New York City Comptroller
John C. Liu

NEWS RELEASE

PR10-11-103 November 16, 2010
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NEW YORK CITY PENSION FUNDS CALL FOR INDEPENDENT AUDIT OF BANKS' MORTGAGE AND FORECLOSURE PRACTICES

Bank Shareholders Move to Hold Boards of Directors Accountable

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NEW YORK, NY - New York City Comptroller John C. Liu, on behalf of the trustees of the New York City Pension Funds, is calling on directors at Bank of America Corporation (NYSE: BAC), Wells Fargo & Company (NYSE: WFC), JPMorgan Chase & Co. (NYSE: JPM) and Citigroup Inc. (NYSE: C) to conduct an independent audit of their banks' mortgage and foreclosure practices. The four banks are the largest mortgage servicers in the country representing 56 percent of the nation's $10.64 trillion mortgage industry.

Comptroller Liu – the investment advisor, custodian and trustee of the New York City Pension Funds, collectively valued at $106 billion – made the request in a shareholder proposal filed at each of the four banks. The proposal calls for the Audit Committee of the Board of Directors at each bank to conduct an independent review of the bank's internal controls related to loan modifications, foreclosures and securitizations and to report their findings to shareholders by September 30, 2011.

"We raised concerns with the banks in July that misaligned incentives, inferior customer service and repeated requests for paperwork were undermining the loan modification process and leading to unnecessary foreclosures for homeowners," Comptroller Liu said. "The magnitude of these problems suggests a larger systemic failure with consequences that have not only adversely affected homeowners and become a drain on regional economies, but also left shareholders vulnerable to substantial liabilities.

"Directors are elected by shareholders and as shareholders we intend to hold them accountable," Comptroller Liu continued. "The banks are under intensive legal and regulatory scrutiny and the independent directors are ultimately responsible for compliance. It's time they step forward and reassure shareholders that the banks' internal controls are robust." Under both NYSE listing requirements and the banks' own governance documents, the Audit Committee of the respective boards -- typically comprised of independent directors -- is ultimately responsible for legal and regulatory compliance.

The shareholder proposal states that when the Boards of Directors report back to shareholders, the report should specifically address:

1. Policies and procedures to address potential financial incentives to foreclose when other options may be more consistent with the Company's long-term interests;
2. Whether management has allocated a sufficient number of trained staff; and
3. The Company's compliance with applicable laws and regulations, and its own policies and procedures.

The shareholder proposal (text in-full below) was recently submitted to the banks and is scheduled to appear on proxy statements to be voted upon at each bank's annual shareholder meeting between April and May 2011.

In response to reports of widespread irregularities at a number of large banks, including missing or faulty documentation, all 50 state attorneys generals launched a coordinated investigation into how lenders verified foreclosure documents. Numerous federal agencies are also reviewing bank foreclosure practices. While federal and state officials have focused on flawed foreclosures, an even bigger risk is that faulty paperwork will allow mortgage investors to force banks to repurchase troubled loans the banks had bundled and sold. Goldman Sachs estimated the four banks face potential losses of $26 billion.

The City Comptroller serves as the investment advisor to, custodian and trustee of the New York City Pension Funds. The New York City Pension Funds are comprised of the New York City Employees' Retirement System, Teachers' Retirement System, New York City Police Pension Fund, New York City Fire Department Pension Fund and the Board of Education Retirement System. The New York City Pension Funds hold a combined 137,864,102 total shares in Bank of America Corporation (NYSE: BAC), Wells Fargo & Company (NYSE: WFC), JPMorgan Chase & Co. (NYSE: JPM) and Citigroup Inc. (NYSE: C) for a combined asset value of $1,762,855,174.14 as of 11/12/2010.

TEXT IN-FULL OF SHAREHOLDER PROPOSAL:

Whereas:

COMPANY NAME ("Company") is a leading originator, securitizer and servicer of home mortgages.

Reports of widespread irregularities in the mortgage securitization, servicing and foreclosure practices at a number of large banks, including missing or faulty documentation and possible fraud, have exposed the Company to substantial risks.

