

August 19, 2019

C. Allen Parker
Interim Chief Executive Officer and President
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Dear Mr. Parker:

I write to request more information about reports that Wells Fargo has kept customers' accounts active for months after telling them they were closed, and charged them hundreds or even thousands of dollars in overdraft fees for charges made against these "closed" accounts.¹

In the nearly three years since reports emerged that the Wells Fargo had forced employees to open millions of fake accounts, regulators and investigators have uncovered more than a dozen incidents where the bank has broken the law and scammed its consumers.² After many of these incidents, Wells Fargo leadership promised wholesale reform, committing, for example, to "become the most customer-focused, efficient, and innovative Wells Fargo," and that "accountability and transparency would define our efforts."³ The bank even launched a splashy publicity offensive claiming that the bank has been "transformed" and that it is a "fundamentally different company today."⁴

But these new revelations raise grave concerns that despite these assurances, Wells Fargo is still fundamentally broken and has not only continued to scam customers out of thousands of dollars with impunity, but has even targeted customers who were attempting to leave the bank – and may have been victims of previous scams -- to unfairly collect one final set of lucrative fees for Wells Fargo.

¹ New York Times, Wells Fargo Closed their Accounts but the Fees Continued to Mount, Emily Flitter, August 16, 2019, <https://www.nytimes.com/2019/08/16/business/wells-fargo-overdraft-fees.html>.

² See e.g., Letter from Senator Elizabeth Warren to Federal Reserve Board of Governors Chairman Jerome Powell, October 18, 2018, <https://www.warren.senate.gov/imo/media/doc/2018.10.18%20Letter%20to%20Fed%20Chairman%20Powell%20on%20Growth%20Restriction.pdf>; Letter from Senator Elizabeth Warren to Federal Reserve Chair Jerome Powell, February 22, 2019, <https://www.warren.senate.gov/oversight/letters/following-revelations-about-fraud-at-wells-fargo-sen-warren-writes-to-fed-chair-dont-remove-growth-cap-until-tim-sloan-is-fired>.

³ House Financial Services Committee, "Testimony of Timothy J. Sloan, President and CEO, Wells Fargo & Company," March 12, 2019, <https://financialservices.house.gov/uploadedfiles/hhrg-116-ba00-wstate-sloant-20190312.pdf>.

⁴ Wells Fargo "Wells Fargo Launches 'Re-Established,' a New Brand Campaign," May 7, 2018, <https://newsroom.wf.com/press-release/marketing-and-sponsorships/wells-fargo-launches-re-established-new-brand-campaign>.

According to a report last week in the *New York Times*, Wells Fargo routinely keeps open accounts that customers have closed after their money has been transferred out of the account, causing the account to accrue overdraft fees anytime an additional charge – even a fraudulent charge – hits the account.⁵ While the full scope and magnitude of this problem are not yet clear, one customer reportedly indicated that he was charged almost \$1,500 in fees on his “closed” account and a single company whistleblower apparently took in approximately \$100,000 in overdraft fees in just eight months.⁶ Customers who are affected can pay a heavy price – they “usually learn what happened only after their overdrawn accounts are sent to Wells Fargo’s collections department ... [and are] reported to a national database ... which compiles names of delinquent bank customers ... [t]hat often means a customer cannot open a new bank account anywhere.”⁷ Moreover, according to reports, customers who attempted to mitigate the problem with Wells Fargo employees were told “[t]he accounts are closed out – we cannot do anything.”⁸

Wells Fargo appears to have been warned about the widespread impact of this scam on customers, but failed to take action. According to reports, the bank has received numerous “complaints from customers and employees ... complaints to the Consumer Financial Protection Bureau,” and public comments to the “Community” section of Wells Fargo’s website and other online forums.⁹ Notably, Wells Fargo’s approach to closed accounts differs from other banks, which typically stop honoring all transactions on the specified account closure date.

This is the just the latest example of Wells Fargo swindling its customers.

