

# **Bond Case Briefs**

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## **Illinois and Chicago Eye Wells Fargo Business Bans.**

CHICAGO — Wells Fargo & Co faces possible bans from doing business with the city of Chicago and the state of Illinois in the wake of its sales scandal that erupted earlier this month.

Alderman Edward Burke, who heads the Chicago City Council's finance committee, introduced an ordinance on Friday that would suspend the bank from acting in several capacities, including as a municipal depository, bond underwriter and financial adviser.

"The city council should not engage in any business for the next two years with this institution that has deceived, defrauded and duped its customers," Burke said in a statement.

Illinois Treasurer Michael Frerichs set a Monday news conference to announce "plans to suspend billions of dollars in investment activity with Wells Fargo," according to an advisory from his office on Friday.

Wells Fargo staff opened checking, savings and credit card accounts without customer say-so for years to satisfy managers' demand for new business, according to a \$190 million settlement with regulators reached on Sept. 8. The bank said it fired 5,300 employees over the issue.

On Wednesday, California State Treasurer John Chiang announced a sweeping suspension of the state's business relationships with Wells Fargo for the next 12 months. The bank is also under pressure from Oregon's treasurer to reform its management structure and executive compensation.

U.S. lawmakers called on Thursday for Wells Fargo chief John Stumpf to resign and a top House Democrat demanded the bank be broken up because it is too big to manage.

Chicago's finance committee is scheduled to take up the proposed ordinance on Wednesday. The city has paid Wells Fargo \$19.45 million in fees since 2005, according to the committee.

The bank served as senior underwriter on five Chicago bond issues totaling nearly \$969 million since 2006, according to Thomson Reuters data.

Wells Fargo made the list of 15 senior underwriters tapped by Illinois this month for bond sales over the next three years. A spokeswoman for Governor Bruce Rauner declined to comment on whether his office is rethinking Wells Fargo's selection.

By REUTERS

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(Reporting by Karen Pierog; Editing by Matthew Lewis)