

1 [Ending Business with Wells Fargo]

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

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

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

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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, revealed that Wells Fargo Bank had been engaged
11 in widespread, illegal activities related to their consumer banking business, fining Wells Fargo
12 \$185,000,000 including a \$100,000,000 penalty from the CFPB, the largest such penalty the
13 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

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; now, therefore, be it

16 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
17 wishes to end all business with Wells Fargo Bank, as well as any other financial institutions
18 that are found to have engaged in the practice of fraudulently opening accounts; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors urges the Controller to conduct
20 an inventory of all financial dealings with Wells Fargo and an analysis of the feasibility and
21 implications of ending these dealings; and, be it

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

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

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

8 FURTHER RESOLVED, That the Board of Supervisors urges the Director of Public
9 Health to report on if the renaming of “Wells Fargo Plaza” at San Francisco General Hospital
10 continues to be in the best interests of the City and on the feasibility of revoking this renaming;
11 and, be it

12 FURTHER RESOLVED, That the Board of Supervisors urges the Office of the United
13 States Comptroller of the Currency to explore if Wells Fargo’s actions should lead to the OCC
14 revoking Wells Fargo’s national banking charter.

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