

May 31, 2017

The Honorable Bill de Blasio
Mayor, City Hall
New York, NY 10007

The Honorable Scott Stringer
Comptroller, One Centre Street
New York, NY 10007

The Honorable Jacques Jiha
Finance Commissioner, One Centre Street
New York, NY 10007

Dear Mayor de Blasio, Comptroller Stringer, and Commissioner Jiha:

The undersigned elected officials and organizations call on you as members of the New York City Banking Commission to remove Wells Fargo Bank from the City's list of designated banks. As you may know, Wells Fargo's federal regulator, the Office of the Comptroller of the Currency (OCC), recently downgraded the bank's CRA rating to "Needs to Improve," citing "an extensive and pervasive pattern" of discriminatory and illegal lending practices. Pursuant to the Rules of the City of New York, Wells Fargo is therefore ineligible to receive New York City deposits, as it no longer meets a minimum federal Community Reinvestment Act (CRA) rating of "Satisfactory." See Banking Commission (56 RCNY) § 1-03 (e)(1)(ii).

Given all the recent revelations regarding Wells Fargo, not to mention its notorious mortgage servicing history in New York City, we are pleased to see Wells Fargo's status as a NYC designated bank on the Commission's May 31, 2017 meeting agenda. We trust the City will not invoke the "necessity exception," included in the rules, to continue doing business with Wells Fargo, as doing so would be entirely inappropriate. In addition to immediately removing Wells Fargo from the list of designated banks, we urge the City to cancel, wherever possible, any and all existing contracts with the bank.

A bank has to be truly terrible to fall short of the City's CRA requirement, since [more than 98%](#) of depository banks receive a Satisfactory or better CRA rating from their federal regulator. The CRA requires banks to serve all communities within their service areas equitably, including low and moderate income neighborhoods, within the bounds of safe and sound banking principles. Wells Fargo, however, has not only treated New York City communities inequitably. It has also actively harmed them.

In its recent CRA examination report, the OCC emphasized Wells Fargo's "very poor" record of making mortgage loans to low-income borrowers in the New York City area. This pattern is especially troubling because Wells Fargo makes a remarkably high percentage of all home purchase and refinance mortgages for one-to-four family homes in New York City, 14% in 2015

(the most recent year for which data are available). The OCC pointed to disparities by Wells Fargo in its home mortgage and small business lending, and found that the bank's distribution of branch locations failed to meet the needs of New Yorkers living in low-income neighborhoods.

In September 2016, the Consumer Financial Protection Bureau (CFPB) imposed an historic \$100 million penalty on Wells Fargo for engaging in a giant fraud scheme, in which Wells Fargo employees opened more than 2 million fake accounts. Wells Fargo employees allegedly shifted funds from customers' existing accounts into the new accounts, racking up fees and other charges. The scheme was reportedly carried out in response to high-pressure sales quotas the bank imposed on its personnel.

Wells Fargo's fake accounts scandal falls within a long list of the bank's blatant harms to people, communities, and the planet. Here are but a few other examples, any one of which should serve as sufficient basis for not placing our municipal deposits with the bank:

- Wells Fargo has invested [more than \\$28 billion](#) in the fossil fuel industry, from 2013 through 2015 alone, including in coal mining, coal power, liquid natural gas export, and "extreme oil" -- propelling climate change and directly harming Indigenous Nations, frontline and other communities.
- Wells Fargo has invested \$467 million in the Dakota Access Pipeline, which violates long-standing Nation-to-Nation Treaties, negotiated between Indigenous Nations and the U.S./Canada. The pipeline violates sacred land, water and internationally-recognized Indigenous sovereignty, as well as violating Indigenous Nations' "[way of life, water, people and land.](#)"
- Wells Fargo has invested more than \$30 million in private prison companies, including GEO Group and CoreCivic, which specialize in immigrant detention centers and are profiting tremendously from the Trump administration's racist immigration policies.
- In August 2016, Wells Fargo entered into a \$4 million settlement with the CFPB after allegedly engaging in illegal private student loan servicing practices.
- In May 2016, the OCC assessed a \$70 million penalty against Wells Fargo for violating the \$25 billion multi-state settlement, entered into in February 2012, by the country's five largest mortgage servicers, the federal government, and 49 states (including New York).
- In October 2013, Wells Fargo entered into an \$869 million settlement with Freddie Mac for allegedly selling the government-backed firm toxic home loans.
- In July 2012, Wells Fargo agreed to a \$175 million settlement with the U.S. Department of Justice for allegedly steering Black and Latino borrowers into subprime loans. Some employees referred to borrowers as "mud people" and the loans as "ghetto loans."

Many neighborhoods of color in New York City continue to reel from the financial crisis. Indeed, in the aftermath of the foreclosure crisis and global economic meltdown that ensued, the

public has demanded greater accountability from Wall Street banks. Not enforcing the City's own rules regarding designated banks to maintain the status quo would be yet another glaring example of the big banks operating above the law.

Clearly, the City should hold all banks accountable to New Yorkers and to New York City neighborhoods. Indeed, it is critical that the City meaningfully address the broader public interest implications of where we place our municipal dollars (not to mention pension funds). For starters, the City should pursue progressive policies to ensure, at a minimum, that banks that finance climate change, or that harm New Yorkers or New York City neighborhoods, do not receive municipal deposits or get other City business. The City should also work with groups to pursue a publicly-accountable, mission-driven public bank for New York City.

We look forward to working with you in these endeavors.

Respectfully,

NYC Council Member Bill Perkins

NYC Council Member Donovan J. Richards

NYC Council Member Deborah Rose

NYC Council Member Helen Rosenthal

350NYC

American Indian Community House

American Indian Law Alliance

The Black Institute

Black Women's Blueprint

Center for Popular Democracy

Foreclosure Resisters

Green Education and Legal Fund

Make the Road New York

New Economy Project

New York Working Families

New York Communities for Change

The Working World

[List in Formation]