

Bond Case Briefs

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Wells Fargo, Banned by California, Finds Way to Still Land Bonds.

- **Bank wins bidding for \$554 million of state's debt sale**
- **As scandal takes toll, bank becomes bigger player in auctions**

Wells Fargo & Co. has been barred from being hired to underwrite California bond sales, but that hasn't kept it entirely on the sidelines.

The San Francisco-based bank won the bidding for \$554 million of California bonds that were sold in an auction Tuesday, according to data compiled by Bloomberg. That sale came just one day after Treasurer John Chiang said Wells Fargo wouldn't be picked for state investment work for at least another year, a result of the nationwide backlash against the bank following revelations employees opened bogus accounts in customers' names to meet sales quotas.

The ban applies only to sales managed by an underwriter hired in advance, a method used for about three quarters of municipal-bond offerings. Wells Fargo hasn't been barred from auctions.

The "purchase clearly shows that we will continue Wells Fargo's strong, decades-long commitment to the State of California in order to support its issuers and state residents," Phil Smith, who runs the lender's government and institutional banking unit, said in a statement Wednesday.

With public officials in New York, Washington and Illinois also moving to sever ties to the bank, Wells Fargo's municipal-bond business has lost ground, slipping two ranks to the seventh largest this year, according to data compiled by Bloomberg. It appears to be bidding more aggressively in auctions to offset some of the impact: This year, it's the third largest underwriter of debt sold by competitive bidding, up from sixth in 2016.

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