

Committee on Banking, Housing, and Urban Affairs  
*An Examination of Wells Fargo's Unauthorized Accounts and the Regulatory Response*  
September 20, 2016

**Questions for Mr. John G. Stumpf, Chairman and CEO, Wells Fargo & Company, from Senators Brown, Reed, Schumer, Menendez, Tester, Warner, Merkley, Warren, Heitkamp and Donnelly:**

- 1) **As was requested of you at the hearing, what is the precise date in 2013 when you became aware of these issues in the Community Banking Division? How was this information conveyed to you, and by whom?**

*Response:* It is our understanding that, from time to time, because of Mr. Stumpf's position, individuals would contact him directly and complain about issues and that Mr. Stumpf did receive complaints about sales-practice issues over the years. When Mr. Stumpf received such complaints, our understanding is that his practice was to forward them to the appropriate internal team, such as Human Resources, to address.

Mr. Stumpf has said that he recalls learning of the increase in the number of reports of sales-practice issues in late 2013.

Please note that the Independent Directors of Wells Fargo's Board of Directors have launched an investigation into sales-practice issues, and that investigation is ongoing.

- 2) **As was asked at the hearing, what is the precise date when the Board of Directors became aware? How was this information conveyed to the Board, and by whom? Please provide a list of the dates of the Board meetings when this matter was discussed, as well as which Board members were in attendance at these meetings.**

- 3) **At the hearing, you were asked whether any Board members or executives had fraudulent accounts opened in their names. Please provide any names and titles.**

*Response to Questions 2-3:* From at least 2011 forward, the Board's Audit and Examination Committee received periodic reports on the activities of Wells Fargo's Internal Investigations group (which investigates issues involving team members), as well as information on EthicsLine and suspicious activity reporting. Among other things, several of those reports discussed increases in sales integrity issues or in notifications to law enforcement in part relating to the uptick in sales integrity issues. Some reporting discussed reasons for increases in sales integrity investigations and reporting, which included improved controls, tightening existing controls, and enhancements to better facilitate referrals of potential sales integrity violations to Internal Investigations.

Later, the Risk Committee began to receive reports from management of noteworthy risk issues, which included, among other risks, sales conduct and practice issues affecting customers and management's efforts to address those risks. The Board's Human Resources Committee also received reports from management that it was monitoring sales integrity in Community Banking. Sales integrity issues also were discussed periodically with the Board.

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- 4) **At the hearing, you stated that you did not learn of the systemic fraud occurring at Wells Fargo until late 2013, after interventions at lower levels of the company had failed to stem the creation of fraudulent accounts. Please provide a detailed timeline, from 2007 to 2015, of when different segments of Wells Fargo learned that employees were creating fraudulent accounts and what actions those segments took address the problem, including which Wells Fargo employees (such as senior executives) and federal and state regulators they informed of the problem.**

*Response:* Prior to the summer of 2011, it was Wells Fargo's practice to address individual instances of alleged unauthorized accounts as they were brought to its attention by customers or bank team members. In 2012, the task of dealing with such complaints was assigned to the risk management function within Community Banking, which initiated a number of efforts to proactively monitor sales-integrity issues—which might include unauthorized accounts, but might also involve opening accounts that are a poor fit for the customer. This monitoring included tracking metrics such as how many accounts were funded within the first 30 days, how many accounts were closed within the first 30 days after opening, and how frequently accounts were downgraded from a higher value account type to a lower value account type. In April 2012, a report called the Quality of Sales Report Card was created to assist managers to monitor how their bankers were performing on these measures.

In 2013, Wells Fargo conducted its first data analysis intended to identify bankers who were opening accounts in which money was initially deposited, but then removed and no further account activity occurred. This analysis was conducted out of concern that bankers might be trying to manipulate the sales-integrity metrics—particularly the rate of accounts funded within the first 30 days, by “simulating” funding of the accounts through transfers of funds. Based on the findings from this analysis, Wells Fargo's Corporate Investigations conducted an intensive investigation in the Los Angeles/Orange County region, resulting ultimately in the termination of several team members. The fact of this investigation, and some of the terminations, were what was publicized in the *Los Angeles Times* article on October 3, 2013. Wells Fargo's investigation continued into 2014 and resulted in further terminations.

Based on the information learned from this initial proactive analysis, Wells Fargo began to implement changes to its policies and procedures in 2014 to attempt to mitigate the occurrence of sales-practices violations. Wells Fargo's efforts to further refine its policies and procedures and to investigate instances of sales-practices violations continued up until, and after, the Los Angeles City Attorney lawsuit was filed in May 2015. A third-party consulting firm, PricewaterhouseCoopers (PwC), was engaged in September 2015 to conduct a massive data-driven analysis of deposit and credit card accounts going back to May 2011. The results of this analysis for checking and savings accounts and credit cards were available in 2016.

- 5) **Does Wells Fargo have any information indicating that company employees created bank accounts or credit card accounts without customer consent prior to 2009? If so,**

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how did the company obtain this information? When was the first reported case, and how many cases that occurred prior to 2009 have been discovered? Have you reported those cases to federal financial regulators?

- 6) **At the hearing, Wells Fargo announced that it would expand its “remediation review” to bank accounts and credit card accounts created in 2009 and 2010.<sup>35</sup> As was asked at the hearing, we have received reports of company employees creating false accounts before 2009, why have you limited your remediation review to 2009-2015? What steps will Wells Fargo take to ensure that customers with fraudulent accounts created before 2009 are compensated?**

*Response to Questions 5-6:* As is the case with any large organization involved in sales, Wells Fargo has never been immune to issues of sales-practice violations or related incidents of unethical behavior on the part of some of our team members.

We appreciate and share your concern that any and all customers who may have been impacted should be identified. Therefore, we are continuing to examine whether there are ways to identify unauthorized accounts opened prior to 2009. As an important initial step, we are notifying all of our consumer and small business Community Banking customers with a checking, savings, credit card, or line of credit account of this issue; we are also inviting and encouraging them to speak with a Wells Fargo representative if they have any questions or concerns about their accounts. Please also note that the Independent Directors of Wells Fargo’s Board of Directors have launched an investigation into these issues, and that investigation is ongoing.

Lastly, we would note again that pursuant to the CFPB and the OCC Consent Orders, Wells Fargo will retain the services of an independent consultant and develop redress and reimbursement plans to identify the population of consumers who may have been affected by improper sales practices. We fully expect that, once approved by our regulators, the redress and reimbursement plans will encompass various forms of harm, including harm related to credit bureau inquiries, and that Wells Fargo will issue and track reimbursement payments.

- 7) **As was asked at the hearing, are you confident that this type of fraudulent activity does not exist in other Wells business lines? Have you discovered other types of misconduct involving other products aside from credit cards or basic banking (such as misconduct related to applications for mortgages or personal or other loans, or lines of credit, insurance, or other investment areas)? If so, how did the company obtain this information? When was the first reported case, how many cases have been discovered, and what is the nature of these cases? Have you reported those cases to federal financial regulators?**

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<sup>35</sup> Wells Fargo, “Wells Fargo Chairman and CEO John Stumpf Outlines a Series of New Actions to Strengthen Culture and Rebuild Trust of Customers and Team Members at Senate Banking Committee Hearing (press release)” (September 20, 2016) (online at [https://www.wellsfargo.com/about/press/2016/new-actions-strengthen-culture\\_0920.content](https://www.wellsfargo.com/about/press/2016/new-actions-strengthen-culture_0920.content)).

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*Response:* We believe that the activity at issue here was limited to certain team members within the Community Banking Division.

