CALIFORNIA STATE TREASURER JOHN CHIANG

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Contact: Shawn Brouwer
916-653-2995

Treasurer Chiang to Wells Fargo: "Time for Sloan and Baker to Go"

DES MOINES, IOWA – California State Treasurer John Chiang during a meeting of Wells Fargo shareholders today in Des Moines, Iowa called for the removal of CEO Timothy Sloan and board member John D. Baker II.

Chiang said Sloan has failed to be "the change agent the bank needs." He also questioned why Baker failed to declare "Not on my watch," or raise the red flags that might have prevented the opening of 3.5 million bogus customer accounts.

"I am here today to deliver a message from the people of California," Chiang said. "Integrity and trust matter."

Wells Fargo has for generations partnered with the state and its municipalities to help build roads, schools, dams and other critical infrastructure. "Where is that bank today?" Chiang asked. "Wells Fargo is a shadow of its former self. Today, it is known more for systematically targeting our community's most vulnerable residents, including immigrants, seniors, veterans and communities of color."

Chiang previously sought the removal of seven board members who served during the bogus account controversy. Six have left or are about to vacate their board seats. One, Baker, remains.

He said he initially hoped that Sloan would succeed in turning the bank around. However, a year and a half after taking the reins, Chiang said that Sloan "has proven to be too much the champion of the old guard to be the change agent so desperately needed."

Since Sloan became CEO, regulators have moved to cap its growth to spur the board to address lapses in corporate governance and hammered it with record fines and penalties. The most recent – totaling a whopping $1 billion – was announced only three days ago.

Objecting to the $15 million in performance compensation shareholders were being asked to approve for Sloan on Tuesday, Chiang said, “Time has proven Mr. Sloan cannot drain the swamp, he has become it. It is time for him to go.”

Adding insult to injury already caused to victimized customers, Wells Fargo has forced consumers into binding arbitration rather than allowing them to sue in open court. Incredibly, the bank argues forced arbitration agreements customers agreed to when opening legitimate accounts also apply to bogus ones opened without consent.

“By pushing fraud cases into secretive, behind-closed-doors proceedings, Wells Fargo has used forced arbitration to keep scandals out of public view, allowing fraud to mushroom,” Chiang said.

Chiang asked the bank to stop forcing customers into arbitration when bogus accounts are involved.

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