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COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515–6143

MAJORITY (202) 225–5074
MINORITY (202) 225–5051

http://oversight.house.gov

September 13, 2016

Mr. John G. Stumpf
Chairman and Chief Executive Officer
Wells Fargo & Company
420 Montgomery St.
San Francisco, CA 94163

Dear Mr. Stumpf:

On September 8, 2016, the Consumer Financial Protection Bureau filed a Consent Order detailing widespread fraud by Wells Fargo employees who opened more than a million accounts in the names of customers without their knowledge or permission. The Consent Order states that Wells Fargo employees:

> (1) opened unauthorized deposit accounts for existing customers and transferred funds to those accounts from their owners' other accounts, all without their customers' knowledge or consent; (2) submitted applications for credit cards in consumers' names using consumers' information without their knowledge or consent; (3) enrolled consumers in online-banking services that they did not request; and (4) ordered and activated debit cards using consumers' information without their knowledge or consent.[1]

Wells Fargo managers apparently orchestrated these abuses through quotas, threats, and other punitive measures. A former Wells Fargo employee stated: "This was not done by employees trying to hit their sales numbers, it was more of threats from upper management."[2] In addition, a lawsuit filed by the state of California precipitating the settlement alleged:

> Managers constantly hound, berate, demean and threaten employees to meet these unreachable quotas. Managers often tell employees to do whatever it takes to reach their quotas. Employees who do not reach their quotas are often required to work hours beyond their typical work schedule without being compensated for that extra work time, and/or are threatened with termination.[3]

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[1] *In the Matter of Wells Fargo Bank, N.A.*, 2016-CFPB-0015 (2016).

[2] *Workers Tell Wells Fargo Horror Stories*, CNN Money (Sept. 9, 2016) (online at money.cnn.com/2016/09/09/investing/wells-fargo-phony-accounts-culture/index.html?iid=EL).

[3] *California v. Wells Fargo & Co.*, No. BC-580778 (Cal. Super. Ct. May 4, 2015)

To state the obvious, opening more than a million fraudulent accounts using stolen identities would seem to reflect widespread criminal activity. Any Wells Fargo executives who directed these abuses or enforced these quotas should be investigated and prosecuted if warranted.

The consent order states that Wells Fargo terminated approximately 5,300 employees for engaging in these activities between January 1, 2011, and September 8, 2016. In addition, Wells Fargo will be required to pay $185 million to settle claims stemming from these abuses.

However, Carrie Tolstedt, who oversaw the Community Banking group and the employees who engaged in these abuses, will reportedly leave the bank at the end of the year with nearly $125 million in compensation.[4]

The effects of these abuses by Wells Fargo employees on consumers are widespread. The Bureau reports that approximately 85,000 of the more than 1.5 million deposit accounts improperly opened by Wells Fargo incurred about $2 million in unwarranted fees.[5] Overdrafts and failures to maintain minimum balances in these unauthorized accounts also may reflect negatively on customers' FICO and other credit scores, and these abuses may inhibit the ability of Wells Fargo customers to open new accounts in the future. They may also negatively impact the manner in which these customers are screened by consumer reporting agencies.

To investigate these widespread abuses and their impact on consumers, I request that you provide the following information for the timeframe of January 2011 to the present, unless otherwise indicated:

1. All documents and communications produced to the Consumer Financial Protection Bureau in the course of its review of Wells Fargo's sales practices culminating in the Consent Order between the Consumer Financial Protection Bureau and Wells Fargo filed on September 8, 2016 ("Consent Order");

2. All documents and communications, including emails, text messages, memoranda, and policies, referring or relating to the activities described in the Consent Order ("improper sales tactics");

3. All documents and communications referring or relating to how and when Wells Fargo management first became aware of these improper sales tactics;

4. Documents and communications sufficient to detail when and how Wells Fargo took steps to increase oversight and redress the improper sales tactics;

(Complaint for Equitable Relief and Civil Penalties for: (1) Violation of the California Unfair Competition Law for Gaming; and (2) Violation of the California Unfair Competition Law for Failure to Provide Notice of Data Breach).

[4] *Wells Fargo Exec Who Headed Phony Accounts Unit Collected $125 Million*, Fortune (Sept. 12, 2016) (online at fortune.com/2016/09/12/wells-fargo-cfpb-carrie-tolstedt/).

[5] *In the Matter of Wells Fargo Bank, N.A.*, 2016-CFPB-0015 (2016).

5. Documents detailing any Wells Fargo compensation policies permitting "compensation clawbacks" for participation in activities leading to consent orders, settlement agreements, or court orders;

6. Documents and communications sufficient to detail the development of compensation policies permitting "compensation clawbacks" for participation in activities leading to consent orders, settlement agreements, or court orders;

7. All written analysis used to justify Carrie Tolstedt's compensation;

8. All documents and communications, including emails and memoranda, referring or relating to the establishment of Carrie Tolstedt's compensation;

9. All documents and communications referring or relating to whether the compensation of Carrie Tolstedt will be "clawed back" when she leaves the bank and the discussions leading to this decision;

10. Documents and communications sufficient to show the number of customers impacted by these improper sales tactics, and how many of those customers were reported to any credit rating agency or collection agency for an overage, forced closure, or any other credit issue;

11. Documents sufficient to explain the steps Wells Fargo is taking to ensure that the records maintained by consumer credit agencies do not include any improper account actions initiated by Wells Fargo employees;

12. All documents and communications produced to, and received from, third party consultants hired by Wells Fargo to review its improper sales tactics, including any reports of findings;

13. All documents and communications referring or relating to the base and incentive compensation structures for employees involved in these improper sales tactics;

14. All documents and communications referring or relating to changes in base and incentive compensation structure for bank branches and bank branch workers involved in these improper sales tactics; and

15. Documents and communications sufficient to detail the positions and salaries of all employees terminated for the improper sales tactics.

I request that you provide this information and a briefing by October 13, 2016. If you have any questions regarding this request, please contact Todd Phillips of my staff at (202) 225-5051.

Thank you for your cooperation with this request.

Sincerely,

Elijah E. Cummings
Ranking Member

cc: The Honorable, Jason Chaffetz, Chairman