



# OFFICE OF ILLINOIS STATE TREASURER

MICHAEL W. FRERICHS

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**CONTACT:**

Paris Ervin 217.524.5749

Greg Rivara 312.814.1901

## **Treasurer Frerichs Signs Resolution Calling on Wells Fargo to Require Independent Board Chair**

*Frerichs Co-Files with Connecticut State Treasurer on Shareholder Resolution to Push for Changes to Bylaws*

**SPRINGFIELD** – Illinois Treasurer Michael Frerichs announced today that he has co-filed a shareholder resolution with Connecticut State Treasurer Denise L. Nappier to require a change to Wells Fargo bylaws. The change would require the Chair of the Board of Directors to become an independent member of the board.

“Wells Fargo’s predatory and illegal banking practices have proved that the company needs a set of independent eyes to ensure stronger, unbiased oversight,” Frerichs said. “Recent revelations demonstrate Wells Fargo’s weak internal controls. When the CEO also serves as Board Chair, essentially as his own boss, there is simply a lack of accountability at the highest level of the organization.”

The shareholder resolution requests the Board of Directors adopt a policy to separate the roles of the CEO and Board Chair. The resolution states that “the combination of the roles of Board Chair and CEO in a single person weakens a corporation’s governance structure, which can harm shareholder value.”

In August, Frerichs suspended \$30 billion in investment activity with Wells Fargo after the bank acknowledged it improperly opened more 1.5 million deposit accounts and over half a million credit card applications and violated the rights of military personnel by seizing vehicles without a court order.

Frerichs also suspended use of Wells Fargo as a broker dealer and ordered an audit to determine if, in addition to their other illegal activities, Wells Fargo violated Illinois’ unclaimed property laws.

The suspension of investment activity with Wells Fargo will remain in effect for one year. After this period, an evaluation of Wells Fargo corporate governance practices will be conducted.

The Illinois Treasurer’s Office holds approximately \$3 million in Wells Fargo securities.

The Consumer Financial Protection Bureau (CFPB) has announced that Wells Fargo will “pay full restitution to all victims and a \$100 million fine to the CFPB’s Civil Penalty Fund. The bank will also pay an additional \$35 million penalty to the Office of the Comptroller of the Currency, and another \$50 million to the City and County of Los Angeles.” In addition, the US Justice Department and the Office of the Comptroller of the Currency (OCC) has announced that Wells Fargo violated the Service members Civil Relief Act (SCRA) by engaging in a pattern of unlawful repossessions of vehicles spanning over more than seven years. The Justice Department imposed a \$4 million civil penalty and the OCC assessed a \$20 million civil money penalty against Wells Fargo for these violations.

### **About the Illinois Treasurer**

The Illinois Treasurer is the state’s chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. The treasurer oversees a portfolio worth more than \$25 billion. It includes approximately \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer’s Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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