- 8) Have you discovered misconduct relating to additional criminal or other misbehavior with the false accounts (such as bank employees using improperly created credit cards accounts for illegal purchases)? If so, how did the company obtain this information? When was the first reported case, how many cases have been discovered, and what is the nature of these cases? Have you reported those cases to federal financial regulators?**

*Response:* Although Wells Fargo can never be fully certain that it has identified all team member misconduct, the Company has increased its monitoring and compliance efforts to identify further misconduct. In addition, Wells Fargo has made significant changes to its policies and practices to prevent misconduct, enhance oversight, expand customer transparency, and improve the customer experience. We would like to highlight the following points:

- We have named a new head of our retail banking business.
- We have also changed the retail banking business's risk management processes. This is consistent with the reorganization of enterprise functions we have conducted across the Company to create a stronger risk and control foundation that allows senior team members across the Company to provide more independent, credible challenges to how we operate.
  - To this end, we are transitioning a number of control functions out of the lines of business, which includes Community Banking, and centralizing them within Wells Fargo's independent corporate Risk function, which will be responsible for sales-practice oversight, as well as establishing an independent Sales Practices Office.
- We have eliminated product sales goals for all Regional Bank team members who serve customers in our retail branches.
- We have made system and process enhancements, including sending automated confirmation emails to our customers every time a new personal or small business checking account or a savings account is opened; and acknowledgements are also sent for credit card applications. We are also working to improve multi-factor authentication to protect our customers' information, and signatures are captured electronically approximately 99% of the time for new checking, savings, and credit card applications. In addition, we are closing automatically inactive new deposit accounts that, after 62 days, have a zero balance, without assessing a monthly fee.
- This year alone, we have committed more than \$50 million to enhanced quality assurance monitoring.
- We have expanded an independent third-party mystery shopper program, adding risk professionals to provide greater oversight, and expanding our customer complaint servicing and resolution process.

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- We are surveying team members to understand their views on our Company's approach to ethics and integrity.
  - We also have commenced the process with our regulators to engage an independent consultant to review sales practices in Community Banking. In addition, we will be engaging external consultants to review sales practices across the Company.
  - And we will be engaging outside independent culture experts to help us understand where we have cultural weaknesses that need to be strengthened or fixed.
- 9) **At the hearing you indicated that you met with Ms. Tolstedt weekly, but you did not answer how often you talked with her. How often did you have conversations with Ms. Tolstedt? At any point in your regular conversations or meetings did she raise concerns with you about the firms' cross-selling focus, sales goals, firings related to unauthorized accounts, or other related matters? When did she first raise these concerns with you?**
- 10) **You testified that it was in 2013 that the discussion with Ms. Tolstedt on this topic made an impression upon you. Does this mean that she raised this with you earlier and it did not make an impression? Please explain.**
- 11) **Did you ask Ms. Tolstedt when she first learned about this wrongdoing? If so, when did you ask her? If you asked her, what information did Ms. Tolstedt provide you to when you asked? Did you ever ask her why she waited so long before bringing this to the attention of other members of senior management? What did she say?**

*Response to Questions 9-11:* It is our understanding that, from time to time, because of Mr. Stumpf's position, individuals would contact him directly and complain about issues and that Mr. Stumpf did receive complaints about sales-practice issues over the years. When Mr. Stumpf received such complaints, our understanding is that his practice was to forward them to the appropriate internal team, such as Human Resources, to address.

Mr. Stumpf has said that he recalls learning of the increase in the number of reports of sales-practice issues in late 2013.

Additionally, Wells Fargo cannot determine for certain the first time Ms. Tolstedt was told that a team member's employment was terminated for committing a sales violation. Like any large employer, Wells Fargo monitors sales-integrity and integrity issues so that, as issues came up that needed to be addressed, Ms. Tolstedt would be informed about those issues. The ongoing investigation by the Independent Directors of the Board of Directors and others is looking carefully at this question.

Again, please note that the Independent Directors of Wells Fargo's Board of Directors have launched an investigation into sales-practice issues, and that investigation is ongoing.

- 12) **Please provide the committee with all communication between you and Ms. Tolstedt on this topic for which a record exists from 2007 forward. By way of illustration, this**

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**should include communication regarding gaming, pinning, bundling, simulated funding, employee terminations, internal complaints, lawsuits, etc.**

- 13) As was requested in the hearing, please provide a timeline of Wells' first contact, and subsequent interactions, with the CFPB, OCC, and Los Angeles City Attorney's office. Please provide copies of the documents Wells Fargo produced to the CFPB, OCC, the Los Angeles prosecutor, and PWC in connection with this matter.**

*Response to Questions 12-13:* As Comptroller Curry testified before the Senate Banking Committee on September 20, 2016, Wells Fargo management meets regularly with the Office of the Comptroller of the Currency (OCC), our prudential regulator, about a variety of issues. Wells Fargo immediately cooperated with the OCC upon its first contact with the bank concerning these issues. Ultimately that involved addressing Matters Requiring Attention (MRAs) the OCC imposed as well as providing relevant documents in 2015.

Wells Fargo's General Counsel notified the CFPB of the Los Angeles City Attorney's lawsuit at or about the time it was filed in May of 2015. The CFPB requested information shortly after Wells Fargo notified the Bureau of the lawsuit. In June and July 2015, Wells Fargo provided information to the CFPB.

The City Attorney filed its complaint in May 2015. Wells Fargo did not have substantive conversations with the City Attorney's office prior to that time.

- 14) Please provide the committee with all reports prepared internally or by third parties to evaluate policies and practices that led to these activities, the extent of these activities, as well as any reports to understand and address customer harm, including the PwC, Accenture and Skadden studies**
- 15) Please provide the committee with all minutes and all materials related to these activities (including, but not limited to any report prepared by the investigations, compliance, bank secrecy /anti-money laundering, audit or human resources functions) provided to members of the Compensation, Risk, and Audit and Exam Committees, as well as the full board, for all meetings for the period 2007 to the present.**
- 16) Please provide the committee with any communication that the Board of Directors, any committee of the Board or any individual Board member had with any government enforcement agency, any institution personnel or other Board member, regarding any matter relating to the activities.**
- 17) Please identify the positions held by the personnel in the corporate General Counsel's office and other senior management offices that are involved with complaints by employees, former employees and customers that are filed in court and are subject to negotiation or arbitration and that allege or refer to the activities associated with the misuse of customer personal information or the opening of**

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**unauthorized accounts as well as any other practices used to further those activities, including but not limited to sales incentives and those practices described as pinning, sandbagging, bundling, gaming, or like actions.**

- 18) Please describe the role and level of involvement that such personnel (and the General Counsel's office and other senior management offices to which they belong) have in monitoring, hiring outside counsel, directing, negotiating or the decision making in those matters, and how such matters are reported up to the General Counsel, senior management and Board members.**

*Response to Questions 14-18:* The issues described above would be handled by a range of Wells Fargo team members depending on the nature of the allegations raised. Wells Fargo's Office of General Counsel monitors all legal claims against the bank and makes appropriate staffing decisions, including the use of outside counsel, when required.

- 19) When asked whether you have referred any of your personnel to law enforcement between when you learned about this issue until the present, you said that you did when it was required. Can you please specify the number of employees that you have referred, their names and titles, the agencies to which they have been referred, and the violations for which they were referred?**

- 20) Please provide the number of Suspicious Activity Reports (SARs) related to these activities that were filed for each year from 2007 to the present.**

*Response to Questions 19-20:* Wells Fargo has policies, procedures, and internal controls that are reasonably designed to comply with its legal obligations to monitor, detect, and report suspicious activities. Under federal law, Suspicious Activity Reports ("SARs"), and any information that would reveal the existence of a SAR, are confidential, 31 U.S.C. § 5318(g)(2)(A)(i) and 12 C.F.R. § 21.11(k).

