

STATE OF NEW YORK
SURROGATE'S COURT, WAYNE COUNTY

JPMORGAN CHASE BANK, N.A. (SUCCESSOR
BY MERGER AND CONSOLIDATION FROM
LINCOLN-ALLIANCE BANK AND TRUST
COMPANY) AS TRUSTEE OF THE TRUST UNDER
THE AGREEMENT DATED MAY 23, 1932 OF

ALVAH G. STRONG

FOR THE BENEFIT OF NANCY S. MANGAN, AS
APPOINTED BY MARJORIE H. STRONG IN HER
LAST WILL AND TESTAMENT

OBJECTIONS

File No. E4382

Marjorie F. Mangan, in her capacity both as executor of the estate of Nancy S. Mangan, and as 1/4 remainder beneficiary of the above-captioned trust ("Trust I"); and Elizabeth Mangan, Catherine M. Clapp, and J. Griffin Mangan, each of whom is also a 1/4 remainder beneficiary of Trust I (collectively, the "Objectants"); object to the accounting of J.P. Morgan Chase, N.A. and its predecessors ("Chase Bank") for the period of July 22, 1976 to February 19, 2013 as follows:

FIRST OBJECTION: Chase Bank's central breach of fiduciary duty in its administration of Trust I lay in its decision to hold Eastman Kodak stock, and later Eastman Chemical stock, in concentration for decades. Chase Bank's decision subjected the beneficiaries to great risk, while simultaneously decreasing the expected return on the Trust I assets. Chase Bank's decision to hold this improper concentration of assets was a broad and multi-faceted failure, and included the following misfeasance:

- A. With respect to its failure to diversify the assets held in trust, Chase Bank never adequately analyzed the risks of concentration, and it failed to make any determination that it was in the interests of the beneficiaries not to diversify.

- B. During much or all of the period that Chase Bank held stock in concentration, that stock paid an unreasonably low dividend, so that holding it in concentration also resulted in decreased income for the income beneficiary.
- C. When Chase Bank belatedly addressed the concentrations in Eastman Kodak and Eastman Chemical stock that it held in trust, Chase Bank imprudently replaced those holdings with concentrations in other sectors, exposing the beneficiaries to additional unwarranted risk, and causing substantial harm.
- D. In electing to hold an imprudent concentration of Kodak common stock and in failing to communicate the dangers of such a concentration to the beneficiaries, Chase Bank engaged in self-dealing by putting its own interests ahead of the interests of the beneficiaries. Specifically, Chase Bank believed that selling significant shares of Kodak stock or telling the beneficiaries that such sales were appropriate could jeopardize future business opportunities for Chase Bank. Chase Bank, although also generally negligent in its management of the trusts, knew that it should have sold Kodak stock from Trust I faster than it did. Nevertheless, Chase Bank imprudently held Kodak stock in Trust I for longer periods of time than it knew it should have; it diversified Trust I more slowly than it otherwise would have; and it failed to communicate, delayed communication, or otherwise inadequately communicated to the beneficiaries that it would be prudent to diversify more quickly or that continued retention of large concentrations of stock put Trust I at risk. In so doing, Chase Bank intended to pursue its own interests in obtaining or retaining business at the expense of the beneficiaries. This misconduct merits an award of market-based damages.
- E. Chase Bank elected to hold Kodak common stock in imprudent concentration while

maintaining a conflict of interests with regard to the Eastman Kodak Company. Specifically, numerous officers and directors worked for both the Chase Bank and Kodak during the accounting period, and the Trustee therefore operated under a conflict of interest with regard to its investment recommendations concerning Kodak.

This misconduct also merits an award of market-based damages.

SECOND OBJECTION: Even beyond its failure to diversify the Trust I assets, Chase Bank failed in numerous other ways to meet its fiduciary duties to the beneficiaries. These failures included:

- A. Upon the commencement of the accounting period, Chase Bank never undertook a timely formal analysis of the estate or prepared a plan for management.
- B. Likewise, Chase Bank never properly or adequately established investment objectives for Trust I, and never formulated an investment plan and strategy designed to accomplish any objectives.
- C. Because Chase Bank failed to measure the performance of the trust assets against pre-established objectives, it did not (and could not) adjust its strategy and holdings when portfolio performance failed to meet the established objectives.
- D. Chase Bank similarly failed to assign competent trust officers to manage the Trust I assets, and the individuals assigned to manage Trust I generally failed to exercise the care and prudence required by New York law.
- E. One specific (and non-exclusive) example of the inadequate assignment of competent trust officers is that, for several years in the 1980s, Chase Bank assigned one individual, Russell Mandrino, to serve as both the trust officer and investment officer for Trust I, despite the fact that Mr. Mandrino did not consider himself a portfolio

manager and had little or no training in investment management. Further, this type of assignment was contrary to Chase Bank's own guidelines, which reserved such assignment only for small trusts that did not invest in individual stocks.