- Between January 2012 and July 2016, “[m]ore than 800,000 people who took out car loans from Wells Fargo were charged for auto insurance they did not need ... pushing roughly 274,000 Wells Fargo customers into delinquency and result[ing] in almost 25,000 wrongful vehicle repossessions.” Active-duty service members were among those harmed.¹⁰ Wells Fargo signed settlements with 50 states,¹¹ the OCC and the CFPB¹² to resolve those claims.
- Even after they were caught, Wells Fargo failed to refund money owed to customers who had paid off their car loans early. “Tens of thousands of customers” may have been

⁵ New York Times, Wells Fargo Closed their Accounts but the Fees Continued to Mount, Emily Flitter August 16, 2019, <https://www.nytimes.com/2019/08/16/business/wells-fargo-overdraft-fees.html>.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ The New York Times, “Wells Fargo Forced Unwanted Auto Insurance on Borrowers,” July 27, 2018, <https://www.nytimes.com/2017/07/27/business/wells-fargo-unwanted-auto-insurance.html>.

¹¹ The American Banker, “Wells Fargo to pay state regulators \$575M over phony accounts, other scandals,” December 28, 2018, <https://www.americanbanker.com/news/wells-fargo-to-pay-state-regulators-575m-over-phony-accounts-other-scandals>.

¹² CNN Business, “Wells Fargo fined \$1 billion for insurance and mortgage abuses,” April 20, 2018, <https://money.cnn.com/2018/04/20/news/companies/wells-fargo-regulators-auto-lending-fine/index.html>.

denied proper refunds. A spokesperson for the bank admitted that the failure stemmed from “a lack of oversight and controls.”¹³

- For years, Wells Fargo “charged monthly fees to customers for dozens of products they didn’t understand or know how to use.”¹⁴ These add-on charges were particularly egregious because the bank had entered into a consent order in 2015 with the Office of the Comptroller of the Currency (OCC) about similar improper charges.¹⁵
- In 2015, the OCC found deficiencies in Wells Fargo’s internal controls related to Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) rules in the Wholesale Banking Group. The consent order noted that “the Bank has failed to make acceptable substantial progress toward correcting previously identified BSA/AML problems that were previously brought to its attention.”¹⁶
- Between January 2008 and July 2015, Wells Fargo repossessed vehicles belonging to 450 members of the military in violation of the Servicemembers Civil Relief Act (SCRA).¹⁷ And a second set of different SCRA violations came to light in a September 2016 settlement with the Department of Justice.¹⁸
- Between April 2010 and October 2015, Wells Fargo made “calculation errors” that denied loan modifications to 625 eligible homeowners, leading to approximately 400 wrongful foreclosures.¹⁹
- Between March 2013 and August 2017, Wells Fargo failed to properly compensate certain lower-level employees for legally required break periods. A federal judge ordered the bank to pay more than \$97 million in damages.²⁰

¹³ The New York Times, “Wells Fargo, Awash in Scandal, Faces Violations Over Car Insurance Refunds,” August 7, 2017, <https://www.nytimes.com/2017/08/07/business/wells-fargo-insurance.html>.

¹⁴ Wall Street Journal, “Wells Fargo’s Latest Challenge: Refunds for Pet Insurance, Legal Services,” Emily Glazer, July 19, 2018, <https://www.wsj.com/articles/wells-fargos-latest-challenge-refunds-for-pet-insurance-legal-services-1532009933>.

¹⁵ Comptroller of the Currency, In the Matter of Wells Fargo Bank, National Association, Sioux Falls, South Dakota, AA-EC-2018-15, <https://www.occ.gov/static/enforcement-actions/ea2018-025.pdf>.

¹⁶ *Id.*

¹⁷ Department of Justice, “Justice Department Obtains \$5.4 Million in Additional relief to Compensate Servicemembers for Unlawful repossessions by Wells Fargo Dealer Services,” November 14, 2017, <https://www.justice.gov/opa/pr/justice-department-obtains-54-million-additional-relief-compensate-servicemembers-unlawful>.

¹⁸ *Id.*

¹⁹ Securities and Exchange Commission, Form 10-Q, Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2018, Wells Fargo & Company, <https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/sec-filings/2018/second-quarter-10q.pdf>.

²⁰ CNN Business, “Wells Fargo owes \$97 million to California workers,” Matt Egan, May 10, 2018, <https://money.cnn.com/2018/05/10/news/companies/wells-fargo-worker-lawsuit-97-million/index.html>.

