A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To declare the sense of the Council that the District of Columbia is committed to promoting fair and responsible banking and lending practices; and to call on the city to reassess its existing relationship with Wells Fargo and consider greater investment in local banks to support community growth.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “Sense of the Council Urging Reassessment of Relationship with Wells Fargo Resolution of 2017.”

Sec. 2. The Council finds that:

(1) The District of Columbia has long sought to protect the city’s interests and the public’s trust by managing and spending city funds in a fiscally responsible and prudent manner.

(2) The District of Columbia has passed legislation to strengthen the enforcement and authority of the Department of Insurance, Securities and Banking; passed legislation to
increase lending and other services to underserved borrowers and advanced legislation to encourage increased community development and investment by deposit-receiving institutions.

(3) Wells Fargo, the District of Columbia’s bank of record and the trustee of the District’s general obligation direct purchase bonds, has been under increased scrutiny over the past several years due to allegations of racial discrimination in lending practices, questionable sales tactics and the bank’s participation in financing the construction of the Dakota Access Pipeline.

(4) In 2012, following an extensive investigation, the U.S. Department of Justice alleged that between the years 2004 and 2009 Wells Fargo discriminated against African-American and Hispanic borrowers by steering them into subprime mortgages or charging them higher fees and rates on mortgages than White borrowers because of their race or national origin, rather than the borrowers’ credit worthiness or other objective criteria related to borrower risk.

(5) As a result of the aforementioned investigation, Wells Fargo and the U.S. Department of Justice reached a settlement resulting in more than $175 million in relief to homeowners, one of the largest settlements of its kind.

(6) Earlier this year, Wells Fargo agreed to pay $35.5 million to settle a class action race discrimination lawsuit, where a group of African-American financial advisers alleged that the company employed policies and practices that denied African-American advisers the same business opportunities as employees who were not African-American.

(7) In 2016, Wells Fargo was fined $185 million in penalties after it was alleged that Wells Fargo employees opened millions of unauthorized accounts without customers’ knowledge.
(8) Private prisons have contributed to and perpetuated mass incarceration and, in a 2016 report published by In The Public Interest, it was found that Wells Fargo is one of the private prison industry’s most dedicated lenders having extended to the Corrections Corporation of America (CCA) a $132.5 million line of revolving credit, of which CCA borrowed $65.4 million.

(9) The proposed Dakota Access Pipeline (DAPL) would transport over 570,000 barrels per day of fracked crude oil across North Dakota, South Dakota, Iowa and Illinois and emit the rough equivalent of nearly 30 coal plants or 21.4 million cars each year. Wells Fargo is one of the 15 financial institutions with direct investment into this project, which threatens the invaluable water supply for the Standing Rock Sioux Tribe.

(11) In light of the investigations; settlements, and politics of Wells Fargo several cities across the country including, San Francisco, CA; Seattle, WA; Alameda, CA; Davis, CA, Santa Monica, CA, Minneapolis, MN, and Takoma Park, MD have moved to divest or explore divesting from Wells Fargo.

Sec. 3. It is the sense of the Council that:

(1) We reaffirm the District of Columbia’s commitment to managing and spending city funds in a fiscally responsible and morally prudent manner.

(2) We declare that as part of that commitment, it is a priority for the District of Columbia to partner with business entities and financial institutions that are committed to engaging in fair and responsible business practices.

(3) The Chief Financial Officer should expeditiously reassess the District of Columbia’s existing relationship with Wells Fargo and consider full divestment.
(4) The Chief Financial Officer should consider the feasibility of establishing a public banking system, creating more stringent investment guidelines to ensure the city’s investments are socially responsible, and reinvesting in local banks to support community growth.

Sec. 4. The Secretary to the Council shall transmit copies of this resolution, upon its adoption, to the Mayor and the Chief Financial Officer.

Sec. 5. This resolution shall take effect immediately.