



James M. Strother
Senior Executive Vice President,
General Counsel

Law Department
MAC A0194-275
45 Fremont Street, 27th Floor
San Francisco, CA 94105

Tel: 415 396 1793
Fax: 415 975 7867
james.strother@wellsfargo.com

November 29, 2016

VIA HAND & ELECTRONIC DELIVERY

The Honorable Patrick Leahy
United States Senate
437 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
United States Senate
713 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Richard Blumenthal
United States Senate
706 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
United States Senate
317 Hart Senate Office Building
Washington, D.C. 20510

Re: September 23, 2016 Request for Information

Dear Senators Leahy, Brown, Durbin, Franken, Blumenthal, and Warren:

I am writing in response to your letter dated September 23, 2016 ("Letter"). We appreciate this opportunity to answer your questions. Below and enclosed please find information responsive to the requests in the Letter.

Request 1:

Please provide a copy of the current basic customer agreement and any other customer agreements that have been in place since 2011 for Wells Fargo customers that open credit cards or bank accounts.

Wells Fargo is producing, at Bates WF-LEAHY-0000206 – WF-LEAHY-0000917; WF-LEAHY-0000922 – WF-LEAHY-0001005, agreements responsive to this Request.

Together we'll go far



Request 4:

Does Wells Fargo, or its selected arbitrator, have policies that prevent customers from making information about their allegations or resolution public?

Wells Fargo's primary arbitration providers, the American Arbitration Association ("AAA") and Judicial Arbitration and Mediation Services, Inc. ("JAMS"), both post their rules and procedures online. See AAA Rules and Procedures (*available at <https://www.adr.org/aaa/faces/rules>*); JAMS Rules and Procedures (*available at <https://www.jamsadr.com/adr-rules-procedures/>*). Moreover, Wells Fargo's arbitration agreement, including any confidentiality provisions, can be found in the customer account agreements being produced herewith. See WF-LEAHY-0000206 – WF-LEAHY-0000917; WF-LEAHY-0000922 – WF-LEAHY-0001005.

Request 5:

What percentage of these allegations were heard by the same arbitrator or arbitration provider?

Wells Fargo has been unable to identify the precise "percentage of these allegations [that] were heard by the same arbitrator or arbitration provider." However, Wells Fargo's primary arbitration providers are the AAA and JAMS.

Request 6:

Did Wells Fargo disclose to its investors allegations concerning the unauthorized creation of accounts? How and when did the company do so?

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.

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. . . .” See WF-LEAHY-0000918 – WF-LEAHY-0000921. 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. . . .” See WF-LEAHY-0000001 – WF-LEAHY-0000205. We will continue to review developments related to sales practices matters and make additional disclosures as the facts and circumstances warrant.

Request 7:

In light of your commitment to do everything possible to fix this issue and restore your customers’ trust, will you end Wells Fargo’s use of mandatory arbitration clauses in your customer agreements?

Wells Fargo’s goal is to make things right for our customers so that formal dispute resolution proceedings are unnecessary for as many of our customers as possible. We are working to connect with customers and, for those negatively impacted by unauthorized accounts, to fix the issues. For those cases that may require additional attention, Wells Fargo is offering a no-cost mediation option to its customers. A mediation option for California customers was part of Wells Fargo’s agreement with the Los Angeles City Attorney, and we have extended that program nationwide. For those customers dissatisfied with our efforts to make them whole, Wells Fargo believes that arbitration offers a process that is fair and efficient.

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.

In August 2015, we asked PricewaterhouseCoopers (“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 were unauthorized and/or experienced simulated funding; it just could not rule out these possibilities. We took this intentionally expansive approach because

we were willing to refund fees to customers who in fact approved account openings, but subsequently allowed the accounts to lapse, so that we did not exclude customers who may have suffered harm.

After PwC completed its analysis, Wells Fargo promptly made direct deposits and issued checks to refund substantially all fees, with interest, that were assessed on the accounts identified by PwC.¹ In an effort to be fully transparent, all customers received a letter informing them that they were receiving a refund as a result of fees that may have arisen from an account they may not have authorized. We also provided our customers with contact information if they wished to discuss the matter further with us.

We have found indications that the PwC number includes accounts where the customer authorized its opening. For example, we have worked to contact customers with open, inactive credit card accounts identified by PwC (i.e., the customers with accounts that *could have been* unauthorized) to determine whether they want these credit cards. Approximately 25 percent have informed the bank that they either did not apply, or did not recall whether or not they applied, for their card. These results demonstrate that PwC's findings as to the credit card accounts analyzed were over-inclusive, containing accounts where the customer authorized the opening of the account.

For those customers who want the credit card, the account will remain open. For any customers who do 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 from 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 make them whole for negative repercussions that were tied to a drop in their credit score. 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 is also 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. We are also taking steps to ensure that any customers who

¹ Refunds were not made if the amount paid by the customer plus interest was less than \$1.00.

November 29, 2016

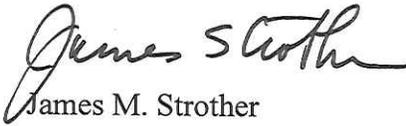
Page 5

have concerns, regardless of when their accounts were opened, have the information and tools to contact Wells Fargo. In addition to contacting us through the phone number included on statements or visiting us in a branch, customers are encouraged to call our special hotline (877-924-8697) at any time. Information is also continually updated and available at wellsfargo.com/commitment. Wells Fargo fully intends to address all consumers impacted by improper sales practices, regardless of when they occurred.

* * *

Please feel free to have your staff contact me with any questions concerning the above response.

Sincerely,



James M. Strother
Sr. EVP & General Counsel

Enclosure