- 21) As was requested at that hearing, when did you begin to disclose in SEC filings that you had this potentially material adverse set of circumstances that could damage your reputational value?**

*Response to Question 21:* Each quarter, we look at the relevant and appropriate facts available to us to determine whether a legal matter is material and should be disclosed in our public filings. Discerning materiality is not a mechanical exercise but rather is a determination based on judgments informed by the facts and circumstances known at the time the determination is made.

Based on the facts and circumstances as we knew them at the time, we concluded that the sales-practices investigations by the Consumer Financial Protection Bureau (CFPB), the Office of the Comptroller of the Currency (OCC), and the Los Angeles City Attorney were not material. This was a considered determination based upon what we understood at the time these investigations were occurring.

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As part of our ongoing review process, we continued to evaluate the ongoing developments since the announcement of the settlements to determine whether any filings or disclosures should be made. In conjunction with our Form 8-K filing on September 28, 2016 announcing our former CEO John Stumpf's and our former Community Banking head Carrie Tolsted's forfeiture of their unvested equity awards, we determined that it was appropriate to disclose the relevant legal developments that had occurred *since* the announcement of the settlements. As noted in our Form 8-K, these included "formal or informal inquiries, investigations or examinations" from "[f]ederal, state, and local government agencies, including the United States Department of Justice, and state attorneys general and prosecutors' offices, as well as Congressional committees. . . ." <sup>36</sup> Furthermore, our Form 10-Q filing on November 3, 2016 contained additional disclosures concerning sales practices matters, including an update to our legal actions disclosures and the addition of a new risk factor summarizing the legal developments and related events that had occurred since the announcement of the settlements and noting the potential that "negative publicity or public opinion resulting from these matters may increase the risk of reputational harm to our business . . . ." <sup>37</sup> We will continue to review developments related to sales practices matters and make additional disclosures as the facts and circumstances warrant.

**Employees**

**22) Please provide the Committee with information on the following items for each year from 2007 to the present for the Community Banking Group and all of Wells Fargo, broken out by position (e.g. tellers, bankers, branch managers, district managers, regional managers, and senior management):**

- a. the number of employees terminated for engaging in, encouraging or tolerating such activities;**
- b. the number of employees who were terminated because they did not meet sales quotas;**
- c. the number of employees who resigned or retired or were asked or instructed to resign or retire for engaging in, encouraging or tolerating such activities;**
- d. the number of employees who were subject to internal disciplinary measures for engaging in, encouraging or tolerating such activities;**

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<sup>36</sup> See Wells Fargo, September 28, 2016 Form 8-K (available online at <https://www.sec.gov/Archives/edgar/data/72971/000119312516722259/d266244d8k.htm>).

<sup>37</sup> See Wells Fargo, November 3, 2016 Form 10-Q at 67 (available online at <https://www.sec.gov/Archives/edgar/data/72971/000007297116001340/wfc-9302016x10q.htm>).

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**e. the median pay by position.**

*Response:* Below is a table that provides the median Full Time Equivalent (FTE) base pay for positions within the Regional Bank from 2007 through September 1, 2016. In addition, all salaried and hourly team members classified as regular or part-time (i.e., those who are regularly scheduled to work 17.5 hours or more per week) are eligible for Wells Fargo-sponsored benefits, including tuition reimbursement, health care insurance, dental insurance, vision insurance, life insurance, short- and long-term disability, 401(k) plan, and paid parental leave.

<b>Regional Bank Job Summary: 2007-2016 Median FTE Base Pay</b>										
<b>Job Grouping</b>	<b>2007†</b>	<b>2008†</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Tellers	\$22,672	\$22,880	\$23,920	\$23,566	\$23,858	\$23,920	\$23,920	\$24,274	\$24,752	\$26,187
Customer Sales & Service Representatives	\$29,931	\$30,638	\$31,200	\$30,014	\$30,950	\$30,514	\$30,992	\$31,200	\$31,304	\$31,533
Personal Bankers	\$35,006	\$35,173	\$38,002	\$36,046	\$36,005	\$35,984	\$36,005	\$36,712	\$36,837	\$38,501
Service Managers	\$36,754	\$37,981	\$38,002	\$38,896	\$39,499	\$39,998	\$40,498	\$41,330	\$42,037	\$42,848
Store Managers	\$56,659	\$58,802	\$58,198	\$60,008	\$59,987	\$60,008	\$60,570	\$62,400	\$63,752	\$65,021
Business Banking Specialists	\$47,174	\$49,150	\$49,150	\$49,150	\$49,504	\$49,982	\$49,150	\$49,130	\$48,859	\$49,358
Private Bankers	\$62,962	\$65,562	\$62,296	\$64,314	\$63,066	\$64,522	\$65,354	\$67,392	\$69,680	\$70,013
District Managers	\$98,322	\$102,315	\$100,152	\$105,934	\$109,262	\$111,155	\$113,256	\$114,899	\$118,248	\$119,995

† 2007 and 2008 data excludes legacy Wachovia team members (pre-Wachovia merger).

\* Data based on active population as of 12/31 of each respective year (2016 as of 9/1).

\*\* Median FTE Base Pay calculated as hourly rate X 2080.

**23) Please provide the committee with any documentation related to sales quality metrics used by compliance, marketing, or any other unit within the Community Banking Division to evaluate employees' performance. Please provide documentation of how these metrics changed between 2007 and the present**

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- 24) Please also provide copies of written policies or procedures that outline how Wells Fargo disciplined employees that did not meet their sales quotas from 2007-2015. Finally, please provide your plans for making these employees whole.**

*Response to Question 22, subparts (a-d) and Questions 23-24:* From 2011 to 2015, approximately 5,300 team members were terminated for certain sales-integrity violations. The majority of the terminated team members held banker, management, or other functionally similar positions. Approximately 1,000 were terminated each year. For example, investigations by the Corporate Investigations group in 2013 resulted in the termination of 1,245 Community Banking team members. That is approximately 1% of Wells Fargo's total population of Community Banking employees.

Approximately 65% of the terminated team members were in Personal Banker positions or functionally similar roles and 7% were in Teller positions. In addition, we terminated the employment of over 480 team members in supervisory positions, including store managers and persons up to three levels above bankers and tellers, when investigations have found that those team members engaged in or directed improper sales practices or exhibited excessive pressure and did not respond promptly and decisively to change their behavior. All of these team members were terminated for sales-integrity violations, not for failing to meet product sales quotas.

Wells Fargo cannot quantify with any degree of confidence how many team members were disciplined solely for not meeting sales goals. Wells Fargo has safeguards in place to help ensure that managers remain focused on assessing team members' overall performance in helping customers succeed financially, not just whether they meet an individual sales goal. This includes a strong performance management program, which provides for coaching and feedback to help team members succeed and involvement of Human Resources in disciplinary decisions.

Wells Fargo team members who believe they were disciplined for not meeting sales goals can raise those concerns through a number of different channels, including through their management chain, Human Resources, or the EthicsLine. Moreover, Wells Fargo has established a process to enable former team members who contact the Company today to request a review of their termination, even if they did not utilize the Company's termination appeal and review processes at the time of their departure. Former team members who did utilize the Company's appeal processes in the past will be provided with an additional review. Former team members who express interest in reemployment and are deemed to be eligible for reemployment through this review process will be able to work with a special recruiting team to assist in exploring opportunities at Wells Fargo.

