



1 [Urging City Departments to Sanction Wells Fargo]

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3 **Resolution setting policy to sanction Wells Fargo consistent with recommendations**  
4 **from the Controller, urging City Departments to require Wells Fargo to provide a**  
5 **redress plan for San Francisco customers before engaging in future business with**  
6 **Wells Fargo, urging the Retirement Board to terminate all financial dealings with Wells**  
7 **Fargo, urging the City Attorney and District Attorney to investigate the practices of**  
8 **Wells Fargo and the other big banks, urging the Treasurer-Tax Collector to provide**  
9 **advice on establishing a responsible banking ordinance, and urging the United States**  
10 **Office of the Comptroller of the Currency to explore if Wells Fargo's national banking**  
11 **charter should be revoked.**

12  
13 WHEREAS, On July 12, 2012, Wells Fargo agreed to pay \$175,000,000 to settle a  
14 racial discrimination probe by the U.S. Department of Justice, who found that Well Fargo  
15 engaged in a pattern or practice of discrimination against qualified African-American and  
16 Hispanic borrowers in its mortgage lending from 2004-2009, who were steered into subprime  
17 mortgages or who paid higher fees and rates than white borrowers because of their race or  
18 national origin; and

19 WHEREAS, In 2012, Wells Fargo quietly mailed checks to roughly 10,000 homeowner  
20 customers as a refund for allegedly steering them into more costly Federal Housing  
21 Administration mortgages, with the letters only coming to light after a homeowner shared a  
22 copy of his letter from Wells Fargo with the Los Angeles Times and which letters apparently  
23 informed homeowners they could cash the check, but only if they agreed not to sue the bank;  
24 and

1           WHEREAS, In April 2015, a federal judge found that Wells Fargo had failed to comply  
2 with the National Mortgage Settlement and failed to properly evaluate homeowner  
3 modification applications; and

4           WHEREAS, On April 8, 2016, the U.S. Department of Justice settled civil mortgage  
5 fraud claims against Wells Fargo Bank with Wells Fargo agreeing to pay \$1,200,000,000 and  
6 admitted, acknowledged, and accepted responsibility for, among other things, that it did not  
7 disclose faulty mortgage loans to HUD; and

8           WHEREAS, On September 8, 2016, the Consumer Financial Protection Bureau  
9 (“CFPB”), working in conjunction with the Los Angeles City Attorney and the United States  
10 Office of the Comptroller of the Currency, filed a Consent Order (“CFPB Consent Order”) that  
11 detailed how Wells Fargo Bank had been engaged in widespread, illegal activities related to  
12 their consumer banking business, fining Wells Fargo \$185,000,000 including a \$100,000,000  
13 penalty from the CFPB, the largest such penalty the agency has issued; and

14           WHEREAS, On September 23, 2016, San Francisco Treasurer-Tax Collector José  
15 Cisneros announced that Wells Fargo has been suspended as a recommended bank from the  
16 San Francisco Office of Financial Empowerment’s program “Bank On” that connects low-  
17 income San Franciscans to safe, accessible, and low-fee accounts; and

18           WHEREAS, Although Wells Fargo Chief Executive Officer John Stumpf resigned on  
19 October 12, 2016, the new CEO, Tim Sloan, has been with the bank for 29 years and  
20 questions remain about his role in and knowledge of these illegal practices; and

21           WHEREAS, Wells Fargo also employs a significant staff and sales force dedicated to  
22 commercial and institutional customers, one of which is the City and County of San Francisco,  
23 and it is not yet known if the sales staff in the commercial or government banking divisions of  
24 Wells Fargo were similarly pressured to add products to customers; and  
25

1           WHEREAS, While Wells Fargo has not been alone among major banks in its reckless  
2 and fraudulent practices, including predatory lending and illegal foreclosure activity, it is not  
3 yet known if other big banks engaged in similar illegal activity around opening accounts and  
4 providing products which the client did not request; and

5           WHEREAS, Transacting business with unethical financial institutions puts the city  
6 funds at risk; and

7           WHEREAS, In 2012, the Board of Supervisors passed a resolution supporting the  
8 Treasurer-Tax Collector's efforts to integrate community reinvestment measures and social  
9 responsibility language into the City's Cash Management Banking Services Request for  
10 Proposal (RFP), on file with the Clerk of the Board of Supervisors in File No. 120086, which is  
11 hereby declared to be a part of this resolution as if set forth fully herein; and

12           WHEREAS, This RFP produced valuable information from banks wishing to do  
13 business with the City and County of San Francisco on their socially responsible lending  
14 practices, and this information can be used to inform development of a Responsible Banking  
15 ordinance; and

16           WHEREAS, On December 7, 2016, the Controller's Office issued a memo, "City  
17 Relationships with Wells Fargo Bank, N.A." on file with the Clerk of the Board of Supervisors  
18 in File No. 161132, which is hereby declared to be a part of this resolution as if set forth fully  
19 herein, that inventoried the City's financial dealings with Wells Fargo and recommended the  
20 City take the following actions:

21           (1) suspend for two years of Wells Fargo's provision of broker/dealer, commercial  
22 banking, and commercial paper dealer services to the City;

23           (2) remove of Wells Fargo from consideration for two years for the provision of  
24 securities investments and counterparty/repurchasing agreements;

