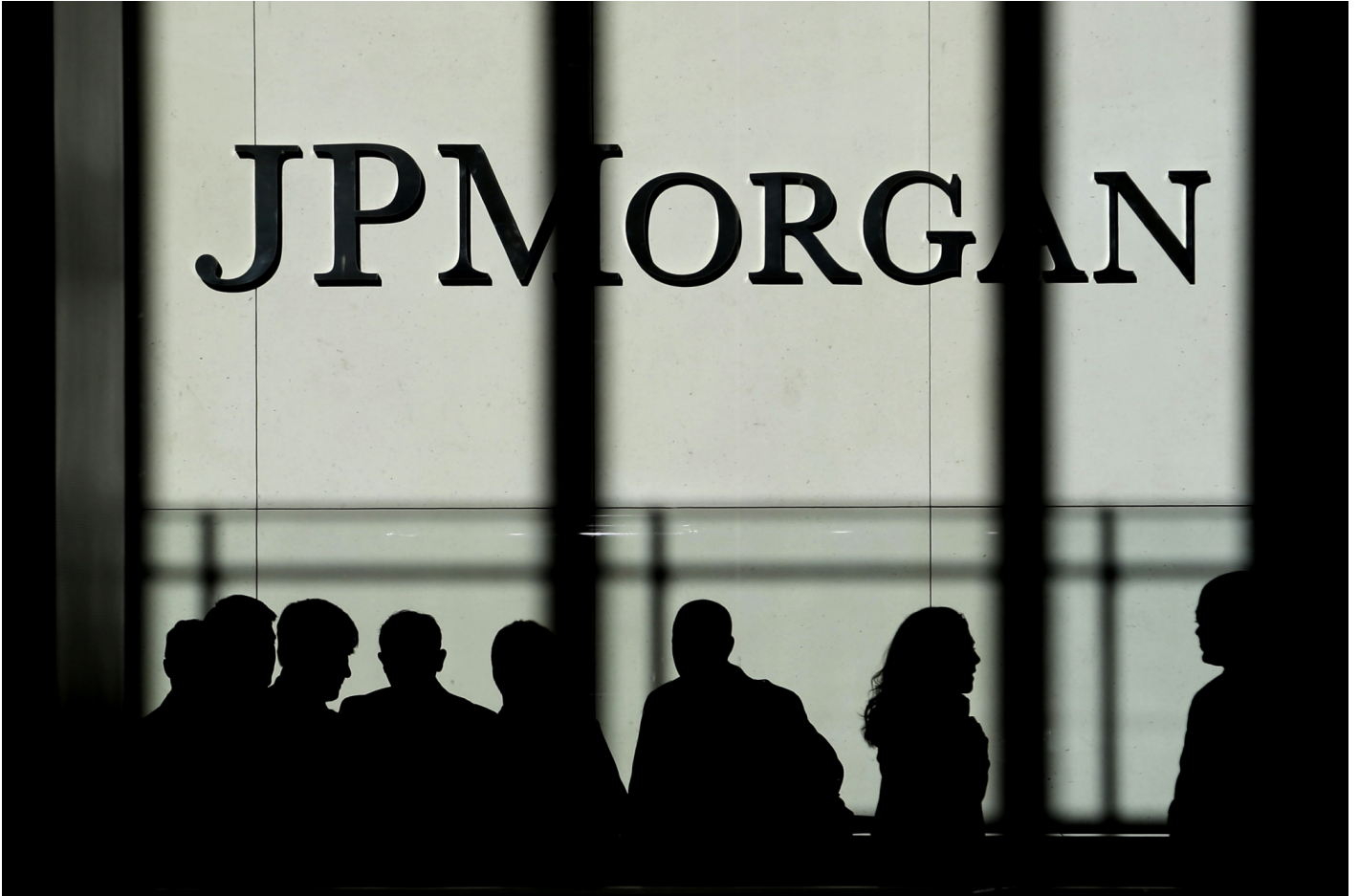




JPMORGAN REAPED \$150 MILLION DIVIDEND FROM HENRY BATH BEFORE SALE: FILING

News / Finance



JPMorgan Chase & Co reaped a **\$150 million dividend** from its metals storage business **Henry Bath & Son** **before selling** its physical commodities business last October, as the firm reported its first loss in over a decade, a filing on Thursday showed.

A review of filings to the UK business registry revealed the payout to the Wall Street bank and the loss were the first since 2002 when Henry Bath was held by Enron, the failed energy trader and one of its best-known owners in its 200-year history.

JPMorgan officials were not immediately available for comment on the matter.

The payment to JPMorgan included in a filing on Thursday illustrates the big profits made during a period when warehouse owners were under attack for exploiting exchange rules in order to collect more rent on stockpiled metals.

But the loss also underscores how quickly the lucrative business model has unraveled after the London Metal Exchange cracked down on the practices over the past two years, making it harder

for storage firms to capture big profits.

Last year, the company, one of the founding members of the LME, swung to an after-tax loss of \$6.5 million as turnover shrank by a third to \$84 million and inventories fell for a second year, the filing said.

That compares with a \$12 million profit in 2012 and bumper profits of \$113 million in 2009, a year before JPMorgan bought the business.

It was also its first year in the red since 2002 when it reported a loss of just under \$1 million. In March 2002, Henry Bath paid a \$7 million dividend shortly before being sold to Sempra Energy.

Last year's dividend was the only one returned to JPMorgan, suggesting the sum was an accumulation of profits during its four-year ownership.

The bank sold its physical commodities unit, including Henry Bath, for \$800 million last October to energy trader Mercuria, ending a four-year foray into the lucrative business of handling oil, gas and metals amid rising regulatory and political pressure to retreat to the bank's core business of lending.

Trafigura and JPMorgan's rival Goldman Sachs, which also got into metals storage in 2010 lured by the fat margins, also exited recently.

Goldman Sachs sold its Metro warehousing last year and in August, Trafigura pulled out altogether.

Last week, China's CMST Development Co Ltd said it planned to buy a majority stake in Henry Bath from Mercuria for \$60 million.

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SOURCE: REUTERS

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