- 25) Please provide the states and zip codes of the Wells Fargo branches where each of the 5,300 employees were terminated.**

*Response:* Wells Fargo team members' employments were terminated in the following states (and District of Columbia):

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Alabama  
Alaska  
Arizona  
Arkansas  
California  
Colorado  
Connecticut  
Delaware  
Florida  
Georgia  
Idaho  
Illinois  
Indiana  
Iowa  
Kansas  
Kentucky  
Maryland  
Massachusetts  
Michigan  
Minnesota  
Mississippi  
Missouri  
Montana  
Nebraska  
Nevada  
New Jersey  
New Mexico  
New York  
North Carolina  
North Dakota  
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Tennessee  
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Wisconsin

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Wyoming

Please see Appendix I for the list of zip codes of the affected branches.

- 26) What was Wells Fargo's policy on the employees who reported concerns to their managers, human resources division or used the hotline and were fired? Please share with the Banking Committee any internal memos, or pertinent exchanges, outlining the strategy for firing employees who raised concerns.**
- 27) At the hearing, you indicated that employee ethics complaints were handled by an outside firm and to resolve an issue an employee would not be confronted by his or her supervisor. Please provide a detailed description of the ethics complaint process in 2007, and any subsequent changes to it.**

*Response to Questions 26-27:* It has never been a policy or practice of Wells Fargo to terminate team members who voiced their concerns to managers, the human resources division, or through the ethics hotline. We are aware that certain former team members are making these allegations and we take them very seriously. We are currently investigating the issue.

Wells Fargo has long had internal processes in place for team members to raise issues or concerns through multiple channels, including managers, HR, Compliance and/or the EthicsLine. We encourage team members to speak up if they experience or witness something that makes them feel uncomfortable and have measures in place to protect team members from retaliation. The EthicsLine provides team members with a confidential way to report possible violations of Wells Fargo's Code of Ethics and Business Conduct or any laws, rules or regulations. Team members have the option to remain anonymous through the EthicsLine. It is available to all team members (U.S. and international) 24 hours a day, seven days a week, via toll-free telephone or online web reporting. The EthicsLine has been operated and staffed by a third-party vendor since its inception in 2004, and translation services are available. This process helps ensure team member confidentiality and preserves anonymity when requested.

All team members who call the EthicsLine are provided with an EthicsLine ID that is associated with their EthicsLine Report. Team members who elect to remain anonymous are asked to either call back to the EthicsLine or log into the EthicsLine Web Portal in 10 calendar days to provide additional information or answer any questions relating to their report. To further protect the integrity of the confidential hotline, the vendor does not record any data related to the incoming telephone calls or web reports. Team members who self-identify are advised that since they provided their name and contact information, Wells Fargo now has the option to contact them directly if needed. They are also told they can call the EthicsLine at any time to provide additional information.

Interview specialists with the EthicsLine vendor listen, ask clarifying questions if necessary, and then write a summary report of the call. The summary is then provided to

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Wells Fargo's Office of Global Ethics and Integrity for assessment and referral to the appropriate review team.

Wells Fargo takes measures to protect team members from retaliation, including maintaining confidentiality during the review process. Specifically:

- All reports of suspected unethical or illegal activities are taken seriously and measures are in place to ensure concerns are promptly evaluated and reviewed.
- The review of concerns in many cases will require a fact-finding that may involve interviews with individuals the Company determines may have information relevant to the underlying issue or concern. However, management of any review and updates regarding facts, progress and outcomes are limited to only those who have a legitimate business need to know.
- It may be possible in some cases for the researcher / investigator to determine the identity of the team member due to the nature of the issue reported and the information shared by the team member. However, the researcher / investigator would not ask the team member to self-identify as the person who made the EthicsLine Report.

In no circumstances is the team member told the specifics about any corrective action taken against another team member as it is not Wells Fargo's practice to discuss confidential information regarding one team member with another. Wells Fargo will only share information regarding the review, including any corrective action taken, with those who have a legitimate business need to know.

Wells Fargo's Nonretaliation Policy, which is available to all team members in the Team Member Handbook and reiterated in the Code of Ethics and Business Conduct, mandates that no team member may be retaliated against for providing information in good faith about suspected unethical or illegal activities, including fraud, securities law, or regulatory violations, or possible violations of any Wells Fargo policies. Retaliatory behavior has always been, and continues to be, grounds for corrective action, up to and including termination of employment. Team members who believe that they or someone else has been retaliated against for reporting an issue are instructed to report it as soon as possible to their supervisor or manager, HR Advisor team, or Corporate Employee Relations, to ensure that a prompt review is conducted and, where appropriate, corrective action is taken. Team members can also report retaliation concerns via the EthicsLine.

Wells Fargo has additional safeguards to prevent any form of retaliation, including the fact that Wells Fargo's Human Resources personnel are typically consulted in every termination decision. Additionally, team members whose employments have been terminated may utilize Wells Fargo's termination review process to request to have that decision reviewed by a Corporate Employee Relations professional who was not previously consulted in the termination decision.

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To further strengthen our program and foster an environment where all team members feel comfortable escalating matters without fear of retaliation, we are making improvements to the program, including:

- Enhancing our Company-wide standards to ensure a consistent team member experience and safeguards, regardless of the type of issue reported or which group is conducting the research or investigation.
- Reinforcing our standards and processes that protect team members from retaliation. This will include requiring that the appropriate review unit evaluating the underlying issues or concerns must provide a reminder of the Company's Nonretaliation Policy to all individuals interviewed or contacted as part of the review, as well as all managers who may be part of any corrective action decisions arising out of the review.
- Ensuring that reports of suspected unethical or illegal activities are evaluated, investigated, and appropriately escalated in a timely and confidential manner by continually monitoring and refining our EthicsLine research and investigative processes. This will include the adoption of Speak Up, Investigative, and Nonretaliation Standards to help guide the research and investigative process.
- Creating additional training, communications, and resources to help team members understand their responsibilities under the Code of Ethics and Business Conduct and related policies, the importance of speaking up, and what to do when faced with an ethical dilemma.

With respect to allegations from former team members who claim that their employment was terminated or they were demoted after refusing to open unauthorized accounts and/or after reporting concerns to the EthicsLine, we are reviewing each of the situations. As described above, team members have the option to raise concerns anonymously, so Wells Fargo likely will not have records identifying former team members who raised concerns anonymously through the EthicsLine. Nevertheless, Wells Fargo is taking steps to review such termination/demotion decisions where possible and has engaged outside consultants to help us with this review. Moreover, Wells Fargo has established a process to enable former team members who contact the Company today to request a review of their termination, even if they did not utilize the Company's termination appeal and review processes at the time of their departure. Former team members who did utilize the Company's appeal processes in the past will be provided with an additional review. Former team members who express interest in reemployment and are deemed to be eligible for reemployment through this review process will be able to work with a special recruiting team to assist in exploring opportunities at Wells Fargo.

