

## MOTION

The City Treasurer in the Office of Finance has fiduciary responsibilities under the City Charter and the California State Constitution to act as the custodian of all taxpayer money deposited in the City Treasury. While the funds are on deposit, the Treasurer invests these funds in safe and secure investments to maximize the return on investment while minimizing risk to taxpayer funds. The Los Angeles City Treasurer's investment performance is one of the highest in the state relative to other public entities.

While it is important to generate strong investment returns, it is equally important that those funds be invested responsibly and in a manner consistent with City policies. The City recently approved amendments to the Responsible Banking Ordinance (CF 09-0234-S3) expressing the City's commitment to prevent "consumer-averse practices" by the City's financial institutions. This was not the case with Wells Fargo when, in May 2015, City Attorney Mike Feuer sued Wells Fargo over allegations that the company opened accounts without customers' consent, failed to notify customers that the accounts had been opened, and resulted in fees and other negative financial consequences for those affected. This lawsuit resulted in a settlement under which Wells Fargo will provide restitution to affected customers and will pay \$50 million in civil penalties.

The City Council supports the City Attorney's recent efforts to hold Wells Fargo accountable for mistreatment of its customers, thousands of whom are City residents and our constituents. The City currently holds over \$40M in securities with Wells Fargo that have a one to four year maturity.

It was recently reported that the Seattle City Council voted to break ties with Wells Fargo due to its financial support of the controversial Dakota Access Pipeline Project. Opponents of the Project have expressed concern that it will cause environmental devastation to the regions it crosses; including the lands of the Standing Rock Sioux. In 2016, the City adopted a Resolution (O'Farrell – Huizar – Koretz – Wesson; CF 15-0002-S220) expressing similar concerns of the Project and its impact on the Standing Rock Sioux.

The City has historically upheld strong principles protective of the environment and the health and welfare of its residents. Wells Fargo's support for the Dakota Access Pipeline Project is at odds with these principles.

Consistent with the City's commitments expressed in the Responsible Banking Ordinance, the City Council should instruct the Office of Finance to divest the City's holdings from Wells Fargo in a manner that protects taxpayers' interests, and reinvest those funds in responsible financial institutions that respect the rights of all individuals to be treated fairly, equitably and protects the environment.

I THEREFORE MOVE that the City Council request that the Office of Finance report to the City Council within 30 days with options for divestment from all holdings with Wells Fargo Bank, including recommendations on the following issues:

- Options for immediate divestment from any securities or holdings that may be held by, or through, Wells Fargo Bank, or divestment of these holdings after maturity, with instructions not to reinvest in these same holdings for a recommended period of time.
- Recommendations for broker actions that will trigger immediate reinvestment of proceeds from any divestment actions into responsible securities or holdings with other financial institutions that comply with the City's Responsible Banking Ordinance.
- Recommendations for ensuring that Wells Fargo Bank, and all other financial institutions that do business with the City, will treat all customers and City residents fairly and equitably in a manner consistent with the City's Responsible Banking Ordinance.

I FURTHER MOVE that the Office of Finance report on the status of the City's depository banking Request for Proposals (RFP) process, including details on what provisions are, or will be included in that RFP to ensure that the selected financial institution will not violate consumers' rights.

PRESENTED BY:



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SECONDED BY:



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