- Wells Fargo disclosed in March 2018 that federal agencies were looking into the bank’s wealth management business.²¹ The federal agencies were examining “whether there have been inappropriate referrals or recommendations, including with respect to rollovers for 401(k) plan participants, certain alternative investments, or referrals of brokerage customers to the company’s investment and fiduciary services business.”²²
- Wells Fargo employees in the bank’s Wholesale Banking Group reportedly changed information on business customers’ documents without authorization²³ and the Department of Justice is investigating whether “there is a pattern of unethical and potentially fraudulent employee behavior tied to management pressure.”²⁴
- Wells Fargo has struggled to effectively remediate customers who were harmed by the company’s misdeeds. It sent out 38,000 “erroneous communications to customers that it forced to buy unneeded auto insurance.” It “sent refunds to people who weren’t the bank’s customers; notified those who were harmed of incorrect amounts to be paid; and told people of coming refunds even though they had never gotten insurance.”²⁵ It did not promptly provide refunds to “as many as 110,000 customers who were charged improper fees to extend interest-rate commitments they received from Wells Fargo on their mortgages.”²⁶ And it planned to create a refund request process that required customers “to agree to a refund through the mail before sending them money,” despite its own estimates that “half or fewer” of affected customers would take the necessary steps to secure a refund.²⁷ In September 2018, the OCC rejected Wells Fargo’s plan for remediating customers pushed into unneeded auto insurance, finding that the bank was not doing enough “to ensure that it has found and compensated every affected driver.”²⁸
- In a February 2018 report, the Consumer Financial Protection Bureau (CFPB) found that Wells Fargo charged students three times more than its competitors for financial products

²¹ Securities and Exchange Commission, Form 10-Q, Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended May 31, 2018, Wells Fargo & Company, <https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/sec-filings/2018/first-quarter-10q.pdf>.

²² *Id.*

²³ Wall Street Journal, “Wells Fargo Employees Altered Information on Business Customers’ Documents,” Emily Glazer, May 17, 2018, <https://www.wsj.com/articles/wells-fargo-employees-altered-information-on-business-customers-documents-1526564170>.

²⁴ Reuters, “U.S. Probing Wells Fargo’s Wholesale Banking Unit: WSJ,” September 6, 2018, <https://www.reuters.com/article/us-wells-fargo-probe/u-s-probing-wells-fargos-wholesale-banking-unit-wsj-idUSKCN1LM28O>.

²⁵ Wall Street Journal, “Wells Fargo Fumbles Effort to Repay Aggrieved Customers,” Gretchen Morgenson and Emily Glazer, February 10, 2018, <https://www.wsj.com/articles/wells-fargo-struggles-to-repay-aggrieved-customers-1518295023>.

²⁶ Wall Street Journal, “Wells Fargo Fumbles Effort to Repay Aggrieved Customers,” Gretchen Morgenson and Emily Glazer, February 10, 2018, <https://www.wsj.com/articles/wells-fargo-struggles-to-repay-aggrieved-customers-1518295023>.

²⁷ Wall Street Journal, “Wells Fargo Fumbles Effort to Repay Aggrieved Customers,” Gretchen Morgenson and Emily Glazer, February 10, 2018, <https://www.wsj.com/articles/wells-fargo-struggles-to-repay-aggrieved-customers-1518295023>.

²⁸ Reuters, “Exclusive: U.S. regulators reject Wells Fargo’s plan to repay customers—sources,” Patrick Rucker, September 11, 2018, <https://www.reuters.com/article/us-wells-fargo-insurance-exclusive/exclusive-u-s-regulators-reject-wells-fargos-plan-to-repay-customers-sources-idUSKCN1LR2LG>.

marketed to them through agreements with their colleges.²⁹ The CFPB analysis examined bank fees at 573 colleges and found that the students at the 30 colleges with Wells Fargo products paid more in total bank fees than the students at the other 543 schools served by other banks combined.

