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Wells Fargo May Exit Public Finance, Court Street Group Says.

Wells Fargo & Co. may be forced to leave the municipal-debt underwriting business for a short period of time because of the backlash from the bank's mishandling of client accounts, according to Court Street Group, a New York-based research and consulting firm.

- No consideration of leaving the business, Wells Fargo spokesman Gabriel Boehmer says in an e-mail response
- "We believe the long-term prospects for Wells Fargo in municipal finance remain very promising. We expect to continue to work closely with our clients in municipal finance and remain committed to the industry as a department and as a firm," Boehmer says
- Impact of California's ban of Wells Fargo in bond deals may exceed that of UBS Group AG exiting muni underwriting, says report by Court Street's Matt Posner, Bob Donahue and Joseph Krist
- Other states may follow suit and bar Wells Fargo from managing bond deals, report says
- Firm sees less demand for high-grade general obligations from states as the bank pulls back, report says

Bloomberg Markets

by Romy Varghese

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