1 (3) monitor the numerous ongoing investigations as well as remediation efforts by  
2 Wells Fargo, and make additional recommendations as necessary; and

3 (4) work with the Treasurer and other City departments to more broadly explore and  
4 incorporate elements of the Treasurer's social responsibility requirements into other financial  
5 service procurement processes; now, therefore, be it

6 RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
7 supports the Controller's recommendations for sanctioning Wells Fargo and incorporating  
8 social responsibility requirements into the City's financial service procurement processes; and,  
9 be it

10 FURTHER RESOLVED, That if Wells Fargo seeks to engage in business with any City  
11 department, the Board of Supervisors urges that department to require Wells Fargo to do all  
12 of the following:

13 (1) identify the specific "Improper Sales Practices" (CFPB Consent Order § III, 3 f (1)-  
14 (5)) that took place in San Francisco and on accounts held by San Francisco residents ("San  
15 Francisco Affected Customers");

16 (2) identify all San Francisco Affected Customers who incurred fees or others charges  
17 as a result of Improper Sales Practices (Consent Order § VIII, 48);

18 (3) provide the Redress Plan for San Francisco Affected Customers, and evidence that  
19 all San Francisco Affected Customers have been repaid consistent with the Consent Order  
20 (Consent Order § VIII et seq. & § VIII, 51 (a)-(f));

21 (4) provide the Independent Consultant's Report and Compliance Plan, and evidence  
22 that it has been implemented as to San Francisco and San Francisco Affected Customers  
23 pursuant to terms of the Consent Order (Consent Order § VI et seq.); and  
24  
25

1 (5) provide any other requested evidence to verify its remedial actions, so the City  
2 department may determine whether Wells Fargo has or has not taken necessary steps  
3 sufficient remedy its past wrongs; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors urges the Retirement Board of  
5 the San Francisco Employees Retirement System (SFERS) to terminate all financial dealings  
6 with Wells Fargo in a manner consistent with their fiduciary responsibilities ; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors urges the City Attorney to  
8 conduct an investigation to determine if other major financial institutions engage in similar  
9 practices; and, be it

10 FURTHER RESOLVED, That the Board of Supervisors urges the District Attorney to  
11 explore a possible criminal investigation of former CEO John Stumpf and other Wells Fargo  
12 executives; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors urges the Treasurer-Tax  
14 Collector to provide advice on establishing a Responsible Banking ordinance to help the City  
15 and County and its residents better understand how Wells Fargo and other financial  
16 institutions are harming or serving the credit needs of San Franciscans; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors urges the Office of the United  
18 States Comptroller of the Currency to explore if Wells Fargo's actions should lead to the OCC  
19 revoking Wells Fargo's national banking charter.



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Todd Rydstrom**  
**Deputy Controller**

**Nadia Sesay**  
**Director**  
**Office of Public Finance**

**MEMORANDUM**

**TO:** Honorable Mayor Edwin M: Lee  
Honorable Members, Board of Supervisors

**FROM:** Ben Rosenfield, Controller  
Nadia Sesay, Public Finance Director

**SUBJECT:** City Relationships with Wells Fargo Bank, N.A.

**DATE:** Wednesday, December 7, 2016

This memo will review the City's existing and potential business relationships with Wells Fargo Bank ("Wells Fargo"), and recommend an appropriate course of action for the City given the recent revelations about fraudulent and unethical consumer banking practices (as further described below). The conduct of Wells Fargo contradicts the City's commitment to financial integrity, accountability, and sound financial practices. Based upon our review, staff therefore considers the following set of actions to be a reasonable response, and comparable to or stronger than recent actions taken by Los Angeles, Santa Clara, and Santa Cruz Counties:

1. Suspension for two years of Wells Fargo's provision of broker/dealer, commercial banking, and commercial paper dealer services to the City;
2. Removal of Wells Fargo from consideration for two years for the provision of securities investments and counterparty/repurchase agreements;
3. Staff will monitor the numerous ongoing investigations as well as remediation efforts by Wells Fargo, and may make additional recommendations as necessary; and
4. As an outgrowth of this review, our office will work with the Treasurer and other City departments to more broadly explore and incorporate elements of the Treasurer's social responsibility requirements into other financial service procurement processes.

## Background:

On September 8, 2016, the United States Consumer Financial Protection Bureau (CFPB) issued a Consent Order (Administrative Proceeding 2016—CFPB—0015) determining that San Francisco-based Wells Fargo Bank, N.A. engaged in unethical and illegal banking practices. The CFPB found, among other things, that Wells Fargo employees (i) opened unauthorized deposit accounts for existing customers and transferred funds between these accounts, all without their customers' knowledge or consent; (ii) submitted applications for credit cards in their customers' names using their personal information without their knowledge or consent; (iii) enrolled consumers in online banking services they did not request; and (iv) ordered and activated debit cards using consumer information without their knowledge or consent. Those practices affected up to 2 million Wells Fargo customers. These corrupt practices lead to the largest CFPB fine in history of \$185 million (together with \$2.6 million in customer refunds), and the termination/resignation of the Wells Fargo Chief Executive Officer. In a recent regulatory filing, Wells Fargo indicated that it was under investigation by the Securities and Exchange Commission. As well, it has been reported that Wells Fargo is also under investigation by the U.S. Justice Department and the California Attorney General.

