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Chicago to Pull \$25 Million From Wells Fargo After Scandal.

Chicago Treasurer Kurt Summers plans to divest \$25 million the city has invested with Wells Fargo & Co. after the company admitted to opening potentially millions of bogus client accounts, joining state officials who have pulled business from the bank because of the scandal.

Summers, whose office manages the city's \$7 billion investment portfolio, plans to "unwind these assets as expeditious as possible in a fashion that is prudent and will protect taxpayer money," according to a statement from his office sent to Bloomberg News.

"The City Treasurer is proud to stand with working families from Chicago and across the nation by divesting in Wells Fargo & Co.," according to the e-mailed statement. "Chicago deserves better."

The move comes amid mounting pressure on Wells Fargo, which is facing a national furor over the fake accounts debacle. After California's treasurer barred the bank from bond and investment deals last week, Illinois Treasurer Michael Frerichs said he plans to take similar steps. On Monday, he said he's suspending \$30 billion in investment activity from Wells Fargo, which won't be a broker dealer for the state for at least a year.

Illinois won't be using Wells Fargo on any new bond sales until further notice, according to Governor Bruce Rauner's administration, which hasn't done any bond business with the bank.

Council Measure

"We are very sorry and take full responsibility for the incidents in our retail bank," said Gabriel Boehmer, a spokesman for Wells Fargo. "We have already taken important steps, and will continue to do so, to address these issues and rebuild the city's trust."

Chicago may take further steps to sever relations with the bank. Alderman Edward Burke, chair of the city council's finance committee, introduced a measure on Sept. 30 that would bar Chicago from doing business with Wells Fargo for the next two years. The plan, which will be considered at a finance committee meeting on Oct. 5, would prevent Chief Financial Officer Carole Brown, the comptroller and treasurer from using Wells Fargo as a municipal depository, bond underwriter, trustee in loan agreement, investment broker or financial adviser, according to a statement. The plan would also "encourage" pension funds to divest their Wells Fargo investments.

Chicago has paid Wells Fargo more than \$19 million since 2005, according to Burke's office.

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