- 28) During your testimony, you consistently cited your participation in "Town Hall" style meetings to explain how you communicated to employees that they should not, under any circumstances, create false accounts for customers in order to meet sales quotas. Please provide transcripts from all Town Hall-style meetings that you**

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**participated in from 2011 to 2015. Please demarcate all areas of those transcripts in which you clearly state that employees should not be defrauding customers.**

*Response:* Mr. Stumpf addressed the unauthorized accounts issues during a town hall meeting following the December 2013 *Los Angeles Times* story. During that town hall, Mr. Stumpf informed team members he “want[ed] to address” the issues discussed in the article “head on.” Of note, he said:

Our culture is about service. We want to help our customers succeed financially, and we're not in the product pushing business. Think of . . . yourselves [] no matter what business you're in, whether you help those who service our external customers or if you serve them directly, I think of all of us as being financial physicians. We meet our customers . . . and we have a conversation with them. And we listen carefully for their needs. And once we discover a need, we then through our skill set, understanding, and experience, our value-add, we offer a product or a service or a series of products and services to help them. We don't try to sell them something that they don't need or don't want. . . .

Here's my ask of you and for everybody listening today. If you believe that your team, your boss, your boss' boss somehow is putting pressure on you to sell things that your customers don't want, don't need, raise your hand. . . . And if you're not comfortable doing that, there's an anonymous . . . ethics line, [or you can] talk to somebody in HR. We want to do the right thing. We're in the long-term business.<sup>38</sup>

**29) Were fraudulent accounts created in one branch location from the account information of customers of another branch? Did employees establish accounts or claim to sell additional products to customers in another state?**

*Response:* Wells Fargo customers frequently utilize multiple branches and will themselves open accounts at different locations at different times. Some potentially unauthorized accounts were opened at different locations than other accounts owned by the same customer, but we are not aware whether that is due to customer choice or banker conduct. We are not aware of unauthorized accounts being opened in states other than those where the customer banked, however, our internal review is ongoing.

**30) Did employees establish accounts or claim to sell additional products for minor children?**

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<sup>38</sup> Hollywood, FL, Town Hall, February 5, 2014 (Transcript on file).

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*Response:* Wells Fargo does not currently know the extent to which unauthorized accounts were opened in the name of minor children, however, our internal review is ongoing.

We would note that the Consumer Financial Protection Bureau (CFPB) and Office of the Comptroller of the Currency (OCC) Consent Orders both require Wells Fargo to retain the services of an independent consultant and to develop redress and reimbursement plans that will identify the population of consumers who may have been affected by improper sales practices.

- 31) During your testimony, you denied that the Wells Fargo incentive structure was responsible for the widespread fraudulent activity at your bank. Further, you and your colleagues at the bank have stated that the 5,300 fired employees acted without guidance from management and were rogue employees. In comparison, little has been reported on the bonuses or incentive structures for regional and branch managers. What bonuses did Wells Fargo pay to regional and branch managers for successful (either meeting or exceeding their sales quotas) cross-selling numbers?**

*Response:* Prior to our elimination of product sales goals, Regional Bank store managers in our retail branches earned incentive compensation based in part on the store's performance relative to store goals. If a particular store met its sales goal, the store manager would have been eligible for bonus compensation. The store manager would have been eligible for additional bonus compensation for exceeding the goal at various levels. For the purposes of context, between 2011 and 2014, the median incentive payout as a percentage of total salary earned by store managers based on sales-related performance objectives (versus incentive opportunities provided for service and other performance objectives) declined from 8.5% in 2011 to 4.0% in 2014. The median payout earned by district managers, who supervise store managers, also declined between 2011 and 2014, from 13.1% to 3.0%.

**Consumer Harm**

- 32) Please provide a state-by-state list of the number Wells Fargo customers that you have determined may have been harmed by this misconduct.**

*Response:* We asked PwC to analyze approximately 82 million deposit accounts for instances of potential simulated funding and approximately 11 million credit card accounts for instances of lack of authorization. The accounts reviewed were opened between 2011 and 2015. Of the accounts reviewed, PwC found that approximately 623,000 consumer and business credit card accounts *could have been* unauthorized, and approximately 1.5 million deposit accounts *could have* experienced simulated funding, that is, the unauthorized deposit and withdrawal of funds intended to create the false appearance that the account was being used by the customer. PwC *did not* conclude that these accounts

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were unauthorized and/or experienced simulated funding; it just could not rule out these possibilities.

Below is the state-by-state list of the number of deposit and credit card accounts that PwC identified, within the total of approximately 2.1 million accounts identified. Although PwC identified accounts in all 50 states, for the reasons discussed it is not clear that unauthorized credit card accounts were actually opened and/or deposit accounts experienced simulated funding in all 50 states:

<b>State</b>	<b>Number of Accounts Identified by PwC (Credit &amp; Deposit)</b>
Alabama	22,795
Alaska	5,970
Arizona	178,972
Arkansas	1,310
California	897,972
Colorado	64,481
Connecticut	11,497
Delaware	4,255
Florida	117,752
Georgia	55,579
Hawaii	805
Idaho	14,316
Illinois	4,890
Indiana	5,222
Iowa	12,630
Kansas	1,296
Kentucky	629
Louisiana	862
Maine	217
Maryland	15,391
Massachusetts	1,142
Michigan	2,891
Minnesota	31,238
Mississippi	2,355
Missouri	1,191
Montana	8,352
Nebraska	12,348
Nevada	53,675
New Hampshire	217
New Jersey	95,921
New Mexico	18,847
New York	24,048

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State	Number of Accounts Identified by PwC (Credit & Deposit)
North Carolina	38,722
North Dakota	1,939
Ohio	1,579
Oklahoma	761
Oregon	35,202
Pennsylvania	79,918
Rhode Island	192
South Carolina	23,327
South Dakota	4,803
Tennessee	3,534
Texas	149,857
Utah	41,686
Vermont	144
Virginia	41,703
Washington	38,861
Washington, DC	2,433
West Virginia	341
Wisconsin	8,922
Wyoming	2,317

**33) As requested at the hearing, please provide the proportion of customers who were harmed by Wells' misconduct who are: elderly, racial/ethnic minorities, and military/veterans.**

**34) Please provide the number of customers identified by the PwC study as having had a fraudulent account opened by age cohort: 0-17; 18-30, 31-40, 41-50, 51-60, 61-70, 71-80, 81-90, 91+**

*Response to Questions 33-34:* Wells Fargo collects date of birth data and our initial review indicates that elderly customers were not overrepresented among the population of customers who may have had an unauthorized deposit account opened in their name.

Of the 2.1 million accounts that PwC identified, 5,089 accounts were associated with customers who are identified in the Defense Manpower Data Center (DMDC) as being active duty, reserve, or National Guard. In other words, less than 0.3% of the accounts identified by PwC were associated with customers who are identified in the DMDC.

We do not collect data concerning race or ethnicity during the application process.

**35) Please provide the committee with a list of the written policies for 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, and 2015 that Wells Fargo provided to consumers upon**

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**their opening of a bank account or credit card account that explain the fees associated with those accounts.**

- 36) Will Wells Fargo be providing any non-monetary compensation (such as free credit reporting, ID protection, or discounted or free Wells Fargo services) to customers? Please explain.**
- 37) Does Wells Fargo have a policy for assisting customers who had their identification stolen and faced significant costs due to actions taken by Wells Fargo employees? Please explain.**
- 38) You indicated at the hearing that you would consult with your team as to any data limitations that would prevent you from identifying customers harmed earlier than 2009. What are the results of those conversations? How far back can Wells Fargo conduct an examination similar to the one conducted by PwC?**

*Response:* We appreciate and share your concern that any and all customers who may have been impacted should be identified. Therefore, we are continuing to examine ways to discern if any unauthorized accounts were opened prior to 2009. As an important initial step, we are notifying all of our consumer and small business Community Banking customers with a checking, savings, credit card, or line of credit account of this issue; we are also inviting and encouraging them to speak with a Wells Fargo representative if they have any questions or concerns about their accounts. Please also note that the Independent Directors of Wells Fargo's Board of Directors have launched an investigation into these issues, and that investigation is ongoing.