The findings contained in the CFPB Consent Order raise serious questions about the banking practices of Wells Fargo, as well as concerns regarding its internal controls. As a result of the CFPB Consent Order and widely publicized Congressional hearings, and multiple states, counties and cities across the U.S. have announced suspensions of business relationships with Wells Fargo, including the State of California and major cities such as Seattle and Chicago. The San Francisco Treasurer's Office also announced on September 23, 2016 that it was suspending Wells Fargo from participation in the City's Bank On San Francisco program, which is a City program encouraging un-banked individuals and families to open bank accounts.

As a major national financial institution, Wells Fargo offers a broad range of services, and operates three separate divisions for its different lines of business:

- The *Wealth and Investment Management* division provides investment and retirement products and wealth management services to a variety of clients. This division does not provide services to the City.
- The *Community Banking* division is the bank's consumer finance arm. The fraudulent practices noted by the CFPB took place in this division. The City's sole relationship with the Community Banking division was its partnership with Wells Fargo in the City Treasurer's Bank on San Francisco program; this relationship was suspended on September 23, 2016.
- Wells Fargo's *Wholesale Banking* division provides financial services to government and institutional customers, and it is this division of Wells Fargo with which the City maintains the vast majority of its business relationships. These relationships range from trustee services, fiscal agent services, letters of credit, commercial banking,



broker/dealer services, commercial paper dealer services, and underwriting. A detailed description of each of these services follows:

### Inventory of Existing Relationships Between the City and Wells Fargo

Currently the City obtains the following products and services from Wells Fargo:

- **Trustee Services.** Wells Fargo acts as the trustee for the City's Lease Revenue Bonds Series 2008-1 and 2008-2. The bank receives approximately \$4,750 annually for these services.
- **Commercial Paper Dealer.** Wells Fargo is a dealer for the Series 1 & 2 Commercial Paper program, but currently no commercial paper in those series has been assigned to Wells Fargo. Similarly, the Public Utilities Commission (PUC) has Wells Fargo as a dealer on its Wastewater Commercial Paper program, but currently no commercial paper has been assigned to Wells Fargo.
- **Liquidity & Credit Support.** Wells Fargo provides liquidity and letters of credit for a number of City transactions, including the Airport's \$100 million Commercial Paper program, and \$100 million for Issue 36A, and \$75 million for the PUC's Wastewater Commercial Paper program.
- **Bond Fiscal Agent.** Wells Fargo serves as Fiscal Agent for six different series of Special Tax Revenue Bonds for the San Francisco Office of Community Investment and Infrastructure (OCII).
- **Commercial Banking.** The City Treasurer has a consolidation account with Wells Fargo for Home Banking payments, and is currently developing a transition plan to suspend this banking relationship. OCII has four commercial accounts with Wells Fargo, and expects to close at least two of these accounts in the near future.
- **Surety and Escrow Agent.** Wells Fargo serves as an escrow agent for one Public Works and two Public Utilities Commission construction contract: the War Memorial Veterans Building Replacement Project, the Calaveras Dam Replacement Project and the Harry Tracy Water Treatment Plant Project. Escrow and surety services typically are not direct relationships between the City and Wells Fargo; they are indirect connections through a third party, such as a construction firm with which the City may have a contractual agreement.
- **Underwriting/Remarketing and Investment Banking.** Wells Fargo is a qualified underwriter in the City's Underwriting and Investment Banking Services pool, and regularly submits bids on the City's competitive bond financings. As a qualified underwriter in the City's Underwriting and Investment Banking Service pool, Wells Fargo

is considered for underwriter services for negotiated sales. Wells Fargo currently serves as Remarketing Agent for the Airport's \$40.6 million Issue 36B.

- **Broker/Dealer Services.** Wells Fargo has been among the listed broker/dealers that the City Treasurer can use for the purchase and sale of investment securities on behalf of the City. Wells Fargo's participation in this area of service for the City is currently suspended. Additionally, the San Francisco Employees' Retirement System (SFERS) contracts with fund managers who must satisfy a "best execution" requirement to achieve the lowest transaction brokerage costs, and Wells Fargo is sometimes chosen as the lowest cost brokerage provider. Recent commissions to Wells Fargo average approximately \$3,600 on an annualized basis. These fees are paid by fund managers to Wells Fargo and other brokerage houses, and not by SFERS itself.
- **Capital Management.** The City and County of San Francisco Deferred Compensation Plan (SFDCP) does business with a firm called Galliard Capital Management, which is an independently operated subsidiary of Wells Fargo Bank, N.A. Fees to Galliard are paid by plan participants, and not by the City. Galliard was selected as a fund manager through a competitive RFP bid process in 2013, and is currently under contract for a 5-year term. Galliard at times houses some funds under its management with its parent company Wells Fargo as a custodial institution, which it is able to do at a savings to plan participants due to its subsidiary relationship.

#### Other Financial Services – No Existing City Relationship with Wells Fargo

- **Securities Issuer.** The City Treasurer has the authority to approve the purchase of debt securities issued by Wells Fargo, in which the proceeds would serve to finance the company's operations. Despite the company's debt rating being one of the highest in the financial services sector, the company has repeatedly failed the City's social responsibility criteria screen. As a result, Wells Fargo has never qualified as an Approved Issuer and as such, the City has no investment in Wells Fargo debt securities.
- **Counterparty/Repurchase Agreement Provider.** The City Treasurer can enter into repurchase agreements with financial institutions, including Wells Fargo, on a short-term basis primarily to fund liquidity needs. The City Treasurer currently has no agreements with Wells Fargo.

