



**NURY MARTINEZ**  
COUNCILWOMAN, SIXTH DISTRICT

November 6, 2017

Honorable Members of the Budget and Finance Committee  
City Clerk  
City Hall, Room 395

**RE: Responsible Banking Investment Monitoring Ordinance (09-0234, 09-0234-S3)  
And General Banking Services Request for Proposal (17-1259)**

Dear Honorable Members:

The City of Los Angeles consistently strives to demonstrate a commitment to serving and advocating for Angelenos of all backgrounds, income levels, from all neighborhoods, and all degrees of vulnerability. Yet, before this committee are a Responsible Banking Ordinance (RBO) amendment and draft Banking Services Request for Proposals (RFP) which fall short of addressing practices that have disproportionately affected immigrant communities, communities of color, and the most financially vulnerable.

I firmly believe that both the draft ordinance and draft RFP can better convey and effectuate our commitment to Angelenos - that the City expects the highest level of financial and social responsibility from its banking and financial service providers. Rather than approve these two items, I request the Budget and Finance Committee instead request the City Attorney and instruct the Office of Finance to promptly resubmit new drafts for consideration which address the following:

**Responsible Banking Investment Ordinance**

Language should be added to the draft ordinance that requires commercial and/or investment banks to:

- Certify that they do not set individual-level or branch-level goals or requirements for the sale of a consumer financial services, and further certify that employee and management training and protocols are in place to prevent such practices
- Certify that the quantity of an employee's sales of consumer financial products or services is not a consideration for their termination, discipline, or advancement.
- Certify that the majority of any employee's compensation is NOT based on the quantity of sales of consumer financial products or services.

Attached to this letter is suggested language which I respectfully request this committee ask the Office of the City Attorney to review and consider for incorporation in the RBO.

### **Draft General Banking Services Request for Proposal**

As written, Organizational Capability (30 points) and Business and Technical Capability (30 points) have more point value in each respective scoring phase of the RFP than does Social Responsibility (20 points). These point allocations give the impression that the City values a firm's abilities and capacities more than it values a firm's commitment of social responsibility to Angelenos. However, in my opinion, the spirit of the RBO is that the City of Los Angeles recognizes a firm's commitment to social responsibility is of no less importance and no less significance than its ability and effectiveness to provide professional services. The Office of Finance should be instructed to:

- Withhold issuance/posting of the draft RFP dated November 2, 2017.
- Promptly transmit a new draft RFP which includes a recalibrated scoring structure which places equal value on Social Responsibility as it does on Organizational, Business, or Technical Capability.
- Report on the feasibility of social responsibility organizations being able to serve as references as part of the 10 points to be awarded.
- Report on the feasibility of social responsibility organizations being able to serve on any Evaluation or Interview Panel.

I recognize that the current contracts for City General Banking Services are set to expire on June 30, 2018. I believe that the changes recommended above can be completed in a timely manner and allow for the RFP process to be completed by the next fiscal year.

Sincerely,

  
NURY MARTINEZ  
Councilwoman, Sixth District

Attachment

## Attachment 1

The following language should be added to Sec. 20.95.1(c) of the proposed RBO amendment:

“furthermore, the bank shall certify in writing, in a manner approved by the City, that it does not utilize predatory sales goals/quotas for the sales of consumer financial products or services within the City. A sales goal is "predatory" if a goal is set at the individual or branch level, is based on the quantity of sales of a product or service, or is the basis of discipline or termination of an employee or is a majority of an employee's monetary compensation. Furthermore, the City shall prefer a prospective bidder to any Request for Proposal issued by the City for such things as commercial and/or investment banking contracts that certify in writing, in a manner approved by the City, that it does not: (i) base termination or discipline of any employee on the quantity of sales of a consumer financial product or service; (ii) set individual-level or branch-level sales goals or requirements for sales of a consumer financial product or service; and/or (iii) provide a majority of any employee's compensation based on the quantity of sales of a consumer financial product or service.”