Further, we would note again that pursuant to the CFPB and the OCC Consent Orders, Wells Fargo will retain the services of an independent consultant and develop redress and reimbursement plans to identify the population of consumers who may have been affected by improper sales practices. We fully expect that, once approved by our regulators, the redress and reimbursement plans will encompass various forms of harm, including harm related to credit bureau inquiries, and that Wells Fargo will issue and track reimbursement payments.

- 39) As requested during the hearing, please provide specific information related to overdraft protection products, including sales goals related to overdraft, the number of consumers who overdrew their accounts, the number of overdraft protection products sold without customer knowledge, and dollar amount of overdraft fees charged to consumers related to this episode.**

*Response:* Wells Fargo is committed to providing only those services that our customers need or want. Overdraft protection is one of those services. Customers are encouraged to contact us if they have any issues or concerns.

- 40) During the hearing you were asked how Wells Fargo's cross selling and sales targets compare to its competitors. Please provide your understanding of this answer.**

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*Response:* Wells Fargo is not aware of the degree to which our competitors use cross-sell strategies.

**Restoring the Credit Scores of Wells Fargo Customers**

- 41) Has Wells Fargo contacted and instructed Transunion, Equifax and Experian, and any other credit bureaus, to determine and remediate any possible harm resulting from the opening of, and activity on, unauthorized credit cards? Please provide the date(s) of any outreach by Wells Fargo to these bureaus, the instructions and information provided to the bureaus, and the proposed remediation for those customers who may have suffered harm.**
- 42) Your credit restoration plan provides Wells Fargo with the opportunity to push new products onto customers, urge them to hold on to credit cards they may or may not have wanted, and gather additional information from customers unrelated to closing fraudulent accounts—opportunities that benefit Wells Fargo, not affected customers. Please provide a copy of the scripts that your company will use to contact affected customers, highlighting any instance in which Wells Fargo attempts to convince customers to purchase new products or retain (potentially unwanted) accounts.**
- 43) Senator Tester asked you how you planned to identify and provide restitution to customers whose credit ratings were negatively impacted because of Wells Fargo employees' actions against its customers, including but not limited to transactions with other financial institutions. You stated that you would call each of Wells' credit card customers to identify any who have been harmed and "have [y]our team come back and report to you how we're working on it." Please provide a detailed explanation of how Wells Fargo plans to identify and provide remediation to these customers, and to other customers who may not have had credit cards, but whose credit may have been harmed due to other products.**
- 44) How will you confirm that inaccurate information on your customers' credit files has been removed? It's one thing to say they're removing the inaccurate info, it's another to ensure the bureaus go ahead and actually remove it.**

*Response to Questions 35-37, 41-44:* Wells Fargo is working very hard to remediate harm that may have been caused to our customers. To that end, pursuant to the CFPB and OCC Consent Orders, Wells Fargo will retain the services of an independent consultant and develop redress and reimbursement plans to identify the population of consumers who may have been affected by improper sales practices. We fully expect that, once approved by our regulators, the redress and reimbursement plans will encompass various forms of harm, including harm related to credit bureau inquiries, and that Wells Fargo will issue and track reimbursement payments.

Wells Fargo is contacting credit card customers for the purpose of determining whether they want their credit cards and to help us identify customers who may have an

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unauthorized credit card account. We are not using these calls to promote other products or services. Our script simply informs customers that we are calling them about an inactive account and asks whether they want the account.

For those customers who want the credit card, the account will remain open. For any customer who does not want their credit card, Wells Fargo is closing the account and correcting credit bureau reporting. This means we are removing the account from the customers' credit reports going forward and suppressing the existence of the inquiry so that it is not viewable to other lenders or requestors (the Fair Credit Reporting Act prohibits us removing the inquiry altogether and it will still be visible to customers pulling their own credit reports).

Moreover, we are in the process of determining how many customers obtained a credit product, with Wells Fargo or another company, during the time period in which their credit score may have been impacted by an unauthorized credit inquiry or existence of the trade line. While it may be difficult to calculate the precise impact for every customer, our intent is to err on the side of the customer and compensate them for impacts to their other credit accounts. This could include impacts on pricing, line or loan size, or credit decision. We have allocated significant resources to this effort and are working with the credit bureaus to develop a plan for submission to our regulators.

Going forward, Wells Fargo is voluntarily expanding its review of accounts to include 2009 and 2010. Wells Fargo also provides resources to help customers request free credit reports and is offering a no-cost mediation option to impacted customers to help identify and remediate any other forms of harm.

Ultimately, if any customer has any questions or concerns regarding his or her accounts—regardless of when those accounts were opened—he or she is invited to contact us so that Wells Fargo can address those questions or concerns.

**Senior Executive Compensation**

- 45) Please provide any Board or Compensation Committee minutes describing (1) discussion of the pending Wells Fargo settlement and any impact it had on Ms. Tolstedt's decision to retire, (2) discussion of termination or any other penalty for Ms. Tolstedt in relation to her role in the Wells Fargo actions that resulted in the CFPB settlement; (3) the impact of Ms. Tolstedt's decision to retire on her final compensation.**
- 46) Fortune magazine reported that the decision to allow Ms. Tolstedt to retire rather than terminating her resulted in her retaining an extra \$45 million in compensation. Is this report accurate? If not, which portions are incorrect? How much did Ms. Tolstedt earn or retain as compensation because of her retirement that she would not have been allowed to earn or retain if she had been terminated?**

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**47) What are the criteria that the Board will use to determine all elements of Ms. Tolstedt's 2016 compensation?**

*Response to Questions 45-47:* Ms. Tolstedt has left Wells Fargo. She has agreed to not exercise any outstanding stock options previously awarded by Wells Fargo until the completion of the Board of Directors' investigation and that, at the conclusion of this investigation, the Board (or the Independent Directors of the Board or the Human Resources Committee, through Board delegation) will have the authority to determine the extent to which such options will be forfeited.<sup>39</sup>

The Board's Independent Directors have determined that all of Ms. Tolstedt's unvested equity compensation, valued at approximately \$19 million, would be forfeited, and that she would not receive a bonus for 2016 or any retirement enhancements or severance package in connection with her separation from Wells Fargo. No incentive compensation was granted to Ms. Tolstedt as a result of her separation from the Company, and none of her equity awards will be "triggered" or otherwise increased or accelerated by her separation. Ms. Tolstedt could be subject to further compensation and other actions based upon the results of the Independent Directors' investigation.<sup>40</sup>

Wells Fargo has multiple recoupment or clawback policies and provisions in place that are applicable to Wells Fargo's current and former executive officers, including Ms. Tolstedt.

<b>Policy/Provision</b>	<b>Trigger for Clawback or Recoupment</b>	<b>Compensation Subject to Recovery</b>	<b>Impacted Population</b>
Unearned Compensation Recoupment Policy	Misconduct by an executive that contributes to the Company having to restate all or a significant portion of its financial statements.	Any bonus or incentive compensation that was based on achievement of financial results that were restated downward.	Executive Officers
Extended Clawback Policy <sup>41</sup>	Incentive compensation was based on materially inaccurate financial information or other materially inaccurate performance metric criteria, whether or not the executive was responsible.	Incentive compensation that was based on materially inaccurate financial information or other materially inaccurate performance metric criteria.	Executive Officers and certain other highly compensated employees
Performance-Based Vesting Conditions	<ul style="list-style-type: none"> <li>Misconduct which has or might reasonably be</li> </ul>	Restricted Share Rights ("RSR") awards and	Executive Officers

<sup>39</sup> Wells Fargo, "Independent Directors of Wells Fargo Conducting Investigation of Retail Banking Sales Practices and Related Matters (press release)" (Sept. 27, 2016) (available online at [https://www.wellsfargo.com/about/press/2016/independent-directors-investigation\\_0927/](https://www.wellsfargo.com/about/press/2016/independent-directors-investigation_0927/)).