#### Recommended Next Steps

The conduct of Wells Fargo, as detailed in the CFPB Consent Order, contradicts the City's commitment to financial integrity, accountability, and sound financial practices. Accordingly the City must evaluate whether to suspend indefinitely certain of its business relationships with Wells Fargo, and to evaluate the potential impact to the City of such action. If sanctions are thought to be warranted, the fiscal impact of suspending or severing a particular business relationship must be considered. Given the nature of certain services, there may be little, if any,

impact on the City and its operations. In other cases, there may be a significant disruption of City operations or a significant financial costs (i.e. including the costs of obtaining replacement services) if the City determined to suspend an existing Wells Fargo contract.

On September 8, 2016, the City of Los Angeles entered into a Settlement Agreement (the "Los Angeles Agreement") with Wells Fargo in connection with the fraudulent and unethical business practices described above. Under the Los Angeles Agreement, Wells Fargo was suspended from certain business activities and agreed to implement a set of remediation measures within two years, including a detailed compliance and risk management plan designed to deter, detect and remedy improper sales practices nationwide. After a review of the Los Angeles Agreement, staff believes that the remediation measures outlined in the Los Angeles Agreement are appropriate. The Los Angeles Agreement requires that every six months for the next two years, Wells Fargo must provide audit reports about the bank's compliance with the agreement.

In the light of the potential disruptions of City operations, or potential significant cost, staff is not recommending suspending all existing Wells Fargo contracts. We believe that as long as Wells Fargo is performing its services in accordance with its respective agreements those contracts, if any should remain in place. Accordingly, we are not recommending initiating debarment proceedings against Wells Fargo. The City may nonetheless consider suspending for two years the following categories of business relationships with Wells Fargo:

- Broker/dealer services for investment securities with the City Treasurer (already suspended)
- Commercial banking
- Commercial paper dealer services

The length of time Wells Fargo would be suspended from these service areas is largely structured around the remediation period set forth in the CFPB Consent Order, and the view that it is possible to suspend the bank from these services without a significant financial or administrative burden to the City.

Additionally, the following categories of financial services are not currently being provided to the City by Wells Fargo, but the City Treasurer may decide to remove Wells Fargo from consideration for providing these services for the next two years, also without significant cost:

- Securities issuer
- Counterparty/Repurchase agreement provider

There are other financial services categories where it would be financially imprudent or administratively very difficult to suspend or remove Wells Fargo. The following categories of services are currently provided by Wells Fargo on existing City transactions, and would not be advisable or practicable to sever for the full remaining term of the transactions:

- Fiscal agent and
- Surety and escrow agent agreements
- Trustee services

Lastly, the following categories of services currently being provided, or which may in the future be provided to the City by Wells Fargo, should also not be suspended, as it could impose significant fiscal costs on the City to do so:

- Liquidity and Credit Support - Currently there is a limited supply of highly rated letter of credit providers, and removing a highly rated entity with the size and liquidity of Wells Fargo from consideration for this service would constitute a significant limitation on the pool of potential credit providers with whom the City could work, and would be likely to significantly raise transaction and financing costs for the City.
- Underwriting for City debt issuances - Wells Fargo has consistently participated in San Francisco's competitive bond sales, and if the City were to bar Wells Fargo from bond underwriting, it could potentially require the City to pay higher interest rates on hundreds of millions of dollars of debt anticipated to be sold for its various bond programs over the next several years. The exact cost is unknown, and depends on prevailing rates when the bonds are issued, but may be significant.

As the proposed City actions are informed to a certain degree by the Los Angeles Agreement, staff will continue to monitor Wells Fargo's efforts at remediation, and recommend other actions as appropriate.

Staff recommends that the City only suspend the categories of services from Wells Fargo that would not create significant adverse practical and financial impacts to City business (e.g., where there are no commercially reasonable alternatives to Wells Fargo participation), and going forward, consider adding social responsibility criteria to all of its banking solicitations. Taking the combination of the steps outlined above would allow the City to make clear its disapproval of the Wells Fargo's unethical practices, without creating significant disruptions to City financial operations or capital planning. It is hoped that the proposed Wells Fargo sanctions would create a deterrent for unethical behavior in the future for the City's banking partners. The recommendations outlined in this memo are not intended to apply to SFERS or SFDCP, as those entities have an independent fiduciary responsibility. Similarly, any action taken by the Treasurer would be determined by the Office of the Treasurer in their independent fiduciary capacity.

