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21 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

22 **IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO**

23 DONNA MAXWELL, derivatively on
24 behalf of WELLS FARGO & COMPANY,

25 Plaintiff,

26 v.

27 JOHN D. BAKER II, JOHN S. CHEN,
28 FRANKLIN CODEL, LLOYD H. DEAN,
ELIZABETH A. DUKE, DAWN MARTIN
HARP, ENRIQUE HERNANDEZ, JR.,
DONALD M. JAMES, CYNTHIA H.
MILLIGAN, AVID MADJTABAI,
FEDERICO F. PEÑA, JAMES H.
QUIGLEY, STEPHEN W. SANGER,
TIMOTHY J. SLOAN, JOHN G. STUMPF,
SUSAN G. SWENSON, CARRIE
TOLSTEDT and SUZANNE M.
VAUTRINOT, and DOES 1-100,

Defendants,

-and-

WELLS FARGO & COMPANY,

Nominal Defendant.

Case No.:

**SHAREHOLDER DERIVATIVE
COMPLAINT FOR:**

1. **BREACH OF FIDUCIARY DUTY;**
2. **UNJUST ENRICHMENT;**
3. **INSIDER TRADING UNDER
DELAWARE LAW; and**
4. **INSIDER TRADING UNDER
CALIFORNIA LAW**

DEMAND FOR JURY TRIAL

SHAREHOLDER DERIVATIVE COMPLAINT

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1 Plaintiff brings this derivative action on behalf of Wells Fargo & Company (the
2 “Company”) against certain of the Company’s current and/or former officers and directors based
3 upon the unlawful course of conduct by the Company and principal subsidiary, Wells Fargo
4 Bank, N.A. (the “Bank” and, collectively with the Company, “Wells Fargo”), relating to the
5 Bank’s automobile and home loan practices. Plaintiff makes these allegations based on the
6 investigation of the undersigned counsel which included, but is not limited to an analysis of: (1)
7 Wells Fargo’s public statements and reports, (2) Wells Fargo’s public filings with public
8 agencies; (3) other public statements issued by or regarding Wells Fargo; and (4) court and
9 regulatory records.

10 **I. INTRODUCTION**

11 1. This case stems from Wells Fargo’s latest revelations that, for years, it deceived
12 hundreds of thousands of its automobile and home loan customers, including active military
13 service members. As discussed below, the nature and scope of the unlawful conduct is a direct
14 result of the Bank’s deficient internal controls and the Board of Directors’ conscious inactivity
15 despite having actual or constructive knowledge of unlawful conduct at the Bank.

16 2. On July 27, 2017, Wells Fargo stunned the market by revealing that Bank
17 employees had also cheated automobile loan customers by improperly charging them for collision
18 damage they did not need. According to published reports, the scope of the unlawful conduct is
19 massive. The unneeded insurance reportedly impacted about 800,000 customers, pushed about
20 275,000 of its customers into delinquency, and resulted in almost 25,000 wrongful vehicle
21 repossessions.

22 3. The Bank’s auto loan scheme was run out of its “Dealer Services” unit in Irvine,
23 California, and was part of Wells Fargo’s Consumer Lending Group. The head of the Consumer
24 Lending Group, Senior Executive Vice President Avid Madjtabai, reported directly to defendant
25 Carrie Tolstedt, head of Wells Fargo’s Community Banking unit, and also sat on Wells Fargo’s
26 Operating Committee, composed of Wells Fargo’s most senior executives and reporting directly
27 to Chief Executive Officer and Chairman John Stumpf. Thus, Wells Fargo’s executives,
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1 including the Individual Defendants herein, had a direct line of communication about the ongoing
2 unlawful conduct.

3 4. On August 4, 2017, Wells Fargo revealed that it was paying \$108 million to the
4 United States Government to settle claims that the Bank had overcharged veterans in refinancing
5 their home loans and that home loans it originated under the Veterans Affairs program were
6 ineligible for guarantees paid to the Bank by the VA. In announcing the settlement, Defendant
7 Tim Sloan, Wells Fargo's Chief Executive Officer, expressed the Bank's commitment to
8 "transparency with all our stakeholders."