<sup>40</sup> Wells Fargo, September 27, 2016 Form 8-K, (available online at <https://www.sec.gov/Archives/edgar/data/72971/000119312516722259/d266244d8k.htm>).

<sup>41</sup> Adopted June 15, 2009 and extended February 2010.

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<b>Policy/Provision</b>	<b>Trigger for Clawback or Recoupment</b>	<b>Compensation Subject to Recovery</b>	<b>Impacted Population</b>
	<p>expected to have reputational or other harm to the Company or any conduct that constitutes "cause,"</p> <ul style="list-style-type: none"> <li>• Misconduct or commission of a material error that causes or might be reasonably expected to cause significant financial or reputational harm to the Company or the executive's business group,</li> <li>• Improper or grossly negligent failure, including in a supervisory capacity, to identify, escalate, monitor or manage, in a timely manner and as reasonably expected, risks material to the Company or the executive's business group,</li> <li>• An award was based on materially inaccurate performance metrics, whether or not the executive was responsible for the inaccuracy, or</li> <li>• The Company or the executive's business group suffers a material downturn in financial performance or suffers a material failure of risk management.</li> </ul>	<p>Performance Share awards granted to named executives are subject to cancellation if the Board of Directors' Human Resources Committee determines that a trigger event has occurred.</p>	<p>Other team members in receipt of RSRs as part of annual incentive/ bonus awards.</p>
<p>Clawback Provisions Included in All Equity-Based Awards</p>	<p>In accordance with the terms of any recoupment or clawback policy or requirement from time to time maintained by Wells Fargo or required by law, as set forth in award</p>	<p>All equity awards granted under the LTICP, whether vested or unvested, for which the applicable Company clawback or recoupment</p>	<p>All team members who receive Wells Fargo equity</p>

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Policy/Provision	Trigger for Clawback or Recoupment	Compensation Subject to Recovery	Impacted Population
	<p>agreements for equity-based compensation grants since 2009.</p> <p>The Long-Term Incentive Compensation Plan (“LTICP”) also provides that awards are subject to any Company recoupment policy or any recoupment requirement imposed under applicable laws.</p>	<p>policy or legal requirement is triggered.</p>	<p>awards under the LTICP</p>

The Board (or the Independent Directors or the Human Resources Committee, through Board delegation) will assess the relevant facts and circumstances, the award terms, and Wells Fargo’s recoupment and clawback policies to determine whether to cancel or clawback any more of Ms. Tolstedt’s incentive compensation.

**48) You stated at the hearing that you are “not an expert in compensation” and that you do not sit on the Wells Fargo Board’s compensation committee. To help us better understand your role, as Chairman of the Board, in contributing to compensation decisions, please provide a description of the process by which your board makes decisions related to compensation and supply any written policies or guidance on the role of board members and Chairman on these matters. Specifically, please comment on Wells Fargo’s most recent proxy statement which states on page 51 that part of Ms. Tolstedt’s incentive compensation award was determined based on your assessment of her 2015 performance.**

*Response:* In deciding executive compensation, the Human Resources Committee of the Board of Directors (HRC) is guided by four compensation principles that have historically governed its pay decisions for named executives:

1. Pay for Performance: Link compensation to Company, business line, and individual performance so that superior performance results in higher compensation and inferior performance results in lower compensation;
2. Foster Risk Management Culture: Structure compensation to promote a culture of prudent risk management consistent with the Company’s Vision and Values;
3. Attract and Retain Top Executive Talent: Offer competitive pay to attract, motivate, and retain industry executives with the skills and experience to drive superior long-term Company performance; and

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4. Encourage Creation of Long-Term Stockholder Value: Use performance-based long-term stock awards with meaningful and lasting share retention requirements to encourage sustained stockholder value creation.

In 2015, the HRC maintained the overarching compensation structure for named executives that it had used in the past, including the relative balance between annual fixed compensation and annual variable “at-risk” compensation. The HRC also continued to weight long-term over annual compensation, and equity over cash compensation. Within this framework, the HRC awarded the following primary elements of compensation to the Company’s named executive officers for 2015: base salary, annual incentive, and long-term equity-based incentive.

In 2015, Ms. Tolstedt’s 2015 annual incentive award was determined by the HRC based on a broad set of factors, including the Company’s financial performance, the Company’s progress on key strategic priorities, compensation of similarly situated executives in the Labor Market Peer Group (where such information was available), success in achieving strategic objectives in the Community Banking division, Ms. Tolstedt’s ability to operate as a member of a team, Ms. Tolstedt’s success against her objectives for 2015, which included the financial performance of her respective business line and a risk and other qualitative assessment of how those results were achieved, as well as the recommendations of Mr. Stumpf based on his assessment of her 2015 performance.<sup>42</sup>

The HRC awarded Ms. Tolstedt long-term incentive compensation in the form of performance shares granted in February 2015 and RSRs granted in July 2015. In granting the 2015 Performance Shares and establishing their terms, the HRC considered the appropriateness of this award structure in the context of multiple factors including applicable regulatory guidance, the quality of the Company’s performance from a risk management perspective, and the need for continued leadership over the three-year performance period. The HRC determined the dollar value of the Performance Share grants, taking into account individual experience and responsibilities, to provide an opportunity to realize variable compensation commensurate with performance and with the intention that total compensation be competitive with total compensation for comparable positions and performance at peers. The HRC granted the July 2015 RSRs following a mid-year evaluation of the senior executives’ compensation and contributions to the Company’s strong performance as part of an overall, balanced mix of competitive pay and to provide an incentive for those executives to continue their strong and effective leadership, consistent with the Company’s compensation principles to pay for performance, to attract, retain, and motivate top executive talent, and to encourage the creation of long-term stockholder value.<sup>43</sup>

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<sup>42</sup> Wells Fargo, 2016 Proxy Statement, at 38-39, 52 (available online at <https://www.sec.gov/Archives/edgar/data/72971/000119312516506771/d897049ddef14a.htm>).

<sup>43</sup> Wells Fargo, 2016 Proxy Statement, at 53-54 (available online at <https://www.sec.gov/Archives/edgar/data/72971/000119312516506771/d897049ddef14a.htm>).

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49) A recent CNNMoney report indicated that you received millions of dollars in compensation for increasing the number of “primary consumer, small business, and banking checking consumers” and for “reinforcing a culture of risk management and accountability at the company.”<sup>44</sup> Please provide details on all bonuses or incentive pay that you have received, based on performance related to “cross-selling,” increasing the number of consumers or consumer accounts. For each year, provide the total value of all such incentives received, and the criteria that qualified you for such incentives.

*Response:* As part of their investigation, the Independent Directors and the Human Resources Committee will review the extent to which Mr. Stumpf’s compensation was based on performance related to cross-selling or upon metrics that included unauthorized accounts.

50) Please describe your full compensation package and benefits plan, including base salary, incentive compensation, and any retirement benefits such as a 10b5-1 plan, including the dollar values of such packages and benefits.