Below is a table summarizing the City's business relationships with Wells Fargo, with an assessment of the potential impact, reflecting financial burden to the City as well as administrative difficulty, of suspending each type of relationship:

Wells Fargo Services	Types of Services	Relationship with City & County			Impact to City		
		Suspended	Existing	New	Low	Medium	High
Wholesale Banking Services	Broker-Dealer	X			X		
	Underwriting & Investment Banking		X	X			X
	Credit Support		X	X			X
	Trustee		X			X	
	Fiscal Agent		X			X	
	Commercial Banking		X		X		
	Counterparty or Repurchase Agreement				X		
	Securities Issuer				X		
	Escrow Agent/Surety		X			X	
Community Banking	Consumer Banking	X			X		

**Additional Considerations**

While Wells Fargo is not being debarred, the City will provide due process to Wells Fargo should it believe it should be entitled to continue providing all services. In that situation, Wells Fargo may request a hearing. At the hearing, Wells Fargo would be required to identify the specific "Improper Sales Practices" (CFPB Consent Order § III, 3 f (1)-(5)) that took place in San Francisco and on accounts held by San Francisco residents ("San Francisco Affected Customers"). It must identify all San Francisco Affected Customers who incurred fees or others charges as a result of Improper Sales Practices (Consent Order § VIII, 48.), provide the Redress Plan for San Francisco Affected Customers, and evidence that all San Francisco Affected Customers have been repaid consistent with the Consent Order. (Consent Order § VIII et seq. & § VIII, 51 (a)-(f).) It also must provide the Independent Consultant's Report and Compliance Plan, and evidence that it has been implemented as to San Francisco and San Francisco Affected Customers pursuant to terms of the Consent Order. (Consent Order § VI et seq.) The Hearing Officer can request testimony and other evidence to verify the requirement information, and may determine whether Wells Fargo has or has not taken necessary steps sufficient to allow its suspension to be lifted.

As an outgrowth of discussions of banking practices, the City should consider incorporating social responsibility provisions more broadly in its financial services contracting processes. The City Treasurer already incorporates some criteria for "Socially Responsible Banking" in its Request for Proposal (RFP) questionnaire for Banking & Payment Services, requiring submitting banks to provide metrics and data in a number of categories, including mortgage activity, loans to minority businesses, consumer lending policies, and community investment.

Working with City Treasurer and affected departments, the City will work to more broadly adopt such policies in future banking solicitations, as well as adding additional language including a requirement for banks to affirm their commitment to fair and ethical practices, and allowing the City to suspend agreements for a breach of the RFP provisions. This approach is one that can be replicated in solicitations for other banking services, such as fiscal agent, escrow, trustee, and underwriting. We will provide an update to the Mayor and Board of Supervisors as our work to develop these changes is completed.

CC: Angela Calvillo, Clerk of the Board  
Harvey Rose, Budget and Legislative Analyst  
Mawuli Tugbenyoh, Mayor's Liaison to the Board of Supervisors  
Melissa Whitehouse, Mayor's Budget Director  
Todd Rufo, Director, Office of Economic Workforce Development  
José Cisneros, Treasurer  
Pauline Marx, Chief Assistant Treasurer  
Harlan Kelly, General Manager, Public Utilities Commission  
Ivar Satero, Director, San Francisco International Airport  
Ed Reiskin, Director of Transportation  
Elaine Forbes, Executive Director, Port of San Francisco  
Jay Huish, Executive Director, San Francisco Employees' Retirement System  
Tiffany Bohee, Executive Director, OCII  
Mark Blake, Deputy City Attorney

City and County of San Francisco\*  
Well Fargo Bank , N. A.

Department	Service Category	Description	Amount
OPF	Trustee	Lease Revenue Bonds (Moscone West Convention), Series 2008-1, 2008-2	99,062,000
OPF	Commercial Paper Dealer	Lease Revenue Certificates of Participation Commercial Paper Series 1&2	N/A
OPF	Credit Provider	Direct Placement Revolving Certificates of Participation (Transbay Transit Center Project)	160,000,000
SFO	Letter of Credit Provider	Commercial Paper	100,000,000
SFO	Letter of Credit Provider	Issue 36A	100,000,000
SFO	Remarketing Agent	Issue 36B	40,620,000
PUC	LOC	Wastewater	75,000,000
PUC	Commercial Paper Dealer	Wastewater	N/A
PUC	Escrow Agent	Water Contract # WD-2596	914,519
PUC	Escrow Agent	Water Contract # WD-2551	21,890,223
TTX	Commercial Banking	Consolidation Account for Home Banking Payments	TBD
TTX	Broker/Dealer	Purchase/Sale of Securities	N/A
OCII	Bond Fiscal Agent	CFD#6 Special Tax Revenue Bonds Series 2005A, Mission Bay South	13,145,000
OCII	Bond Fiscal Agent	CFD#6 Special Tax Revenue Bonds Series 2005B, Mission Bay South	5,196,000
OCII	Bond Fiscal Agent	CFD#6 Special Tax Revenue Bonds Series 2013A, Mission Bay South	76,055,000
OCII	Bond Fiscal Agent	CFD#6 Special Tax Revenue Bonds Series 2013B, Mission Bay South	16,830,000
OCII	Bond Fiscal Agent	CFD#6 Special Tax Revenue Bonds Series 2013C, Mission Bay South	21,601,000
OCII	Bond Fiscal Agent	CFD#4 Special Tax Revenue Bonds Series 2002A, Mission Bay North	19,565,000
OCII	Commercial Banking	South Beach Harbor Operating Account	3,128,000
OCII	Commercial Banking	Fillmore Garage Operating Account	56,000
OCII	Commercial Banking	Jessie Square Garage Operating Account	1,444,000
OCII	Commercial Banking	Flex Spending Account	18,000

\* This list is preliminary, subject to changes/additions as received from other city agencies.