According to these reports, the specialized needs of millions of troubled borrowers overwhelmed bank operations that were designed to process routine mortgage payments. As the New York Times (10/24/10) reported, "computer systems were outmoded; the staff lacked the training and numbers to respond properly to the flood of calls. Traditional checks and balances on documentation slipped away as filing systems went electronic, and mortgages were packaged into bonds at a relentless pace."

Morgan Stanley estimated as many as 9 million U.S. mortgages that have been or are being foreclosed may face challenges over the validity of legal documents.

Mortgage servicers are required to act in the best interests of the investors who own the mortgages. However, a foreclosure expert testified before the Congressional Oversight Panel that perverse financial incentives lead servicers to foreclose when other options may be more advantageous to both homeowner and investor.

Fifty state attorneys general opened a joint investigation and major federal regulators initiated reviews of bank foreclosure practices, including the Federal Reserve's examination of the largest banks' policies, procedures, and internal controls related to loan modifications, foreclosures and securitizations to determine whether systematic weaknesses led to improper foreclosures.

Fitch Ratings warned the "probes may highlight weaknesses in the processes, controls and procedures of certain [mortgage] servicers and may lead to servicer rating downgrades."

"While federal regulators and state attorneys general have focused on flawed foreclosures," reported Bloomberg (10/24/10), "a bigger threat may be the cost to buy back faulty loans that banks bundled into securities."

Mortgage repurchases cost Bank of America, Citigroup, JP Morgan Chase and Wells Fargo $9.8 billion in total as of September 2010, according to Credit Suisse. Goldman Sachs estimated the four banks face potential losses of $26 billion, while other estimates place potential losses substantially higher.

The Audit Committee of the Board of Directors is responsible for ensuring the Company has adequate internal controls governing legal and regulatory compliance. With the Company's mortgage-related practices under intensive legal and regulatory scrutiny, we believe the Audit Committee should act proactively and independently to reassure shareholders that the Company's compliance controls are robust.

Resolved, shareholders request that the Board have its Audit Committee conduct an independent review of the Company's internal controls related to loan modifications, foreclosures and securitizations, and report to shareholders, at reasonable cost and omitting proprietary information, its findings and recommendations by September 30, 2011.

The report should evaluate (a) the Company's compliance with (i) applicable laws and regulations and (ii) its own policies and procedures; (b) whether management has allocated a sufficient number of trained staff; and (c) policies and procedures to address potential financial incentives to foreclose when other options may be more consistent with the Company's long-term interests.

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Teachers' Retirement System:
Ranji Nagaswami, Mayor's Representative; Deputy Chancellor Kathleen Grimm, New York City Department of Education; Mayoral appointee Tino Hernandez; and Sandra March, Melvyn Aaronson and Mona Romain, all of the United Federation of Teachers.

New York City Police Pension Fund:
Mayor Michael Bloomberg; New York City Finance Commissioner David Frankel; New York City Police Commissioner Raymond Kelly (Chair); Patrick Lynch, Patrolmen's Benevolent Association; Michael Palladino, Detectives Endowment Association; Edward D. Mullins, Sergeants Benevolent Association; Thomas Sullivan, Lieutenants Benevolent Association; and, Roy T. Richter, Captain's Endowment Association.

New York City Fire Department Pension Fund:
Mayor Michael Bloomberg; New York City Fire Commissioner Salvatore Cassano (Chair);New York City Finance Commissioner David Frankel; Stephen Cassidy, President, James Slevin, Vice President, Robert Straub, Treasurer, John Kelly, Brooklyn Representative John Dunne, Captains' Rep.; James Lemonda, Chiefs' Rep., James J. McGowan, Lieutenants' Rep., Sean O'Connor, Marine Engineers.

Board of Education Retirement System:
Schools Chancellor Joel Klein, Mayoral: Philip Berry, Gitte Peng, David Chang, Tino Hernandez, Joe Chan, Tomas Morales, Linda Laursell Bryant, and Lisette Nieves; Patrick Sullivan (Manhattan BP), Gbubemi Okotieuro (Brooklyn BP), Dmytro Fedkowskyj (Queens BP), and Joan Correale (Staten Island BP); and employee members Joseph D'Amico of the IUOE Local 891 and Milagros Rodriguez of District Council 37, Local 372.

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