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## Concerning PR22-0188 – Wells Fargo Bank

**Resolved**, that ANC 1D advises the Council of the District of Columbia Committee on Finance and Revenue to recommend that the full Council consider and pass the resolution entitled *Sense of the Council Urging Reassessment of Relationship with Wells Fargo Resolution of 2017*.

ANC 1D further advises the following:

- That the District of Columbia Office of the Chief Financial Officer (OCFO) provide ANC 1D with record of public comment periods for any District financial action with Wells Fargo and with assessments of Community Development Plans as required by § 26–431.04 of the District of Columbia Code.
- That the District of Columbia Department of Insurance, Securities and Banking (DISB) conduct a study of commercial banks with the capacity to serve the District of Columbia government’s banking needs and to detail the banks’ investment portfolios, including the banks’ investments in the District and their provision of banking services in all 8 wards and to recommend, in consultation with the OCFO’s office, how DC government banking needs could be met by socially responsible commercial bank(s);
- That DISB make public its progress on a feasibility study (funded with \$200,000 from the FY 2018 budget) of a District of Columbia public bank.

**Why:** Despite the District of Columbia government’s recent emphasis on sustainability<sup>1</sup> and equitable growth<sup>2</sup> in citywide policies, the city is also a customer of Wells Fargo Bank—a bank which, in recent years, has committed pervasive account fraud<sup>3</sup>, engaged in lending discrimination against minorities<sup>4</sup> and alleged discrimination against immigrants<sup>5</sup>, and invested in the private prison<sup>6</sup> and non-renewable energy industries<sup>7</sup>.

1 “A Vision for a Sustainable D.C.” <http://www.sustainabledc.org/wp-content/uploads/2013/04/sustainable-dc-vision.pdf>.

2 “About DMPED”. Office of the Deputy Mayor for Planning and Economic Development. <https://dmped.dc.gov/page/about-dmped>.

3 “Consumer Financial Protection Bureau Fines Wells Fargo \$100 Million for Widespread Illegal Practice of Secretly Opening Unauthorized Accounts.” Consumer Financial Protection Bureau. September 8, 2016. <http://consumerfinance.gov>.

4 “Justice Department Reaches Settlement with Wells Fargo Resulting in More Than \$175 Million in Relief for Homeowners to Resolve Fair Lending Claims.” United States Department of Justice. July 12, 2017. <https://www.justice.gov/opa/pr/justice-department-reaches-settlement-wells-fargo-resulting-more-175-million-relief>.

5 “Lawsuit accuses Wells Fargo of denying student loans to young immigrants.” Los Angeles Times. January 30, 2017.

<http://www.latimes.com/business/la-fi-wells-fargo-daca-20170130-story.html>.

6 [https://www.inthepublicinterest.org/wp-content/uploads/ITPI\\_BanksPrivatePrisonCompanies\\_Nov2016.pdf](https://www.inthepublicinterest.org/wp-content/uploads/ITPI_BanksPrivatePrisonCompanies_Nov2016.pdf)

7 Keller, Laura J. “Wells Fargo Says It’s Obligated to See Dakota Pipeline Built.” Bloomberg. February 8, 2017.

<https://www.bloomberg.com/news/articles/2017-02-08/wells-fargo-customers-remain-reluctant-to-pursue-deals-cfo-says>

Because of Wells Fargo’s discriminatory and illegal activities, multiple cities and organizations across the United States have officially moved to divest from Wells Fargo & Company. The District of Columbia government has been a customer of Wells Fargo even as the bank engaged in the fraudulent, discriminatory, and environmentally damaging activities listed above. Currently, the city’s relationship with Wells Fargo consists of Wells Fargo managing the District’s \$2 billion general portfolio and the city paying Wells Fargo \$12 million as part of at least one financial services contract.

Of note for Mount Pleasant is that (1) Wells Fargo has engaged in discriminatory lending and hiring practices against people of color, (2) that the bank has invested in the private prison industry, which is notorious for the treatment of inmates and undocumented immigrants in prisons and other detainment centers; and (3) that the bank is currently under investigation for illegally denying student loans to young immigrants because of their citizenship status. According to 2016 Census estimates, foreign-born residents make up 27% of the population in Mount Pleasant, but only 14% of the population citywide. Thus, as commissioners representing Mount Pleasant, we have a unique and pressing responsibility to focus on citywide issues that have implications for the immigrant community.

The District’s own laws prevent its relationship with Wells Fargo from continuing. According to the District of Columbia Code § 26–431.06.f, “to apply for a deposit services contract with the District government, a financial institution must receive at least a ‘satisfactory’ rating on its most recent Community Reinvestment Act exam.” Wells Fargo received a grade of ‘needs to improve’ on its CRA exam as reviewed by the United States Office of the Comptroller of the Currency due to “an extensive and pervasive pattern and practice of discriminatory and illegal credit practices across multiple lines of business within the bank, resulting in significant harm to large numbers of consumers<sup>8</sup>.”

Additionally, the District of Columbia’s Office of the Chief Financial Officer (OCFO) has not shown evidence that it correctly enforced § 26–431.04 of the District of Columbia Code, which requires Community Development Plans from banks be posted for public comments as part of the OCFO’s assessment for any financial action. If the most recent contract(s) with Wells Fargo were awarded outside the guidelines in the District of Columbia Code, then these contracts should be ended and renegotiated with a bank that meets these requirements.

The government of the District of Columbia should not support financial institutions that discriminate against immigrants and people of color, commit countless acts of fraud, and invest in environmentally destructive projects. Indeed, the fact that the city engages in a partnership with Wells Fargo Bank violates the stated vision and laws and of the city itself. Instead, the District of Columbia government should partner with business entities and financial institutions—such as credit unions and/or a public bank—that are committed to engaging in responsible, equitable, and environmentally sustainable business practices and that are accountable to customers and citizens alike.

*Passed by 5 to 0 vote at the legally noticed, public meeting of ANCID on December 19, 2017, with a quorum present. Voting “yes”: Commissioners Karaffa, Romero-Latin, Stewart, Karrer, McKay. A quorum for this commission is three; five commissioners were present.*

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<sup>8</sup>“Community Reinvestment Act Performance Evaluation”. Washington, D.C.: Office of the Comptroller of the Currency, 2012. <https://www08.wellsfargomedia.com/assets/pdf/about/community-reinvestment/2016-wells-fargo-bank.pdf>.