*Response:* In 2015, Mr. Stumpf received the following compensation:<sup>45</sup>

Salary (\$)	Stock Awards (\$)	Non-Equity Incentive Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
2,800,000	12,500,054 <sup>46</sup>  (dollar value on date of grant of 2015 Performance Shares at “target”— actual will be determined in the first quarter of 2018)	4,000,000  (833,333 of which was paid in Restricted Share Rights that vest over three years) <sup>47</sup>	N/A	18,550	19,318,604

<sup>44</sup> <http://money.cnn.com/2016/09/22/investing/wells-fargo-ceo-john-stumpf-200-million/index.html?iid=hp-stack-dom>.

<sup>45</sup> Wells Fargo, 2016 Proxy Statement, at 57 (available online <https://www.sec.gov/Archives/edgar/data/72971/000119312516506771/d897049ddef14a.htm>).

<sup>46</sup> Mr. Stumpf agreed to forfeit this award. See Wells Fargo, “Independent Directors of Wells Fargo Conducting Investigation of Retail Banking Sales Practices and Related Matters (press release)” (Sept. 27, 2016) (available online at [https://www.wellsfargo.com/about/press/2016/independent-directors-investigation\\_0927/](https://www.wellsfargo.com/about/press/2016/independent-directors-investigation_0927/)).

<sup>47</sup> Mr. Stumpf agreed to forfeit this award. See *Id.*

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Salary (\$)	Stock Awards (\$)	Non-Equity Incentive Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
	and may range from zero to 150% of the target shares, depending on Company performance)				

Mr. Stumpf participated in, and other Wells Fargo executives participate in the same benefit programs generally available to all team members, including health, disability, and other benefit programs, which include the Company 401(k) Plan (with a company match and potential discretionary profit sharing contribution) and, for team members hired prior to July 1, 2009, the Company's qualified Cash Balance Plan (frozen in July 2009). The Company matched up to 6% of eligible participants' certified compensation during 2015 and, in January 2016, the Human Resources Committee of the Board of Directors authorized a discretionary profit sharing contribution of 1% of each eligible participant's certified compensation under the Company 401(k) Plan based on the Company's 2015 performance.

Certain executives, together with team members whose covered compensation exceeds IRC limits for qualified plans, also participated in nonqualified Supplemental 401(k) and Supplemental Cash Balance Plans prior to those plans being frozen in July 2009. Following the freezing of the plans, the Company no longer makes additional contributions for participants in these plans, although additional investment income continues to accrue to participants' individual accounts at the rates provided for in the plans. Certain executives and certain other highly compensated team members also can participate in our Deferred Compensation Plan. Effective January 1, 2011, the Company amended this plan to provide for supplemental Company matching contributions for any compensation deferred into the Deferred Compensation Plan by a plan participant, including Mr. Stumpf, that otherwise would have been eligible (up to certain IRS limits) for a matching contribution under the Company's 401(k) Plan.<sup>48</sup>

The HRC has intentionally limited perquisites to executive officers. In 2015, for security or business purposes, the Company provided a car and driver to Mr. Stumpf and from time to time to certain other executives, primarily for business travel and occasionally for

<sup>48</sup> Wells Fargo, 2016 Proxy Statement, at v. 55-56 (available online at <https://www.sec.gov/Archives/edgar/data/72971/000119312516506771/d897049ddef14a.htm>).

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commuting. In addition, the HRC may from time to time approve security measures if determined to be in the business interests of our Company for the safety and security of our executives and other team members. In 2012, the HRC approved residential security measures for certain executives and, in 2015, the Company paid for the cost of regular maintenance for the previously installed home security systems for certain of our executives. From time to time the Company may pay the cost for a named executive's spouse to attend a Wells Fargo business-related event where spousal attendance is expected. All perquisites for Mr. Stumpf during 2015 did not exceed \$10,000.<sup>49</sup>

The Company does not provide our executives with 10b5-1 plans, and none of our executive officers participate in a 10b5-1 plan related to Wells Fargo common stock.

**51) As was requested of you at the hearing, please provide information on all senior executives at Wells Fargo who suffered any financial consequence as a result of the practices at issue here.**

*Response:* The Independent Directors of the Board of Directors of Wells Fargo announced on September 27, 2016 that they have launched an independent investigation into the Company's retail banking sales practices and related matters. A Special Committee of Independent Directors is leading the investigation, working with the Board's Human Resources Committee and independent counsel.

The Independent Directors have taken a number of initial steps they believe are appropriate to promote accountability at the Company. They have agreed with Mr. Stumpf that he will forfeit all of his outstanding unvested equity awards, valued at approximately \$41 million. In addition, he will not receive a bonus for 2016.

Ms. Tolstedt has left Wells Fargo. She has agreed to not exercise any outstanding stock options previously awarded by Wells Fargo until the completion of the Board of Directors' investigation and that, at the conclusion of this investigation, the Board (or the Independent Directors of the Board or the Human Resources Committee, through Board delegation) will have the authority to determine the extent to which such options will be forfeited.

On September 27, 2016, the Board announced that the Independent Directors had determined that Ms. Tolstedt would forfeit all of her unvested equity awards, valued at approximately \$19 million, and that she will not receive a bonus for 2016 and will not receive any retirement enhancements or severance package in connection with her separation from Wells Fargo. No incentive compensation was granted as a result of

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<sup>49</sup> Wells Fargo, 2016 Proxy Statement, at v, 55-56, 59 (available online at <https://www.sec.gov/Archives/edgar/data/72971/000119312516506771/d897049ddef14a.htm>).

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Ms. Tolstedt's separation, and none of her equity awards will be "triggered" or otherwise increased or accelerated by her separation.<sup>50</sup>

These initial actions will not preclude additional steps being taken with respect to Mr. Stumpf, Ms. Tolstedt or other employees as a consequence of the information developed in the investigation.

**Forced Arbitration and Secret Settlements**

- 52) Please provide a copy of the current basic customer agreement and any other customer agreements that have been in place since 2007 for Wells Fargo customers that open credit cards or bank accounts.**
- 53) Between 2007 and September 2016, how many customer complaints related to the allegations in the CFPB settlement were settled via the arbitration process? (i.e., how many total cases were heard?) In how many cases did the arbitrator rule for the customer and in how many did the arbitrator rule for Wells Fargo?**
- 54) In cases where the arbitrator ruled for the customer, what remediation was made to customers? What was the average settlement amount?**
- 55) In cases where customers took cases to arbitration, did secrecy clauses prevent them from making any information about their grievances public?**
- 56) Did Wells Fargo disclose to investors or the public any cases where arbitrators ruled in favor of customers in these cases? How and when did the company do so?**
- 57) Between 2007 and 2016, did Wells Fargo settle any cases related to the allegations in this settlement outside the arbitration system? If so, how many cases were settled in this fashion? Please explain.**
- 58) As was requested at the hearing, will Wells Fargo commit to permitting customers bringing disputes related to these actions to bring their claims in court, rather than forcing them into arbitration?**

*Response to Questions 52-58:* Wells Fargo believes that the use of arbitration is a fair and efficient process that serves the needs of both parties. Nevertheless, Wells Fargo is offering a no-cost mediation program to customers, in addition to arbitration. We believe these options provide a fair and efficient means of remediating any harm.

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<sup>50</sup> Wells Fargo, "Independent Directors of Wells Fargo Conducting Investigation of Retail Banking Sales Practices and Related Matters (press release)" (Sept. 27, 2016) (available online at [https://www.wellsfargo.com/about/press/2016/independent-directors-investigation\\_0927/](https://www.wellsfargo.com/about/press/2016/independent-directors-investigation_0927/)).