

TREASURER CHIANG SANCTIONS WELLS FARGO BANK



THE PROBLEM:

Wells Fargo admits that since 2011 employees have created millions of ghost bank and credit card accounts to boost sales figures and receive bonuses. The phony accounts were made using consumer's information without their knowledge or consent and resulted in unwarranted fees.

“ WELLS FARGO EMPLOYEES SECRETLY OPENED UNAUTHORIZED ACCOUNTS TO HIT SALES TARGETS AND RECEIVE BONUSES.”

RICHARD CORDRAY,
DIRECTOR OF THE CONSUMER
FINANCIAL PROTECTION BUREAU

WELLS FARGO

RIPPED OFF CONSUMERS BY CREATING:



1.5 MILLION

PHONY AND FRAUDULENT
BANK ACCOUNTS

85,000 OF THESE

OPENED ACCOUNTS
INCURRED

\$2 MILLION

IN FEES



565,000

CREDIT CARD ACCOUNTS WERE
CREATED WITHOUT CUSTOMERS'
KNOWLEDGE OR CONSENT

ROUGHLY **14,000**
OF THESE CREDIT CARD ACCOUNTS
INCURRED

\$403,145

IN FEES

3 WAYS WELLS FARGO VICTIMS WERE IMPACTED:

1. INTEREST RATES INCREASED
2. CREDIT RATINGS WERE IMPACTED
3. CHECKING AND DEBIT CARDS DRAINED BY UNNECESSARY FEES

“ HOW CAN I CONTINUE TO ENTRUST THE PUBLIC'S MONEY TO AN ORGANIZATION WHICH HAS SHOWN SUCH LITTLE REGARD FOR THE LEGIONS OF CALIFORNIANS WHO HAVE PLACED THEIR FINANCIAL WELL-BEING IN ITS CARE?”

STATE TREASURER JOHN CHIANG

SANCTIONS

Treasurer Chiang has suspended Wells Fargo from the following:

1. PURCHASING OF WELLS FARGO SECURITIES
2. AS A BROKER DEALER FOR THE PURCHASING OR TRADING OF INVESTMENTS
3. AS THE LEADING UNDERWRITER ON NEGOTIATED SALES OF CALIFORNIA STATE BONDS

THESE ACTIONS GO INTO EFFECT AS OF SEPTEMBER 28, 2016 AND WILL REMAIN IN PLACE FOR ONE YEAR.

THE SOLUTION:

As the state's banker, the Treasurer oversees nearly \$2 trillion in annual banking transactions, manages a \$75 billion investment pool, and is the nation's largest issuer of municipal debt. He has ordered the suspension of Wells Fargo's participation in its most highly profitable business relationships with the State of California.

TREASURER CHIANG CALLS FOR BANKING REFORM

THESE REFORMS WILL FOCUS ON ELIMINATING:

- ✓ DECEPTIVE MARKETING
- ✓ UNCESSARY FEES
- ✓ RACIALLY DISCRIMINATORY LENDING PRACTICES
- ✓ ILLEGAL KICKBACKS



“ I HAVE A DUTY AS A LEADER IN THE FINANCIAL MARKETPLACE TO TAKE ACTION AIMED AT HELPING BIG BANKS UNDERSTAND THAT INTEGRITY AND TRUST MATTER.”

STATE TREASURER CHIANG IN HIS LETTER TO WELLS FARGO

CALSTRS AND CALPERS HAVE MORE THAN \$2.3 BILLION INVESTED IN WELLS FARGO FIXED INCOME SECURITIES AND EQUITY

TREASURER CHIANG WILL WORK WITH CALPERS AND CALSTRS BOARDS TO SEEK THE FOLLOWING:

- Separation of the chief executive and chair positions.
- Development of an anonymous ethics reporting process and whistle-blower protection program.
- “Clawbacks” of ill-gotten compensation for executives most directly linked to Wells Fargo's deceptive and predatory sales practices.

FOR MORE INFORMATION ON WELLS FARGO BANK SANCTIONS, GO TO TREASURER.CA.GOV.