

United States Senate

WASHINGTON, DC 20510

September 12, 2016

The Honorable Richard Shelby
Chairman
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Shelby:

In light of last Thursday's announcement by the Consumer Financial Protection Bureau (CFPB) that Wells Fargo opened unauthorized accounts and submitted fraudulent credit card applications in a duplicitous attempt to boost sales figures, we respectfully request that the Senate Committee on Banking, Housing, and Urban Affairs hold immediate committee hearings to fully investigate the matter.

According to the CFPB's consent order, Wells Fargo engaged in a wide range of deceptive and abusive practices placing customers at major financial risk. Specifically, Wells Fargo opened unauthorized deposit accounts for existing customers and transferred funds to those accounts, submitted credit card applications, enrolled customers in online banking services, and ordered and activated debit cards, *all without the knowledge and consent of the customers*.¹ In total, Wells Fargo may have opened as many as 1.5 million unauthorized deposit accounts costing customers approximately \$2 million in fees and more than 560,000 unauthorized credit card accounts resulting in more than \$400,000 in fees to customers.² As a result, Wells Fargo will pay the largest fine in the agency's history.

We applaud the CFPB's swift enforcement action. The Dodd-Frank Wall Street Reform and Consumer Protection Act provides the CFPB with the authority to take action against institutions engaged in practices that violate consumer financial laws, including those practices that are unfair, deceptive, or abusive. Thursday's announcement is yet another indication that the CFPB is making consumer financial markets safer for consumers and protecting hard-working American families from abusive financial practices.

The magnitude of this situation warrants a thorough and comprehensive review. As members of the Senate committee of jurisdiction, we should undertake prompt action to fully investigate the cause, scope, and impact of this event, as well as understand and consider implementing any lessons learned. Specifically, the committee should thoroughly examine this issue, including: how it is possible that more than 5,000 employees could bilk customers over the course of five years; the timing, extent, and disposition of customer complaints; whether Wells Fargo's sales

¹ Consent Order, In the Matter of: WELLS FARGO, N.A., Administrative Proceeding 2016-CFPB-0015, available at http://files.consumerfinance.gov/f/documents/092016_cfpb_WFBconsentorder.pdf.

² *Id.*

and compensation structure incentivized employees to engage in deceptive and abusive practices; and what additional safeguards may be needed to prevent this type of behavior. Furthermore, any committee investigation of this event should include testimony from Wells Fargo's Chairman, President, and Chief Executive Officer John G. Stumpf, Los Angeles County Attorney Mike Feuer, CFPB Director Richard Cordray, and Comptroller of the Currency Thomas J. Curry.

As members of the United States Senate Committee on Banking, Housing, and Urban Affairs, we should accept nothing less than a full and transparent explanation of what went wrong, who is responsible, how to fix it, and how to prevent such fraud in the future.

We look forward to working with you to better protect consumers. Thank you for your attention to this critical issue.

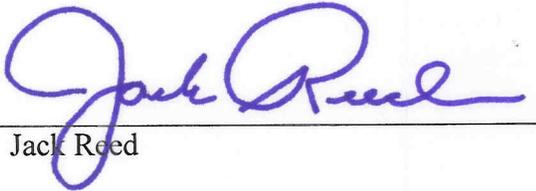
Sincerely,



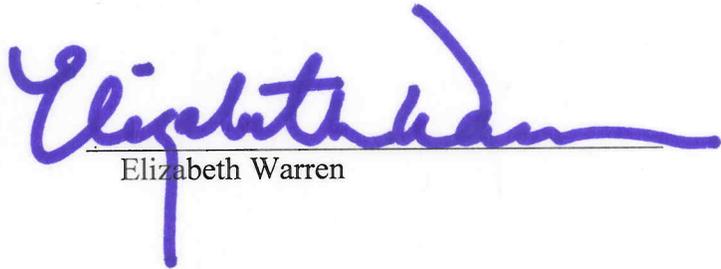
Robert Menendez



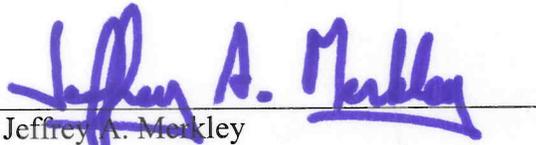
Sherrod Brown



Jack Reed



Elizabeth Warren



Jeffrey A. Merkley