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Wells Fargo's Sloan Expects to Regain Lost Business With States Within a Few Years.

Wells Fargo & Co. Chief Operating Officer Tim Sloan expects to make up lost business with state and local government agencies within a few years after some suspended dealings with the firm when it was caught opening legions of unauthorized accounts for customers.

"Our goal is to win back all of that business and more," Sloan said in a telephone interview on Monday. "Maybe it's a year, maybe it's two years, maybe it's longer than that. But we're going to win it back. There is no question in my mind."

California, Illinois and cities including Chicago and Seattle halted some dealings with Wells Fargo, such as using the bank to sell municipal bonds, after it agreed Sept. 8 to pay \$185 million to resolve claims that employees sought to meet sales targets by opening accounts without customers' permission. Federal prosecutors in New York and San Francisco have initiated their own inquiries. The bank faces a raft of lawsuits by fired or demoted workers, customers and investors.

Sloan said he was disappointed by some municipalities' decisions to suspend business or put the bank "on probation," but that it was also understandable. The firm's business with government entities "is the best in the industry," had been growing, "and we're going to work hard to win that business back," he said.

California's Push

California, the nation's largest issuer of municipal bonds, barred Wells Fargo last month from underwriting state debt and handling its banking transactions for a year. State Treasurer John Chiang, a Democrat who's running for governor in 2018, called on Chief Executive Officer John Stumpf to quit and threatened a "complete and permanent severance" of dealings if the firm doesn't change practices. He urged other states to follow suit.

Illinois's treasurer and Chicago's city council soon announced their own bans. And last week, Seattle said it's removing Wells Fargo from a \$100 million bond sale for its public utility, Seattle City Light, that was due to close this month.

Wells Fargo's government and institutional banking business accounted for about 3 percent of the almost \$26 billion of revenue generated by the firm's wholesale banking division last year, according to a May presentation. Governments make up a little less than half of the business, the presentation shows.

The company's stock has slid about 8 percent since last month's penalties were announced. It traded in New York at \$45.65 at 4 p.m. on Monday.

House Testimony

Last month, House Financial Services Committee Chairman Jeb Hensarling asked Wells Fargo executives including Sloan to sit for transcribed interviews as the panel examines the bank's sales

practices. While the lawmaker requested that talks happen in September, Sloan said on Monday that intermediaries are still working on the schedule and that he assumes a meeting may occur “in the next month or so.”

“I’m happy to sit down with them whenever they want to, for certain,” he said.

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by Laura J Keller

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