- F. During the accounting period, Chase Bank did not conduct timely and sufficient reviews of the Trust I assets. When Chase Bank conducted any review at all, the review was minimal and routine, and failed to address the concentration of assets held in trust.
- G. During the accounting period, Chase Bank maintained inadequate records of its administration and management of the Trust I assets.
- H. During the accounting period, Chase Bank also failed to adequately communicate with the beneficiaries (1) with respect to the management of the Trust I assets, (2) with respect to the risk in maintaining a concentration of Eastman Kodak and Eastman Chemical stock in Trust I; and (3) with respect to how a Court of Equity would hold Chase Bank liable for its imprudent acts of omission and commission in the administration and management of the Trust I and its assets.

THIRD OBJECTION: Chase Bank also failed both to develop and to implement policies and practices appropriate for carrying out its fiduciary duties. To the extent that Chase Bank did develop policies, including the policies required by Chase Bank's Trust Investment Committee, Investment Policies, and Investment Guidelines, it failed to follow those policies during the accounting period. Those failures included (1) a failure to conduct timely and sufficient reviews of the Trust holdings, (2) a failure to consider alternative investment choices, and (3) a failure to maintain adequate records of its management and administration of the Trust I assets.

FOURTH OBJECTION: In preparing its petition for accounting, Chase Bank intentionally misstated the value of the assets held in trust, such that the petition radically overstates the gains in value of assets—specifically Eastman Kodak and Eastman Chemical stock—in Trust I during the accounting period. This conduct merits an award of market-based damages.

FIFTH OBJECTION: By virtue of the conduct discussed above, Chase Bank failed throughout the accounting period to meet its fiduciary duty of care to the Trust I beneficiaries. Chase Bank specifically (1) neglected Trust I and failed to exercise such diligence and such prudence in the care and management, as in general, prudent persons of discretion and intelligence employ in their own like affairs; (2) failed to invest the assets of Trust I in such securities as would be acquired by prudent persons of discretion and intelligence in such matters who are seeking a reasonable income and the preservation and increase of their capital; and (3) failed to exercise reasonable care, skill and caution to make and implement investment and management decisions as a prudent investor would for the entire portfolio, taking into account the purpose and terms and provisions of the governing instrument. Further, as an investor with specialized investment skills, Chase Bank failed to exercise such diligence in investing and managing the assets of Trust I as would customarily be exercised by prudent investors of discretion and intelligence having special investment skills.

SIXTH OBJECTION: Because of Chase Bank's above-mentioned misconduct, the Objectants object to the payment of any commissions and/or management fees received to date by Chase Bank. Chase Bank should be required to refund such commissions and/or management fees with interest at the statutory rate from date of receipt to date of repayment.

SEVENTH OBJECTION: Because of Chase Bank's above-mentioned misconduct, the Objectants object to all legal fees paid to Chase Bank's attorneys from the principal or interest accounts for Trust I. Chase Bank should be required to refund such legal fees together with statutory interest from the date the legal fee was paid to the date of repayment.

EIGHTH OBJECTION: Because of Chase Bank's above-mentioned misconduct, the Objectants request that Chase Bank pay their costs and attorneys' fees in connection with this accounting proceeding and any related proceedings.

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Because of the Bank's above-mentioned misconduct, the Objectants have sustained compensatory damages in the amount of not less than \$10,000,000.00. Objectants reserve the right to supplement or modify the above objections after all discovery is completed.

WHEREFORE, Objectants respectfully prays for a decree:

- (1) sustaining their objections to the accounting;
- (2) awarding compensatory and punitive damages;
- (3) denying commissions to Chase Bank; and
- (4) granting such other, further and different relief as the Court deems just and proper.

Washington, DC
December 4, 2014

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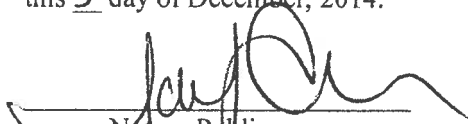
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VERIFICATION

Marjorie F. Mangan, being duly sworn, says that deponent has read the foregoing
Objections to the Account of J.P. Morgan Chase Bank and knows the contents thereof; that the
same is true to deponent's own knowledge, except as to the matters therein stated to be alleged
upon information and belief, and as to those matters deponent believes to be true.


Marjorie F. Mangan

Subscribed and sworn to before me
this 3 day of December, 2014.


Notary Public

TAYLOR COHEN
Notary Public, State of New York
Monroe County Reg. #01C06294890
Commission Expires 12/23/ 2017