## Wong, Linda (BOS)

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**From:** Board of Supervisors, (BOS)  
**Sent:** Wednesday, December 07, 2016 3:34 PM  
**To:** Wong, Linda (BOS)  
**Subject:** File 161132 FW: Controller's Office Memorandum Regarding Wells Fargo Bank  
**Attachments:** Controller Memo\_Wells Fargo 12072016.pdf

**From:** Sesay, Nadia (CON)  
**Sent:** Wednesday, December 07, 2016 9:07 AM  
**To:** Lee, Mayor (MYR) <[mayoredwinlee@sfgov.org](mailto:mayoredwinlee@sfgov.org)>; BOS-Supervisors <[bos-supervisors@sfgov.org](mailto:bos-supervisors@sfgov.org)>  
**Cc:** Rosenfield, Ben (CON) <[ben.rosenfield@sfgov.org](mailto:ben.rosenfield@sfgov.org)>; Calvillo, Angela (BOS) <[angela.calvillo@sfgov.org](mailto:angela.calvillo@sfgov.org)>; Rose, Harvey (BUD) <[harvey.rose@sfgov.org](mailto:harvey.rose@sfgov.org)>; Campbell, Severin (BUD) <[severin.campbell@sfgov.org](mailto:severin.campbell@sfgov.org)>; Newman, Debra (BUD) <[debra.newman@sfgov.org](mailto:debra.newman@sfgov.org)>; Tugbenyoh, Mawuli (MYR) <[mawuli.tugbenyoh@sfgov.org](mailto:mawuli.tugbenyoh@sfgov.org)>; Whitehouse, Melissa (MYR) <[melissa.whitehouse@sfgov.org](mailto:melissa.whitehouse@sfgov.org)>; Rufo, Todd (ECN) <[todd.rufo@sfgov.org](mailto:todd.rufo@sfgov.org)>; Cisneros, Jose (TTX) <[jose.cisneros@sfgov.org](mailto:jose.cisneros@sfgov.org)>; Marx, Pauline (TTX) <[pauline.marx@sfgov.org](mailto:pauline.marx@sfgov.org)>; Durgy, Michelle (TTX) <[michelle.durgy@sfgov.org](mailto:michelle.durgy@sfgov.org)>; Kelly, Jr, Harlan (PUC) <[hkelly@sfgov.org](mailto:hkelly@sfgov.org)>; Sandler, Eric (PUC) <[esandler@sfgov.org](mailto:esandler@sfgov.org)>; Morales, Richard (PUC) <[rmorales@sfgov.org](mailto:rmorales@sfgov.org)>; Brown, Mike (PUC) <[mbrown@sfgov.org](mailto:mbrown@sfgov.org)>; Ivar Satero (AIR) <[Ivar.Satero@flsfo.com](mailto:Ivar.Satero@flsfo.com)>; Kevin Kone (AIR) <[Kevin.Kone@flsfo.com](mailto:Kevin.Kone@flsfo.com)>; Ronda Chu (AIR) <[Ronda.Chu@flsfo.com](mailto:Ronda.Chu@flsfo.com)>; Reiskin, Ed (MTA) <[ed.reiskin@sfmta.com](mailto:ed.reiskin@sfmta.com)>; Bose, Sonali (MTA) <[sonali.bose@sfmta.com](mailto:sonali.bose@sfmta.com)>; Forbes, Elaine (PRT) <[elaine.forbes@sfport.com](mailto:elaine.forbes@sfport.com)>; Huish, Jay (RET) <[jay.huish@sfgov.org](mailto:jay.huish@sfgov.org)>; Bohee, Tiffany (CII) <[tiffany.bohee@sfgov.org](mailto:tiffany.bohee@sfgov.org)>; Mawhorter, Bree (CII) <[bree.mawhorter@sfgov.org](mailto:bree.mawhorter@sfgov.org)>; Daigle, John (CII) <[john.daigle@sfgov.org](mailto:john.daigle@sfgov.org)>; BOS-Legislative Aides <[bos-legislative\\_aides@sfgov.org](mailto:bos-legislative_aides@sfgov.org)>; Leung, Sally (MYR) <[sally.leung@sfgov.org](mailto:sally.leung@sfgov.org)>; Jacobson, Caitlin (MYR) <[caitlin.jacobson@sfgov.org](mailto:caitlin.jacobson@sfgov.org)>; Blake, Mark (CAT) <[mark.blake@sfgov.org](mailto:mark.blake@sfgov.org)>; Roux, Kenneth (CAT) <[kenneth.roux@sfgov.org](mailto:kenneth.roux@sfgov.org)>; Abola, Brooke (CAT) <[brooke.d.abola@sfgov.org](mailto:brooke.d.abola@sfgov.org)>; Madhavan, Reeta <[MadhavanR@sfusd.edu](mailto:MadhavanR@sfusd.edu)>; Trivedi, Vishal (CON) <[vishal.trivedi@sfgov.org](mailto:vishal.trivedi@sfgov.org)>; Querubin, Jamie (CON) <[jamie.querubin@sfgov.org](mailto:jamie.querubin@sfgov.org)>; Whittaker, Angela (CON) <[angela.whittaker@sfgov.org](mailto:angela.whittaker@sfgov.org)>  
**Subject:** Controller's Office Memorandum Regarding Wells Fargo Bank

Please find attached memorandum reviewing the City's existing and potential business relationships with Wells Fargo Bank and recommended course of action for the City given the recent revelations about fraudulent and unethical consumer banking services.

