

ORDINANCE NO. _____

An ordinance amending Section 20.95.1 of Chapter 5.1 of the Los Angeles Administrative Code regarding the Responsible Banking Investment Monitoring Program.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Section 20.95.1 of Chapter 5.1 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 20.95.1. Additional Disclosures Required From Financial Institutions.

The intent of the Responsible Banking Investment Monitoring Program is to spur community reinvestment by the City's financial institutions and underwriters and promote responsible consumer banking.

In addition to the disclosures required elsewhere in this chapter, banking institutions already providing City banking business or seeking City banking business also must disclose the following information through annual filings with the appropriate City official as described below:

(a) **Commercial banks:** An annual statement of community reinvestment activities. The statement shall be specific to the City of Los Angeles and contain, at a minimum, the following information: the number, size and type of small business loans; the number of home mortgages; the number of home improvement loans; the number of community development loans; and the number of investments within the City of Los Angeles. The information shall be provided by census tract for the year immediately predating the filing. In addition, the statement shall also include the institution's participation in the City's foreclosure prevention and home loan principal reduction programs and any other similar programs reported by census tract, and its federal Community Reinvestment Act (CRA) score.

"Commercial bank" shall be defined for purposes of this chapter as a banking institution that accepts cash deposits for checking and savings accounts from customers and uses those cash deposits to issue loans.

The statement required by this section shall be filed by July 1st of each year with the City Treasurer, who shall make this information available to the public on its official website within 60 days after it is filed. The information required by this section shall be first filed by the commercial bank when it applies to receive City deposits or other commercial banking business with the City, and shall be updated annually as long as the bank continues to receive or seek City business.

(b) **Investment banks:** A statement of their corporate citizenship, which, at a minimum, shall include participation in charitable programs or scholarships within the City during the year immediately predating the filing, and internal policies regarding utilization of subcontractors who are designated as "women owned," "minority owned," or "disabled" business enterprises.

"Investment bank" shall be defined for purposes of this chapter as a financial institution that provides underwriting services including the buying and selling of stocks, bonds and other securities and other debt related services.

The statement required by this section shall be filed by July 1st of each year with the City Administrative Officer, who shall make this information available to the public on its official website within 60 days after it is filed. The information required by this section shall be first filed by the investment bank when it applies to participate in the City's selling of municipal indebtedness or other investment business with the City and shall be updated annually as long as the financial institution continues to receive or seek City business.

The City Administrative Officer, or the relevant City department, including proprietary departments, will produce a matrix of the information provided by the financial institutions, as defined by the City Administrative Officer, whenever a financial transaction is transmitted to the City Council for approval.

A financial institution that has both commercial and investment branches shall be subject to the type of disclosure associated with the kind of City business it pursues: cash deposits or other types of commercial banking services; or the selling of securities or other debt related services.

An investment bank shall not be subject to disclosure requirements identified in Section 20.95 as long as it seeks only investment banking business as defined above. If the financial institution seeks the City's commercial banking business, then that financial institution is subject to all of this chapter's requirements.

(c) In order to promote responsible consumer banking, in addition to the disclosures mentioned in Subsections (a) and (b), a commercial and/or investment bank shall inform the City, in writing and at the earliest time legally allowed, of any pending investigation and enforcement action undertaken by federal, state or local agencies against the bank; furthermore, the bank shall certify in writing, in a manner approved by the City, that it has whistleblower protection policies for bank workers who report suspected illegal banking practices to law enforcement authorities.

(d) In addition to the other disclosures required by this section, a commercial and/or investment bank shall certify, in writing, in a manner approved by the City whether:

(1) It is currently in compliance with all applicable consumer financial protection laws, including any law or regulation that prohibits illegal predatory consumer adverse practices, including those used as a basis for an employee's compensation, promotion, or discipline;

(2) It sets or allows individual or branch-level goals or requirements for the sale of a consumer financial service;

(3) It considers the quantity of an employee's sales of consumer financial products and services as a basis for the employee's advancement, discipline, termination, or compensation; and

(4) It has policies, protocols, and trainings in place at both the employee and management level to help prevent the abuse of sales of consumer financial services and products.

(e) The information requested by this section shall be disclosed on a form to be provided by the City, and signed by an authorized representative of the bank under penalty of perjury. The disclosure statements filed by a banking institution shall be posted on the appropriate City websites for public viewing within 60 days of the beginning of each new City fiscal year, and be available for public inspection and copying.

Sec. 2. Severability. If any provision of this ordinance is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity shall not affect the remaining provisions of this ordinance which can be implemented without the invalid provisions, and to this end, the provisions of this ordinance are declared to be severable. The City Council hereby declares that it would have adopted this ordinance and each provision thereof irrespective of whether any one or more provisions are found invalid, unconstitutional or otherwise unenforceable.

Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By Valentin Dinu
VALENTIN F. DINU
Assistant City Attorney

Date March 23, 2018

File No. _____

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I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____