

Legislation Text

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Authorizing Council's Committee on Finance to hold hearings on the impact of the Wells Fargo Bank scandal on Philadelphians and the feasibility of removing Wells Fargo Bank as a City depository.

WHEREAS, Wells Fargo Bank, America's largest commercial bank by domestic assets, opened unauthorized bank, credit card, and other accounts for their customers on a massive scale. These accounts, for which consumers did not consent to or even know about, then triggered various fees, which were charged to consumers and eventually damaged many of their credit ratings; and

WHEREAS, Wells Fargo employees were pressured to implement this practice known as "cross-selling," in order to reach the mandated quota of eight (8) new accounts or banking products for credit cards applied for that were not authorized by customers; and

WHEREAS, Wells Fargo fired at least 5,300 employees, 90% of whom were non-management and paid on an hourly basis, for succumbing to such pressure, while no top executives were fired or lost bonus money. During the period that cross-selling of retail accounts was rampant, Wells Fargo stock values skyrocketed realizing personal gains to Wells Fargo CEO John Stumpf of upwards of \$200 million; and

WHEREAS, Wells Fargo has faced and settled numerous predatory lending cases filed by American cities and the federal government. In July 2012 Wells Fargo agreed to pay \$175 million in a multi-state settlement with the U.S. Department of Justice in response to issues of discrimination related to the bank's subprime mortgages. The discrimination issues were first raised in a federal lawsuit filed by Baltimore City where they alleged that Wells Fargo steered minorities into subprime loans, gave them less favorable rates than white borrowers and foreclosed on hundreds of Baltimore homes, creating blight and higher public safety costs; and

WHEREAS, It is appropriate and necessary for this Council to investigate the impact of these policies on its citizenry and whether the City of Philadelphia should deposit or invest taxpayer funds in financial institutions such as Wells Fargo, which promote policies that defraud its customers, blame its non-management employees for Executive decisions, and has a history of predatory lending practices against minorities; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby authorizes Council's Committee on Finance to hold hearings on the impact of the Wells Fargo Bank scandal on Philadelphians and the feasibility of removing Wells Fargo Bank as a City depository.