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California Extends Ban on Wells Fargo Business For at Least Another Year.

(Reuters) - California will extend sanctions against Wells Fargo & Co for at least another year, Treasurer John Chiang said on Monday, after the state suspended doing business with the bank in 2016 as punishment for a sales practices scandal.

Chiang cited progress by the bank in certain areas, but expressed concern over an “alarming drumbeat of news reports of egregious or illegal actions over the past year” in extending the sanctions, which apply only to business his office oversees.

In a statement, Wells Fargo spokesman Gabe Boehmer said the bank “is in the business of banking, not politics,” and had “met and exceeded all of Treasurer Chiang’s expectations.”

The sanctions, announced in September 2016, include suspending Wells Fargo as a managing underwriter on state negotiated bond sales. California manages a \$75 billion investment portfolio and is the nation’s largest issuer of municipal debt.

The sanctions also suspend state investments in all Wells Fargo securities and halt the use of Wells Fargo as a broker-dealer for investment purchasing.

Boehmer said on Monday Wells Fargo loaned \$500 million this year to California’s Department of Water Resources and had underwritten \$800 million in bond issuance for the state this year. He declined to disclose how much business Wells Fargo did with California before the ban was enacted.

Wells Fargo has acknowledged opening perhaps 3.5 million accounts in customers’ names without their permission, signing others up for unwanted auto insurance, charging some for a mortgage rate-lock feature they did not request and tacking other costly add-ons to accounts.

California’s decision comes less than a week after Ohio Governor John Kasich extended the state’s ban on Wells Fargo, saying the bank had not done enough to turn around its culture.

New York City, Chicago, Massachusetts, and Illinois have all enacted similar bans, though Boehmer said Chicago recently lifted its ban.

By REUTERS

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(Reporting by Dan Freed in New York; Editing by Susan Thomas)