



The Office Of State Treasurer  
Denise L. Nappier

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# Statement

FOR IMMEDIATE RELEASE  
October 13, 2016

## **STATEMENT OF CONNECTICUT TREASURER DENISE L. NAPPIER REGARDING WELLS FARGO'S LEADERSHIP ANNOUNCEMENT**

HARTFORD, CT – “The change in leadership structure of Wells Fargo comes as welcome news, and is a critical step toward restoring confidence in the bank. It is a good sign that the Board of Directors recognized the importance of separating the positions of Chief Executive Officer and Chairman of the Board.

Still, the Board's election of independent director Stephen Sanger as Board Chairman must be followed by concrete action to establish credible, independent Board stewardship that will improve both the management and the corporate culture of the company.

Here are a few specific recommendations toward these ends:

- The Board now needs to quickly complete its investigation of the company's retail banking sales practices, and immediately begin a self-evaluation of its own lapses in oversight that allowed these practices to persist for so many years.
- Going forward, there must be independent leadership of the board, and the company's bylaws should be amended to ensure that the Chairman of the Board remains independent of management. This common sense best practice will help reestablish confidence and accountability to the shareholders and customers of Wells Fargo.
- And last, but certainly not least, the Wells Fargo Board needs a new approach to risk management, as well as board refreshment through term limits and periodic replacement of some members to further strengthen the board's ability to provide independent oversight of the company.

The Board needs to take the lead in ensuring the company's culture of ethical practice is second to none.”

### ***Background on the Connecticut Treasurer's Office's relationship with Wells Fargo***

As Connecticut State Treasurer, Treasurer Nappier is an investor in Wells Fargo in her role as principal fiduciary of the \$30 billion Connecticut Retirement Plans and Trust Funds (“CRPTF”). The Connecticut Treasury also is a customer of the bank's bond underwriting, brokerage, and cash management services.

On September 23, Treasurer Nappier modified the assignment of lead banker for an upcoming sale of general obligation bonds. Citing “ongoing investigations associated with Wells Fargo, including the potential distraction and uncertainty for the bank,” Treasurer Nappier added Morgan Stanley as co-bookrunner for an October 17 and 18 GO bond sale alongside Wells Fargo. The addition of Morgan Stanley, Treasurer Nappier said, was made in an abundance of caution to help ensure the success of the sale. Wells Fargo had been assigned as the sole bookrunner of the underwriting team for the sale prior to the recent revelations of regulatory actions against the bank.

During Fiscal Year 2016, the Treasury’s Short-Term Investment Fund purchased \$4.5 billion in securities from Wells Fargo’s brokerage subsidiary, Wells Fargo Securities. Currently, the Short-Term Investment Fund is not conducting business with Wells Fargo pending an internal review of the situation.

In addition, Treasurer Nappier’s staff is reviewing the State’s other business relationships with Wells Fargo, including its holdings of securities through its pension and trust funds, and is closely monitoring ongoing investigations.

As of October 10, 2016, the CRPTF held Wells Fargo stock and fixed income instruments valued at \$122.2 million.

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