

Congress of the United States
Washington, DC 20510

March 7, 2022

Robert Cook
President and Chief Executive Officer
Financial Industry Regulatory Authority, Inc. (FINRA)
1735 K Street NW
Washington, DC 20006

Dear Mr. Cook:

We are writing regarding your response to our February 9, 2022 letter¹ about a highly disturbing report indicating that Wells Fargo rigged the Financial Industry Regulatory Authority (FINRA) arbitration system by “improperly manipul[at]ing a list of arbitrators who could decide on the customer’s claim—with the permission of” FINRA.²

We sent our letter, which asked for details on the actions of Wells Fargo and FINRA officials, because of our record of concerns about (1) the wide-ranging and long-lasting pattern of illegal and abusive behavior by Wells Fargo;³ (2) FINRA’s ability to effectively enforce rules against fraudulent and abusive behavior by brokers and dealers;⁴ and, (3) the problems for consumers and workers caused by forced arbitration processes that limit their rights.⁵

¹ Letter from Sen. Warren and Rep. Porter to FINRA President and Chief Executive Officer Robert Cook, February 9, 2022, [https://www.warren.senate.gov/imo/media/doc/2022.02.09%20Letter%20to%20FINRA%20on%20Wells%20Fargo%20Scandal%20\(1\).pdf](https://www.warren.senate.gov/imo/media/doc/2022.02.09%20Letter%20to%20FINRA%20on%20Wells%20Fargo%20Scandal%20(1).pdf).

² Wall Street Journal, “Wells Fargo Gamed System in Investor Arbitration, Judge Says,” Ben Eisen, February 3, 2022, <https://www.wsj.com/articles/wells-fargo-gamed-system-in-investor-arbitration-judge-says-11643903122>.

³ See, e.g., Office of Senator Elizabeth Warren, “Warren Slams Wells Fargo CEO, Calls on Fed to Revoke Bank’s Status as Financial Holding Company Amid Ongoing Failure to Meet Regulatory Requirements,” press release, September 14, 2021, <https://www.warren.senate.gov/oversight/letters/warren-slams-wells-fargo-ceo-calls-on-fed-to-revoke-banks-status-as-financial-holding-company-amid-ongoing-failure-to-meet-regulatory-requirements>; New York Times, “Wells Fargo C.E.O. is Grilled on Capitol Hill,” March 12, 2019, <https://www.nytimes.com/2019/03/12/business/wells-fargo-ceo-sloan.html>.

⁴ See, e.g., Letter from Sen. Elizabeth Warren and Sen. Tom Cotton to FINRA, May 11, 2016, <https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:d267351c-ebf7-361b-b9a4-f9f431c45a91>. ; U.S. House Committee on Financial Services, Subcommittee on Investor Protection, Entrepreneurship and Capital Markets, “Putting Investors First: Reviewing Proposals to Hold Executives Accountable,” April 3, 2019, <https://financialservices.house.gov/events/eventsingle.aspx?EventID=402504>.

⁵ See, e.g., Letter from Sen. Elizabeth Warren to Jamie Dimon, June 27, 2019, <https://www.warren.senate.gov/imo/media/doc/2019.06.27%20Letter%20to%20Jamie%20Dimon%20on%20forced%20arbitration.pdf>; ; U.S. House Committee on Financial Services, Subcommittee on Investor Protection, Entrepreneurship and Capital Markets, “Putting Investors First: Reviewing Proposals to Hold Executives Accountable,” April 3, 2019, <https://financialservices.house.gov/events/eventsingle.aspx?EventID=402504>.

We appreciate that you responded to our letter on February 2021,⁶ and that you provided a summary of the FINRA arbitration process. But we are disappointed that you failed to answer key questions about the specific way that arbitrators were chosen in the Wells Fargo vs. Leggett case, the actions of Wells Fargo and its representatives, and communications between Wells Fargo officials and FINRA officials about the arbitration process. Instead, you only provided us with an anodyne description of the process from FINRA’s Dispute Resolution Services (DRS).

Your letter did nothing to dispel the concerns raised by a federal judge and by press reporting about FINRA’s handling of this cause. In fact, for the first time, you disclosed that “[i]n order to be certain that the arbitrator selection process in the Leggett Case was handled in a manner fully consistent with applicable rules, policies, and procedures ... FINRA’s Board of Governors has retained an outside law firm that will ... perform an independent review of DRS’s compliance with applicable rules, policies, and procedures for arbitrator selection in connection with the Leggett Case,” and that “DRS is implementing enhanced oversight of its decisions in response to challenges by parties seeking removal of arbitrators.”⁷

We welcome this investigation and these reforms – but the fact that you have taken these steps raises new concerns about the extent of wrongdoing in the arbitration process in the Wells Fargo vs. Leggett case. To address these concerns, we reiterate our request that you provide full and complete answers to the questions that we asked in our February 9, 2022 letter. We also ask that you provide answers to the following questions, and the requested information below by March 22, 2022:

- (1) A description of the full investigative processes and procedures that will be used by the outside law firm investigating this matter.
- (2) The name of the firm conducting the investigation.
- (3) Will FINRA make the full report of this firm public, including all relevant documents, interviews, or other information?
- (4) Will FINRA conduct a new arbitration process in the Wells Fargo vs. Leggett case if the independent investigation reveals concerns about DRS’s compliance with applicable rules, policies, and procedures for arbitrator selection in this case?
- (5) Will the review encompass any cases besides the Wells Fargo vs. Leggett case? Will FINRA consider conducting new processes in these cases based on the finding of the independent investigation?
- (6) What specific enhanced oversight processes will DRS implement? What will be the timeline for implementing these processes?

Thank you for your attention to these matters.

Sincerely,

⁶ Letter from FINRA President and Chief Executive Officer Robert Cook to Sen. Warren and Rep. Porter, February 21, 2022, <https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:f55a9ce2-bf06-3977-b865-4234727109df>.

⁷ *Id.*



Elizabeth Warren
United States Senator



Katie Porter
Member of Congress