

March 28, 2022

VIA EMAIL

The Honorable Eric L. Adams
Mayor, New York City
City Hall
New York, NY 10007

The Honorable Brad Lander
Comptroller, New York City
One Centre Street
New York, NY 10007

The Honorable Preston Niblack
Commissioner, New York City Department of Finance
66 John Street, Room 104
New York, NY 10038

Dear Mayor Adams, Comptroller Lander, and Commissioner Niblack:

We, the undersigned 25 organizations, including members of the Public Bank NYC coalition, write to you in your roles as members of the NYC Banking Commission (“the Commission”) regarding the recent *Bloomberg Businessweek* investigation into Wells Fargo’s discriminatory mortgage lending practices.¹ For the reasons outlined below, we call on the Commission to revoke unconditionally Wells Fargo’s designation to hold City deposits.

As you know, all banks designated to hold City deposits must file with the Commission “a certificate setting forth that the bank adheres and will continue to adhere to all equal credit opportunity laws and that its board of directors has established and will adhere to a policy of nondiscrimination in the bank's delivery of banking services to all customers in New York City.”²

Yet, according to *Bloomberg*, Wells Fargo approved fewer than half of Black homeowners’ completed refinancing applications in 2020 – compared with 72% of white homeowners. New Economy Project analyzed federal Home Mortgage Disclosure Act data – the same data used by *Bloomberg* – for New York City and found deeper disparities still. **As the data below show, across the five boroughs, Wells Fargo denied Black homeowners at a rate more than double that of all other lenders in 2020.**

¹ <https://www.bloomberg.com/graphics/2022-wells-fargo-black-home-loan-refinancing/>

² The Rules of the City of New York, Title 22: Banking Commission

Mortgage Refinancing Application Denial Rates - New York City, 2020

Race/Ethnicity	Wells Fargo	All Other Lenders
Asian	34%	18%
Black	53%	26%
Latino	36%	21%
White	27%	17%

**Home Mortgage Disclosure Act data analyzed by New Economy Project.*

This alarming disparity – which indicates a clear violation of the City’s designation requirements – is only the latest in a long line of scandals and misconduct by Wells Fargo, and calls for unequivocal action by the Commission rescinding the bank’s designation.

In 2017, the Commission conditionally designated Wells Fargo as a depository, and the City began drawing down its accounts with the bank in response to a “double downgrade” of its Community Reinvestment Act (CRA) rating. In fact, racial and economic justice and environmental groups cited numerous rationales for removing Wells Fargo as a designated bank, including its funding of the Dakota Access Pipeline and flagrant violations of indigenous rights.³

Wells Fargo has long engaged in a dizzying array of discriminatory and unlawful activities, for which it has been penalized 220 times for a total of \$22 billion since 2000.⁴ To name just a few recent examples:

- In 2018, the U.S. Consumer Financial Protection Bureau and Office of the Comptroller of the Currency (OCC) assessed a \$1 billion penalty against Wells Fargo for charging borrowers improper fees to “lock” their mortgage interest rates.⁵
- In February 2021, the U.S. Department of Justice assessed a \$3 billion penalty related to the bank’s notorious “fake accounts” scandal.⁶
- In September 2021, the OCC assessed yet another penalty of \$250 million against Wells Fargo based on the bank’s unsafe and unsound banking practices related to its home lending loss mitigation programs and violations of an 2018 consent order meant to remedy these deficiencies.⁷

³ <https://actionnetwork.org/petitions/tell-the-nyc-banking-commission-to-defunddap1>

⁴ Violation Tracker, Good Jobs First

⁵ <https://www.consumerfinance.gov/about-us/newsroom/bureau-consumer-financial-protection-announces-settlement-wells-fargo-auto-loan-administration-and-mortgage-practices/>

⁶ <https://www.justice.gov/opa/pr/wells-fargo-agrees-pay-3-billion-resolve-criminal-and-civil-investigations-sales-practices>

⁷ <https://www.occ.gov/news-issuances/news-releases/2021/nr-occ-2021-95.html>

Notwithstanding these and other ongoing abuses by Wells Fargo, and ignoring further widespread opposition from New Yorkers, the Banking Commission decided last summer, in a rare 2-1 vote, that the City and its agencies could resume banking with Wells Fargo.⁸

The Commission must revoke Wells Fargo's designation to hold City deposits. We further urge the Commission to determine whether other designated banks have failed to meet the City's designation requirements and should therefore be prohibited from holding City deposits, pursuant to the City's rules and regulations. The *Bloomberg* analysis of mortgage refinancing data shows striking racial disparities across all lenders nationally, with 70% of Black and 78% of Hispanic applicants being approved for mortgage refinances in 2020, compared with 87% of white applicants.

Finally, we urge you to support – and take concrete actions toward establishing – a municipal public bank. Wells Fargo's latest scandal underscores the need for a public option for the City's deposits. Through public banking, the City can leverage its vast resources to equitably invest in affordable housing and other critical needs in historically-redlined Black, brown, and immigrant communities – something Wells Fargo and other big banks fail to do.

Please contact Andy Morrison at New Economy Project (andy@neweconomynyc.org) or Chris Fasano at Mobilization for Justice (cfasano@mfjlegal.org) with questions.

Sincerely,

Action Center on Race and the Economy
Brooklyn Level Up (BKLVLUP)
Carroll Gardens Association
Center for Family Life
Chhaya Community Development Corporation
Citizen Action of New York
Communities Resist
Cooper Square Committee
East Flatbush Village
East New York Community Land Trust
Food & Water Watch
Hopewell Care Childcare Cooperative
Legal Services Staff Association, UAW Local 2320
Lower East Side People's Federal Credit Union
Mobilization for Justice
New Economy Project
New York Communities for Change

⁸ <https://www.gothamgazette.com/opinion/10524-new-york-city-back-in-bed-bad-bank-but-better-way-public>

NYC-DSA Debt & Finance Working Group
NYPIRG
Public Bank NYC
Sixth Street Community Center
Strong Economy for All
Teamsters Local 237 Legal Services Plan
The Working World
Woodside on the Move