Please do not hesitate to contact Ben Rosenfield or Nadia Sesay at (415) 554-7500 if you have any questions.

Thank you,

Nadia.

Nadia Sesay  
Director, Office of Public Finance  
Controller's Office  
City & County of San Francisco  
Phone: 415.554.5956  
Email: [nadia.sesay@sfgov.org](mailto:nadia.sesay@sfgov.org)  
[www.sfgov.org/opf](http://www.sfgov.org/opf)



File # 161132  
Received in Committee  
12/7/16  
Jm.



# Wells Fargo in San Francisco

Team members live in S.F.: **3,000+**  
Team members work in S.F.: **8,000+**  
Branches citywide: **42**  
ATMs citywide: **194**  
Mortgage locations: **4**  
Wells Fargo Advisors locations: **5**

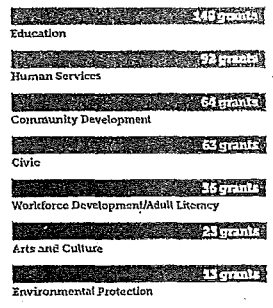
## Services

Banking, insurance, investments, mortgage and consumer and commercial finance

## Community Leader

- Named the largest private employer in San Francisco, *San Francisco Business Times* (2016)
- Perfect score-100, *Corporate Equality Index* (2016)
- #1 small business lender
- #1 mortgage lender

## Charitable Giving in S.F. for calendar year 2015



## Our History

Wells Fargo opened for business in San Francisco in 1852. Its company headquarters remains in San Francisco, where Wells Fargo opened its first office at 114 Montgomery Street — the same location as today's 420 Montgomery Street. In 1889, the company employed 400 people in San Francisco. Today, Wells Fargo employs more than 8,000 team members in the city, making it San Francisco's largest private employer.

## Our Values

Wells Fargo strives to help all of its customers succeed financially and is committed to diversity, multilingual services, community engagement, and philanthropy.

- No. 3 ranked (of 80) Corporate Philanthropist in the Bay Area, *San Francisco Business Times* (Based on 2015 giving)
- Top company for LGBT employees, *Diversity Inc., 2016* (nationally)
- 11<sup>th</sup> Top Company for Diversity, *Diversity Inc., 2016* (nationally)

## In 2015 alone, Wells Fargo served San Francisco through: Philanthropic Giving

- More than \$8.87 million in donations, including:
  - \$2.18 million for community development, including financial literacy, housing, and small business projects
  - \$2.08 million post-secondary and PreK-12 education
  - \$1.52 million for human services and HIV/AIDS prevention
  - \$1.01 million for arts councils, museums and performing arts
  - \$865,670 for civic causes
  - \$851,500 for workforce development and adult literacy
  - \$349,500 for the environment

## Team Member Volunteerism

- Team members in San Francisco volunteered more than 57,000 hours in their local communities in 2015.

## Loans and Investments

- \$1.11 billion in home mortgage lending, including more than \$25 million for low and moderate-income borrowers
- \$265.6 million extended through 5,501 small business loans
- \$105.1 million in community development loans, including affordable housing, community services, economic development and revitalization
- \$45.6 million extended for 2,227 auto loans

File # 161132  
Received in Committee  
12/7/16  
Jm

## Wells Fargo: Committed to Making Things Right

Wells Fargo is a values-driven company, committed to our customers, our communities and providing high-quality banking and financial services. For more than 160 years, Wells Fargo has remained a strong American financial institution now has more than 260,000 team members across the United States and around the world.

**Wells Fargo's number one priority is to restore trust with our customers, team members and the American public.**

*"There are ways in which we behaved and did business that did not serve our customers, or our team members, or our investors or the many institutions and communities that rely on us to get things right." (Wells Fargo CEO Tim Sloan)*

- CEO Tim Sloan's primary objective is to restore trust in the bank. He is committed to continuing to take the decisive actions necessary to address issues already identified as well as those that may be discovered through an investigation underway by the Board of Directors.
- Wells Fargo is working to restore a culture in which team members feel comfortable raising concerns. This includes centralized oversight of ethics policies and processes, and leveraging external expertise, as well as team member feedback from a recent ethics and integrity survey, to identify additional opportunities for improvement.

**Wells Fargo has also initiated the following key actions:**

- Change in the leadership of the retail bank with the **appointment of Mary Mack**;
- **Refund of \$2.6 million** to customers for fees incurred by the potentially unauthorized deposit and credit card accounts;
- Development of a process to determine if customers experienced **any secondary harm**, such as credit score impact;
- **Expansion of the scope** of the review and remediation of customer accounts to include years 2009 and 2010. These account reviews are currently underway;
- **Outreach** to affected retail and small business customers to ensure that their concerns are being addressed;
- **Creation of a special HR team** to assist former team members who have raised concerns about their departure from the bank related to sales practices issues and determination of eligibility for rehire;
- Hiring additional risk professionals to **provide greater oversight** in the retail bank;
- **Elimination of product sales goals and development of a new performance plan for retail bankers.** As of October 1, 2016, product sales goals have been eliminated for retail bankers who serve customers in our bank branches and call centers. Next year, the bank will introduce a new performance plan for retail bankers that will be based on customer service, growth, and risk management;
- **Election of an independent Chairman** to lead the Board of Directors, and a new requirement that this role and the role of CEO be held by separate people;
- Implementation of procedures to send **automated emails to customers** after a personal or small business checking or savings account or credit card has been opened;
- Expansion of the company's **customer complaint servicing** and resolution process;
- Establishment of a **dedicated assistance line** for customers with concerns about their accounts, or any aspect of their relationship with Wells Fargo.

