

Wells Fargo Supports Banking and Home Buyers in Low-Income Areas

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Wells Fargo proved during the financial crisis that it could move quickly to seize an opportunity, pouncing on Wachovia Bank in 2008 when its troubled peer was on the verge of failure.

With the economy on the upswing, Wells Fargo is now showing that it can be just as opportunistic with its philanthropy.

In 2007, Wachovia agreed to sponsor the Next awards, a program operated by Opportunity Finance Network that provides millions of dollars each year to innovative nonprofit groups that provide banking services in neighborhoods with a lot of poor people.

Wells Fargo inherited Wachovia's \$16.75-million, five-year commitment, but Mark Pinsky, Opportunity Finance's president, says that other banks were approaching him about taking over sponsorship of the awards as the initial commitment wound down.

Mr. Pinsky scheduled a meeting with Wells Fargo and presented a plan to keep the company on as sponsor for five more years, through an identical \$16.75-million commitment.

"We sat down and said 'Here's what we're thinking,' and they said, 'We're in,'" Mr. Pinsky recalls. "Their decision to renew took less than 30 seconds."

... Motivation Questioned

Some skeptics of giving by banks view Wells Fargo's huge grant in 2012 as an attempt to atone

for its sins during the housing crisis.

Last year, Wells Fargo settled with the Justice Department over accusations that the company's independent brokers had steered black and Hispanic residents into costlier mortgages than they did with white borrowers having the same credit risk. In July, some four months after launching NeighborhoodLIFT, Wells Fargo started a similar program called CityLIFT in eight cities as part of the settlement. Wells Fargo admitted no wrongdoing in the settlement and no longer uses independent brokers.

"Considering that Wells Fargo intentionally discriminated against black and Latino borrowers, it seems only right that they would target more of their philanthropy to help those very same people achieve homeownership," says Sean Dobson, field director at the National Committee for Responsive Philanthropy, who wrote a report last year that was critical of bank philanthropy.

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