9 5. However, just three days later, on August 7, 2017, Wells Fargo's shareholders
10 learned that the Bank was facing new regulatory scrutiny by the Federal Reserve Bank of San
11 Francisco for overcharging its automobile loan customers yet again, this time for "guaranteed
12 auto protection" insurance, or GAP. Once again, the illegal practice was centered in Wells
13 Fargo's Dealer Services division in Irvine, and given the prevalence of the product, likely
14 impacted tens of thousands of customers with such insurance, including military service
15 members. After the news broke, Wells Fargo scrambled to release a statement and acknowledged
16 that "issues related to a lack of oversight and controls" surrounding its program had been
17 identified during an "internal review."

18 6. Wells Fargo was also recently hit with additional lawsuits alleging that it bilked
19 thousands of home loan borrowers nationwide by improperly charging them rate-lock extension
20 fees when their applications were delayed, even when it was the Bank's fault, in violation of state
21 and federal consumer protection laws. The lawsuits include a class action filed this week by Bank
22 home loan customers, and a whistle-blower lawsuit filed by a mortgage banker at the Bank which
23 detailed unlawful practices relating to the rate-lock fees. As detailed therein, Wells Fargo
24 managers pressured employees to blame homeowners for the delays, sometimes by falsely stating
25 that paperwork was missing, so homeowners could be stuck with the extra fees. In regulatory
26 filings, Wells Fargo has also now admitted that it is reviewing the practices and that the
27 Consumer Financial Protection Bureau opened its own investigation on the issue.

1 7. New scandals at Wells Fargo are being revealed on an almost daily basis. On
2 August 31, 2017, the Bank raised a new issue regarding the unauthorized enrollment of customers
3 in the Bank’s online bill payment service. Wells Fargo said that it had found 528,000 cases in
4 which customers may have been signed up without their knowledge or consent, and will refund
5 \$910,000 to customers who incurred fees or charges. *See* Stacy Cowley, “Wells Fargo Review
6 Finds 1.4 Million More Suspect Accounts,” *The New York Times*, Aug. 31, 2017.

7 8. The illegal conduct targeting Wells Fargo’s loan customers, and the Bank’s delay
8 in reporting such conduct to the public, was known to or recklessly disregarded by the Individual
9 Defendants who should have been particularly vigilant to the unlawful practices. In September
10 2016, the same Dealer Services business unit was caught fleecing military service members by
11 illegally repossessing their cars in violation of the Servicemembers Civil Relief Act (“SCRA”).
12 The Bank paid \$4 million to the Justice Department (“DOJ”) and \$20 million settlement to the
13 Office of the Comptroller of the Currency (“OCC”) for illegal conduct that dated back years, and
14 which only came to light after Bank management ignored complaints from service members and
15 military legal assistance programs. Indeed, the Bank did not even conduct a Company-wide
16 review until after the DOJ launched its own investigation into the practices. The OCC’s Consent
17 Orders also found the Bank’s governance structure to be so deficient that, in addition to the
18 payments, the Bank was required to immediately to reform its governance structure to detect and
19 prevent future SCRA violations. The required reforms included a new Board Compliance
20 Committee responsible for monitoring and overseeing the Bank’s compliance with the Consent
21 Orders, with quarterly written progress reports to the full Board. Board members, including John
22 Stumpf, Lloyd Dean, Enrique Hernandez, Cynthia Milligan, Federico Pena, James Quigley and
23 Stephen Sanger, were also required to personally sign separate Stipulations and consent to the
24 issuance of the Consent Orders.

25 9. Similarly, in 2015, Wells Fargo reportedly distributed over \$28 million under a
26 national mortgage settlement with the DOJ based on claims that it had violated the SCRA by
27 illegally foreclosing on military service members’ homes.

1 10. Earlier this year, ProPublica published an article based on conversations with
2 several former Wells Fargo loan officers in the Los Angeles region who said that the Bank, as a
3 matter of practice, improperly charged home loan clients to extend their promised interest rate
4 when their paperwork was delayed and were told by Bank management to blame the customers
5 even when the delays were the Bank's fault. The ProPublica article attached a November 2016
6 letter from Frank Chavez, a former Wells Fargo bank officer, to the House Financial Services
7 Committee and Senate Banking Committee describing the unlawful scheme. Chavez' letter to
8 Congress also included a June 2015 customer complaint sent directly to top Bank management,
9 including Executive Vice President and Head of Wells Fargo Home Lending, Michael Heid, and
10 Chief Executive Officer, John Stumpf.

