

D I V E S T L A

The City of Los Angeles is committed to protecting the City's interests and the public's trust by managing and spending City funds in a fiscally responsible and prudent manner; and

As part of that commitment, it is a priority of the City of Los Angeles to conduct City business with partners who are committed to engaging in ethical business practices; and

The City Council passed a Resolution (CF15-0002-S220) in September 2016, proclaiming the City's support for the Standing Rock Sioux Tribe's opposition to the construction of the Dakota Access Pipeline (DAPL);

Wells Fargo and other financial institutions' investments in DAPL are contrary to the City's support of indigenous rights and environmental concerns as proclaimed in said resolution.

Wells Fargo's overly aggressive sales goals and quotas are contrary to the spirit of the City's Responsible Banking policy and caused harm to the community.

Banks that invest in renewable energy are aligned with the City's goals of a 100% renewable energy portfolio and a fossil-free future (CF 16-0243) signed 9/20/2016.

The City Council passed the Responsible Banking Ordinance, which included a Responsible Banking Investment Monitoring Program in 2012.

The City Council, in response to Wells Fargo's business practices, passed another motion in October 2016 calling for whistleblower protections, compliance with all consumer financial protection laws by bankers dealing with the City, and certification by the City Attorney that bidders are not engaged in consumer-averse practices such as predatory sales goals.

The City paid fees to private banks in the amount of \$109,821,552 in 2016 (City Controller) and these fees can be significantly reduced by the establishment of a Municipal Public Bank. A government that owns its own bank keeps the interest and reinvests it locally. Costs are reduced, and taxes can be cut or services can be increased. Banking and credit become public utilities, sustaining the local economy rather than mining it for private gain; and banks become safe places to store our money with a socially and environmentally responsible mission at its core.

Finally, according to the "Presentation to the City of Los Angeles Treasurer on the City's General Pool Investments," (2016) the City's investment portfolio includes financial institutions with histories of fraud, unethical business practices and investment in DAPL (Bank Tokyo-Mitsubishi, BNP Paribas, Wells Fargo, JPMorgan Chase, Bank of New York Mellon, Charles Schwab, PNC Bank, US Bank, Bank of America,) fossil fuel corporations (Exxon, Chevron) and tobacco (Philip Morris), investments incongruent with the City's aforementioned values.

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Our values are reflected by what we support with public funds. Supporting enterprises for social good reflects ethical values.

Therefore we move that the City:

Provide Wells Fargo and other financial institutions engaged in business with the City that are invested in DAPL, are predatory lenders, or have committed fraudulent acts, with immediate notice of the City's intention not to renew contracts.

Exclude Wells Fargo and other financial institutions invested in DAPL, that are predatory lenders, or have committed fraudulent acts, from the City's Request for Proposals (RFP) and refrain from making investments or engaging in business with those financial institutions for a minimum period of 2 years.

Produce a full report of all City accounts and investments (including pensions and bonds) with Wells Fargo and other financial institutions invested in DAPL, predatory lenders, or those that have committed fraudulent acts.

Incorporate into the Responsible Banking Investment Monitoring Program the following considerations based on a rating system to be developed:

- 1. Conduct business and invest with ethical, socially and environmentally responsible financial institutions that:**
 - Invest in sustainable, renewable energy in accord with the City's goals of having a 100% renewable energy portfolio (CF 16-0234)
 - Ensure transparency of their investments, policies, and practices
 - Support and invest in the local community, including disadvantaged communities
- 2. Refrain conducting business with or investing in financial institutions that engage in unethical practices that compromise the integrity of the community by:**
 - Predatory Lending
 - Fossil Fuel Investments
 - Money Laundering
 - Private Prison Investments
 - Fraudulent Practices
 - Mortgage Fraud/Fraudulent Foreclosures
 - Risky and Irresponsible Speculation
 - Arms Manufacturers
 - Border Wall Investments

Terminate contracts with banks and otherwise pursue legal remedies in case of a material breach of the Responsible Banking Investment Monitoring Ordinance, its

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amendments, or other consumer protection laws, with no penalty to the City of Los Angeles.

Conduct a feasibility study for consideration by the City Council on a City Public Bank with a social community development mandate.

Divest funds currently invested in:

- **Financial institutions with a history of corruption and/or investing in the Dakota Access Pipeline**
- **Fossil Fuels**
- **Tobacco**

Reinvest into renewable energy and social good funds.

Amend the City's Statement of Investment Policy to include socially and environmentally responsible investment criteria and establish a minimum quota of investment in social good and renewable energy funds that meet Environmental, Social and Governance (ESG) Criteria . The City shall make no investments in unethical or environmentally destructive industries.

By developing ethics standards for the City's funds and investments as well as a Public Municipal Bank with a socially and environmentally responsible mission, the City of Los Angeles takes a proactive role to create solutions for the people and the planet, reflecting values, ethics and character for the City and its leadership.