

[Bond Case Briefs](#)

Municipal Finance Law Since 1971

[California Extends Wells Fargo's Ban From Bond, Investment Work.](#)

- **Nationwide backlash from scandal has cost bank business**
- **Extension cuts Wells off from one of biggest muni-bond issuers**

California extended its ban on hiring Wells Fargo & Co. because of the bank's fraudulent account scandal, leaving it cut off from one of the biggest municipal-bond issuers in the U.S.

Treasurer John Chiang on Monday said he decided to leave the sanctions in place against the San Francisco-based bank, whose reputation has suffered because of revelations employees opened bogus accounts in customers' names to meet sales quotas. Chiang's decision will prevent his office from hiring Wells Fargo as an underwriter or investment broker. The ban was first imposed in September 2016.

The scandal at Wells Fargo prompted a nationwide backlash, with public officials in New York and Illinois also moving to sever ties to the bank. Chief Financial Officer John Shrewsberry previously said such measures have cost it "tens of millions of dollars" in revenue, and it has lost ground to other municipal-bond underwriters this year.

Chiang said there has been an "alarming drum beat of new reports of egregious, unethical or illegal actions by the bank over the past year," including allegations that it denied loans to those brought to the country illegally as children and overcharged veterans for mortgages.

"The opaque manner with which the bank continues to do business and the frequency of new disclosures of wanton greed and lack of institutional control makes this decision so clear that there really was no choice at all," Chiang said in a statement.

Bloomberg Markets

By Danielle Moran

October 16, 2017, 12:01 PM MDT