

PROPOSED RESOLUTION TO BAN FUTURE NEW BUSINESS  
WITH FELONIOUS FINANCIAL INSTITUTIONS

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**RESOLUTION OF THE OAKLAND CITY COUNCIL (1) BAN FOR TEN YEARS FUTURE NEW BUSINESS, INCLUDING USING INVESTMENT SERVICES OR BUYING COMMERCIAL PAPER OR BONDS, WITH FELONIOUS FINANCIAL INSTITUTIONS OR FINANCIAL INSTITUTIONS PAYING REGULATORY OR CIVIL PENALTIES OVER \$150 MILLION DURING A FIVE YEAR PERIOD, AND (2) TO UNWIND EXISTING RELATIONSHIPS TO THE GREATEST EXTENT POSSIBLE, AND (3) DIRECTING THE CITY ADMINISTRATOR OR HIS/HER DESIGNEE TO EXAMINE THE CITY'S BUSINESS DEALINGS AND FUTURE INVESTMENTS TO ASSURE THAT THE CITY COMPLIES WITH THIS POLICY, AND (4) URGING THE GOVERNING BOARDS OF THE OAKLAND MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (OMERS), THE OAKLAND POLICE AND FIRE RETIREMENT SYSTEM (PFRS), THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS), AND OTHER STATE AND LOCAL JURISDICTIONS TO BAN FUTURE NEW BUSINESS WITH ALL FINANCIAL INSTITUTIONS DESCRIBED IN THIS RESOLUTION, IN AN EFFORT TO SUPPORT THE GOAL OF PROTECTING PUBLIC FUNDS.**

WHEREAS, on May 20, 2015, Citigroup Inc., JP Morgan Chase & Co., Barclays Bank PLC, and Royal Bank of Scotland agreed to plead guilty to felony charges of conspiring to manipulate the price of U.S. dollars and euros exchanged in the foreign currency exchange spot market; and

WHEREAS, Citigroup Inc., JP Morgan Chase & Co., Barclays Bank PLC, and Royal Bank of Scotland each agreed to pay a criminal fines totaling more than \$2.5 billion in proportion to their involvement in the conspiracy; with Citigroup, Inc., agreeing to pay \$945 million, Barclays Bank PLC agreeing to pay \$650 million, JP Morgan Chase & Co. agreeing to pay \$550 million, and, Royal Bank of Scotland agreeing to pay \$395 million; and

WHEREAS, the London Interbank Offered Rate (LIBOR) is the primary benchmark for over 450 trillion dollars worth of financial products worldwide and this rate affects consumer credit cards, student loans, home mortgages, municipal derivatives and much more; and

WHEREAS, Barclays Bank PLC agreed to pay a \$60 million criminal penalty because its conduct constituted a federal crime that violated the terms of its June 2012 non-prosecution agreement with the US. Department of Justice concerning its manipulation of the LIBOR; and

WHEREAS, Barclays Bank PLC settled related claims with the New York State Department of Financial Services, the Commodity Futures Trading Commission and the United Kingdom's Financial Conduct Authority for an additional combined penalty of approximately \$1.3 billion; and

WHEREAS, UBS AG bank agreed to pay \$203 million criminal penalty because its conduct constituted a federal crime that violated the terms of its December 2012 non-prosecution agreement with the U. S. Department of Justice concerning its manipulation of LIBOR; and

WHEREAS, on May 20, 2015, the Federal Reserve announced that it was imposing separate fines totaling more than \$1.8 billion against six banks for their unsafe and unsound practices in the foreign exchange markets and that such fines were among the largest ever assessed by the Federal Reserve; and

WHEREAS, the Federal Reserve imposed fines of \$342 million on UBS AG, Barclays Bank PLC, Citigroup Inc., and JP Morgan Chase & Co., as well as, \$274 for Royal Bank of Scotland, and \$205 million for Bank of America Corporation; and

WHEREAS, the behavior of these banks is offensive and clearly displays a Wall Street culture in which several big banks broke the law with impunity as demonstrated by, among other things, a Barclay Bank's Vice President stating that, "If you ain't cheating you ain't trying;" and

WHEREAS, the federal government does not have the ability to fully protect the public from felony banks as demonstrated by, among other things, Barclay Bank's and UBS bank's recent breaches of their non-prosecution agreements with the U.S. Department of Justice for manipulating the LIBOR; and

WHEREAS, powerful banks have the political power to obtain favorable treatment from federal regulators including receiving U.S. Treasury Department exemptions and Security and Exchange Commission waivers which allow these same banks to conduct business as usual; and

WHEREAS, Oakland's Investment Policy has adopted a "Prudent Investors standard of care" for all its investments which states in relevant part that "all investments . . . shall be made with regard to the 'prudent Investor' standard of care . . . considering the probable safety of [the] capital as well as the probable income to be derived;" and

WHEREAS, said banks' criminal conduct and wrongful behavior should not be rewarded with future business dealings with Oakland; and

WHEREAS, the Council finds that Oakland's money is no longer safe in the hands of felonious banks or with banks that have paid regulatory or civil fines totaling \$150 million in a five year period and to continue doing business with such banks would constitute a breach of the prudent Investor standard of care; now therefore be it

RESOLVED: That the City Council hereby declares that it is the policy of the City of Oakland to ban for ten years future new business, including using investment services or buying commercial paper or bonds, with felonious financial institutions or with financial institutions paying regulatory or civil fines totaling \$150 million during a five year period, and to unwind existing relationships to the greatest extent possible.

FURTHER RESOLVED: That the City Administrator, or his/her designee, shall establish a procedure for determining which financial institutions have violated this policy in order to assure that the City complies with this policy by no later than July 2016, and periodically beyond; and be it

FURTHER RESOLVED: That the City Administrator, or his/her designee, shall provide the Council with annual report, no later than July 2016, and periodically beyond, which shall be available to the public, detailing City's compliance with this policy; and be it

FURTHER RESOLVED: That the City urges the governing boards of the Oakland Municipal Police and Fire Retirement System (OMERS), the Oakland Police and Fire Retirement System ((PFRS), and the California Public Employees' Retirement System (CALPERS); the elected governing boards of special district jurisdictions<sup>1</sup> that geographically intersect with Oakland; and, the city councils and board of supervisors of the nine Bay Area counties<sup>2</sup> to adopt a similar policy; and be it

FURTHER RESOLVED: That the City Administrator is directed to forward a copy of this enacted Resolution to the governing boards of OMERS, PFRS, and CALPERS; the elected governing boards of special district jurisdictions<sup>3</sup> that geographically intersect with Oakland; and, the city councils and board of supervisors of the nine Bay Area counties<sup>4</sup>; and be it

FURTHER RESOLVED: That this resolution shall take effect immediately upon passage.

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<sup>1</sup> AC Transit, BART, East Bay MUD, East Bay Regional Parks District, Peralta Community Colleges.

<sup>2</sup> Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

<sup>3</sup> See footnote one.

<sup>4</sup> See footnote two.