New York City Comptroller
John C. Liu

STATEMENT

PR12-04-042 April 24, 2012
Contact: Matthew Sweeney, (212) 669-3747 Page(s): 4

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LIU STATEMENT ON PROTESTS AT WELLS FARGO ANNUAL SHAREHOLDER MEETING

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NEW YORK, NY – New York City Comptroller John C. Liu issued the following statement in response to protests at Wells Fargo's annual shareholder meeting:

"We understand the sentiments voiced by the protestors. As a long-term shareowner, the NYC Pension Funds have asked in vain for the firm to root out and correct systemic flaws in its mortgage and foreclosure practices," Comptroller Liu said. "Today we repeated that request for the second year in a row. Until Wells Fargo and other large banks conduct independent audits of their housing-related policies, investors will lack assurances that they and the larger public are safeguarded against further economic damage. Today's protests should remind these banks that if they fail to improve future practices, their reputations and financial performance will suffer accordingly."

BACKGROUND:

New York City Comptroller John C. Liu serves as the investment advisor to, custodian and trustee of the New York City Pension Funds. The New York City Pension Funds are composed 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 13,067,127 shares of Wells Fargo, valued at $427,164,381.63 as of 4/23/2012.

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TEXT IN FULL OF THE SHAREOWNER PROPOSAL FILED AT WELLS FARGO, BANK OF AMERICA, AND CITIGROUP:

Resolved, shareowners request that the COMPANY NAME (the "Company") Board of Directors have its Audit Committee conduct an independent review of the Company's internal controls related to residential mortgage loan modifications, foreclosures and securitizations, and report to shareowners, at reasonable cost and omitting proprietary information, its findings and recommendations by September 30, 2012.

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

Supporting Statement

Widespread irregularities in the mortgage securitization, servicing and foreclosure practices at large banks, including missing or faulty documentation and possible fraud, have harmed homeowners and exposed the Company to extraordinary legal and regulatory scrutiny. "Faulty mortgages and foreclosure abuses have cost the nation's five largest home lenders at least $65.7 billion" since 2007, according to Bloomberg (9/16/11), "and new claims may push the industrywide total to twice that amount."

Experts have testified to Congress that perverse financial incentives are a root cause of the problems because they discourage servicers from acting in the best interests of mortgage investors, as is required, resulting in (a) wrongful and unnecessary foreclosures and (b) costly mortgage repurchases from investors due to breaches of representations and warranties.

A federal interagency review completed in April 2011 of the 14 largest mortgage servicers, including the Company, found foreclosure process weaknesses so severe that they had "an adverse effect on the functioning of the mortgage markets" and posed "significant risk to the safety and soundness of mortgage activities."

Federal regulators specifically "identified certain deficiencies and unsafe or unsound practices" in the Company's residential mortgage servicing and in its "initiation and handling of foreclosure proceedings."

The interagency review, however, "was limited to the management of foreclosure practices and procedures, and was not, by its nature, a full scope review of the loan modification or other loss-mitigation efforts," according to an FDIC statement.

The state attorneys general from nearly 50 states who are reportedly negotiating a $25 billion settlement with large banks to address improper foreclosure practices have also reportedly conducted few, if any, in-depth investigations.

The Dodd Frank Act empowers the Consumer Financial Protection Bureau to regulate abusive acts and practices, as well as those that are unfair or deceptive, an expansion of bank regulation that creates additional mortgage-related compliance risks for the Company.

These are among the reasons that shareowners cast between 22.8% and 39.5% of their votes in favor of a substantially similar proposal calling for an independent review of mortgage and foreclosure practices at the companies' 2011 annual meetings.

In September 2011, a year after extensive mortgage irregularities first surfaced, the acting head of the CFPB said the misaligned incentives that led to the "pervasive and profound" mortgage problems still persist.

We believe an independent review is necessary to reassure shareowners that the Company's mortgage-related compliance controls are robust.

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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, and John Kelly, Brooklyn Representative and Chair, Uniformed Firefighters Association of Greater New York; John Dunne, Captains' Rep.; James Lemonda, Chiefs' Rep., and James J. McGowan, Lieutenants' Rep., Uniformed Fire Officers Association; and, Sean O'Connor, Marine Engineers Association.

Board of Education Retirement System: Schools Chancellor Dennis Walcott; Mayoral: Eduardo Marti, Gitte Peng, Jeff Kay; Tino Hernandez, Judy Bergtraum, Freida Foster, and Linda Laursell Bryant; Patrick Sullivan (Manhattan BP), Gbubemi Okotieuro (Brooklyn BP), Dmytro Fedkowskyj (Queens BP), Wilfredo Pagan (Bronx BP) and Diane Peruggia (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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