**Concerned Wells Fargo customers should call the customer assistance  
hotline: (877) 924-8697**



SAN  
FRANCISCO  
CHAMBER OF  
COMMERCE

File # 161132  
Received in Committee  
12/7/16  
jm

December 7, 2016

The Honorable Mark Farrell  
Chair, Budget and Finance Committee  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

RE: Item 19, File No. 161132 Ending Business with Wells Fargo

Dear Supervisor Farrell:

The San Francisco Chamber of Commerce, representing over 2,500 local businesses, urges the Budget and Finance Committee to table the proposed resolution setting various city policies regarding business relationships with Wells Fargo Bank.

Wells Fargo conducted its retail banking business in a manner that is unacceptable to Federal regulators, the bank's current management, its customers and the public at large. Wells Fargo has taken well publicized steps to correct the sales practices that resulted in this breach of trust and has put in place an action plan to lead the bank forward, re-establishing professional business relationships we all expect from financial services companies.

Our banking oversight system has investigated and penalize the bank for its actions. For the City and County of San Francisco to weigh-in now does nothing to protect the bank's customers or the general public. In fact, what the resolution seems to call for is a series of steps that could put thousands of San Franciscans out of work. Wells Fargo is the city's largest private employer, with 8,000 out of a Bay Area workforce of 17,000 people working in the city. Wells Fargo is also one of the region's largest charitable donors, making more than \$100 million of gifts over the last five years the Bay Area schools and non-profits organizations. And when the Occupy protesters trashed storefronts along Mission Street, Wells Fargo working with the city, donated \$250,000 to help merchants fund required repairs. This is a business we should work with, to see it continue to grow as an employer and good corporate citizen in our region.

City and County officials are rightfully concerned over the past actions of various bank managers and employees and should carefully review the steps Wells Fargo has and is taking to assure local officials and residents that systems and business philosophies are in place to prevent such breaches of trust from occurring in the future. But suggesting that historic business relationship should be terminated and our fellow resident's jobs be placed at risk makes little sense.

The San Francisco Chamber of Commerce urges the committee to table this resolution.

Sincerely,

Jim Lazarus  
Senior Vice President of Public Policy

cc. Supervisor Katy Tang, Supervisor Norman Yee, Mayor Lee

Print Form

RECEIVED  
IN BOARD  
10/18/16 @ 5:04 m  
AS  
Time stamp  
or meeting date

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.  
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission     Youth Commission     Ethics Commission
- Planning Commission     Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative**

**Sponsor(s):**

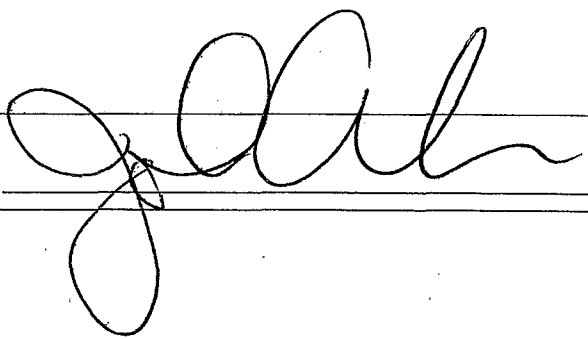
Supervisors Avalos, Kim, Campos

**Subject:**

Resolution - Ending Business with Wells Fargo

**The text is listed below or attached:**

[Empty box for text listing]

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Jon Givner, Deputy City Attorney, Office of the City Attorney  
George Gascon, District Attorney, Office of the District Attorney  
Jose Cisneros, Treasurer, Office of the Treasurer and Tax Collector  
Barbara Garcia, Director, Department of Public Health  
Ben Rosenfield, City Controller, Office of the City Controller

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee

DATE: November 4, 2016

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Supervisor Avalos:

**File No. 161132**

**Resolution setting policy to end all business with Wells Fargo, requesting the Controller to conduct an inventory of City business with Wells Fargo, urging the City Attorney and District Attorney to investigate the practices of Wells Fargo and the other big banks, urging the Treasurer-Tax Collector to provide advice on establishing a responsible banking ordinance, urging the Director of Health to report on the feasibility of revoking the renaming of "Wells Fargo Plaza" at San Francisco General Hospital, and urging the United States Office of the Comptroller of the Currency to explore if Wells Fargo's national banking charter should be revoked.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Brittany Feidelberg, Office of the City Attorney  
Cristine Soto DeBerry, Office of the District Attorney  
Maxwell Szabo, Office of the District Attorney  
Amanda Kahn Fried, Office of the Treasurer and Tax Collector  
Greg Wagner, Department of Public Health  
Colleen Chawla, Department of Public Health  
Todd Rydstrom, Office of the City Controller