- A February 2019 report found that employees in the Wholesale Banking division of Wells Fargo “routinely falsified clients’ signatures and otherwise doctored paperwork” in order to comply with a legal settlement with the OCC related to violations of anti-money laundering laws.³⁰

In February 2018, the Federal Reserve Board of Governors (the Fed) imposed a growth restriction as part of a consent order that requires Wells Fargo to maintain total consolidated assets below the level it reported at the end of 2017. The consent order requires Wells Fargo to “ensure senior management’s ongoing effectiveness in managing the Firm’s activities and related risks and promoting strong management across the Firm” as a condition for the Fed to lift the growth cap.³¹

This new report suggests that rather than truly committing itself to vital reforms, Wells Fargo is still scamming customers, charging them fees on accounts they thought were closed. This greed has boosted the company’s bottom line, but left customers with lasting negative effects.

I am deeply troubled by this behavior, and ask that you (1) provide answers to these questions no later than September 3, 2019, (2) provide my staff with a briefing on this matter no later than September 12, 2019, and (3) waive supervisory privilege so that my staff or I can obtain information about this matter from federal regulators.

1. What is Wells Fargo’s specific policy on keeping customer accounts open after they have been closed at the request of customers or bank officials? Please provide a written copy of this policy.
2. What is Wells Fargo’s specific policy on charging overdraft or other fees to these closed customer accounts? Please provide a written copy of this policy.
3. What is Wells Fargo’s specific policy on informing customers they have been charged overdraft or other fees to these closed accounts? Please provide a written copy of this policy.

²⁹ Letter from Consumer Financial Protection Bureau to the Department of Education regarding Bureau’s Office for Students and Young Consumers college-sponsored deposit and prepaid accounts analysis, February 5, 2018, https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp_foia_letter-to-department-education_record_2018-02.pdf.

³⁰ The Capitol Forum, “Wells Fargo: Employees Doctored Signatures, Raising Possibility of Federal Penalties,” February 14, 2019. <https://thecapitolforum.com/wp-content/uploads/2019/02/Wells-Fargo-2019.02.14.pdf>

³¹ In the matter of Wells Fargo & Company, San Francisco, California, Order to Cease and Desist Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as Amended, Docket No. 18-007-B-HC, <https://www.federalreserve.gov/newsevents/pressreleases/files/enf20180202a1.pdf>.

4. How many Wells Fargo customers have been charged overdraft or other fees for accounts that they have closed within the last five years?
 - a. What is the total value of all fees that have been charged to these customers in each of the last five years?
 - b. What types of fees have been charged to these accounts, and what is the total amount of each type of fee for each of the last five years.
 - c. How many of these customers that owe fees have been reported to Wells Fargo's collections department?
 - d. How many of these customers that owe fees have been reported to national systems that track delinquent customers?

5. When was the earliest internal Wells Fargo employee whistleblower complaint about this practice?
 - a. Which executives at Wells Fargo were made aware of this complaint, and what action did they take?
 - b. When did members of the Board become aware of internal whistleblower complaints?
 - c. What actions did Wells Fargo take in response to whistleblower complaints about this practice?

6. Did Wells Fargo have any mechanism to catch fraudulent charges to these accounts so that customers didn't incur an overdraft fee?

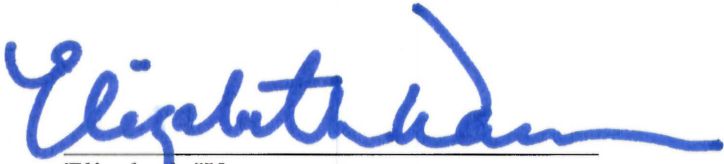
7. When did Wells Fargo first receive external consumer complaints – such as comments submitted to the company website, or complaints to the CFPB - about this practice?
 - a. Which executives at Wells Fargo were made aware of these complaints, and when?
 - b. When did members of the Board become aware of these complaints?
 - c. What actions did Wells Fargo take in response to these complaints?

8. Has Wells Fargo entered into legal settlements or arbitration with any customers who have sued or complained because of fees charged to closed accounts? What was the outcome of these cases?

9. How many accounts have been closed at Wells Fargo since September 30, 2016?
 - a. How many accounts were closed in the preceding three years?
 - b. How many account holders closed those accounts?

10. In its reports to regulators and investors, did the Wells Fargo report these accounts that the holder thought were closed as open accounts?

Sincerely,



Elizabeth Warren
United States Senator