



New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU: BANKS AGREE TO EXPAND CLAWBACKS TO COVER COSTLY MISCONDUCT

Capital One, Wells Fargo, and Citi Also Break New Ground on Disclosure

NEW YORK, N.Y. — City Comptroller John C. Liu today announced that the NYC Pension Funds have reached agreements with Capital One Financial Corp. (NYSE: COF), Citigroup (NYSE: C), and Wells Fargo & Co. (NYSE: WFC) to expand their policies on clawbacks to cover misconduct that causes financial or reputational harm. The agreements are in line with a new best practice established last year by three major banks and further raise the bar on accountability by strengthening companies’ disclosure of actual clawbacks above and beyond what may be legally required.

“Executives need to be held financially accountable for misconduct that harms the company, and that includes improper behavior and reckless risk-taking by those they manage,” Comptroller Liu said. “This is a vital step toward reining in out-of-control executive pay based on short-term gains. We commend these banks for strengthening the link between compensation and business integrity, which is central to creating long-term value, and for setting new standards of disclosure.”

All three banks adopted new policies empowering their respective boards of directors to recover, or “claw back,” incentive pay from executives who are responsible for misconduct that causes serious financial or reputational harm to their company, either through their actions or through a failure to supervise others. Previously, the boards could generally only claw back pay from executives who committed intentional or gross misconduct, a higher threshold that generally also results in termination, or in the event of a financial restatement.

The companies are also believed to be the first to adopt policies regarding disclosure of clawback actions taken, with the strongest commitment coming from Capital One. In the event of a clawback, Capital One will disclose the total amount clawed back in connection with any event, so long as the underlying event has already been publicly disclosed to investors.

In a positive step forward, Wells Fargo and Citigroup have committed to consider disclosure of their clawbacks on a case by case basis. Wells Fargo’s board “will determine whether and to what extent public disclosure of information regarding such clawback or recoupment, including

the amount of compensation and the executive(s) impacted, is appropriate.” Similarly, Citigroup will consider making public disclosures whenever a decision has been made to cancel deferred compensation payable to a senior executive responsible for costly misconduct.

The NYC Pension Funds and Comptroller Liu had filed shareowner proposals at the three banks, but withdrew them after the banks’ adopted significant changes to their current clawback policies. The banks have each paid hefty fines in recent years to settle allegations of deceptive or improper business practices. The new policies are intended to serve as a deterrent to future violations of company policy or law.

Background

In 2012, Comptroller Liu and the NYC Pension Funds reached agreements with Goldman Sachs, JPMorgan Chase, and Morgan Stanley regarding their clawbacks. The banks clarified that their clawback policies cover not just employees who engaged in reckless risk-taking or misconduct but also their supervisors.

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 held a combined 20,795,019 shares of Capital One, Citigroup, and Wells Fargo valued at \$867,595,449.42 as of 3/12/2013.

In addition to Comptroller Liu, the New York City Pension Funds’ trustees are:

New York City Employees’ Retirement System: Janice Emery, Mayor’s Representative (Chair); New York City Public Advocate Bill de Blasio; Borough Presidents: Scott Stringer (Manhattan), Helen Marshall (Queens), Marty Markowitz (Brooklyn), James Molinaro (Staten Island), and Ruben Diaz, Jr. (Bronx); Lillian Roberts, Executive Director, District Council 37, AFSCME; John Samuelsen, President Transport Workers Union Local 100; Gregory Floyd, President, International Brotherhood of Teamsters, Local 237.

Teachers’ Retirement System: Janice Emery, Mayor’s Representative; Deputy Chancellor Kathleen Grimm, New York City Department of Education; and Sandra March, Melvyn Aaronson (Chair) and Mona Romain, all of the United Federation of Teachers.

New York City Police Pension Fund: Janice Emery, Mayor’s Representative; 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; Louis Turco, Lieutenants Benevolent Association; and, Roy T. Richter, Captains Endowment Association.

New York City Fire Department Pension Fund: Janice Emery, Mayor’s Representative; 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: Joseph Lewis, Jeanette Moy, Ian Shapiro, Tino Hernandez, Judy Bergtraum, Allison Rogovin, and Milton Williams; Patrick Sullivan (Manhattan BP), Kelvin Diamond (Brooklyn BP), Dmytro Fedkowskyj (Queens BP), Robert Powell (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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