11 11. To be sure, this pattern and practice of systemic, unlawful conduct against the
12 Bank's own loan customers was allowed to continue, unabated, for years, due to a complete
13 breakdown in corporate governance by the Bank's Board of Directors and senior executive
14 management. Despite repeated promises of reform, the sheer scope and continuing nature of the
15 unlawful conduct illustrate that Wells Fargo's corporate governance structure was and continues
16 to be deficient, and that Wells Fargo's Board knowingly approved, year after year, an unlawful
17 business plan that recklessly pursued profits at the cost of legal compliance. The Board also
18 remained consciously inactive in the face of red flags of unlawful conduct occurring at the Bank,
19 and failed and continues to fail to implement adequate internal controls to identify, assess, and
20 cease such unlawful conduct in its loan operations. Undoubtedly, in response to these latest
21 revelations, Wells Fargo's Board will again promise changes to revamp its corporate governance
22 structure and provide for accountability of management. Meanwhile, governmental investigations
23 will continue, fines and settlements will be accrue, class action lawsuits will be filed at great
24 expense, and Bank customers, including our military service members, will be targeted for
25 deception.

26 12. To this day, the Board has failed to take any action against any executive, officer
27 or director relating to the illegal loan practices, only illustrating its lack of independence and
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1 continuing conflicts of interest. For example, in August 2015, when Michael Heid announced his
2 retirement as the Head of Wells Fargo Home Lending shortly after receiving notice of the
3 unlawful rate-lock practices, Wells Fargo issued a press release and Stumpf touted Heid's
4 leadership and "uncompromising integrity" and promoted Franklin Codel, who had headed the
5 Mortgage Production team. Similarly, in 2017, when Wells Fargo Dealer Services' highest
6 ranking officer, Dawn Martin Harp, retired, the Board took no action and instead touted her
7 "market leadership" and ability to move "our business forward," and then promoted Codel again
8 to take over her unit. Avid Madjtabei, who headed the Consumer Lending Group during much of
9 the period of unlawful conduct, was promoted to a new position and given a seat on the Operating
10 Committee.

11 13. In addition to lucrative compensation packages paid to senior executives, and
12 director fees paid to the ineffective and impotent directors, Wells Fargo continues to pay for this
13 unlawful conduct, including fees and costs relating to its internal investigation, responses to
14 regulators, and defense of lawsuits. Unfortunately, despite this clear message from outside the
15 Bank, Wells Fargo's officers and directors continue to ignore warnings of their own conduct, and
16 systemic practices deceiving hundreds of thousands of the Bank's own customers. Rather than
17 immediately monitor and correct the illegal conduct pursuant to their fiduciary duties to the Bank,
18 they consciously failed to act, and exposed the Bank to substantial harm.

19 14. This shareholder derivative action seeks redress against the Company's current and
20 former officers and directors for breaches of their fiduciary duties. Defendants had a fiduciary
21 duty to act in the Company's best interests, and to actively oversee the Company's operations to
22 identify and prevent unlawful conduct, yet exposed Wells Fargo to substantial liability by
23 knowingly or recklessly permitting the Company and its employees to disregard the law, and then
24 conceal the misconduct for years.

25 15. Demand is excused in this action because a majority of the members of the
26 Company's Board, including those who also served on the Bank's Board, violated their fiduciary
27 duties. As detailed herein, the Director Defendants remained consciously inactive despite actual
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1 or constructive knowledge of wrongdoing at Wells Fargo, permitting the illegal loan practices
2 described herein to continue, and failing to implement any meaningful changes to identify and
3 immediately end the practices.

4 **II. JURISDICTION AND VENUE**

5 16. This Court has jurisdiction over this action, which is brought pursuant to Section
6 800 of the California Corporation's Code to remedy Defendants' breaches of fiduciary duties and
7 conduct that occurred in California.

8 17. Venue is proper in this Court because the Company is headquartered and maintains
9 its principal place of business at 420 Montgomery Street in San Francisco, California. In
10 addition, a substantial portion of the wrongs complained of herein occurred in the City and
11 County of San Francisco. Defendant Stumpf is also a resident of San Francisco, California.

12 **III. PARTIES**

13 **A. PLAINTIFF**

14 18. Plaintiff DONNA MAXWELL was a shareholder of Wells Fargo during the
15 Relevant Period of wrongdoing complained of, is a current shareholder of Wells Fargo, and has
16 continuously been a derivative shareholder since that time. She brings this action derivatively in
17 the right and for the benefit of Wells Fargo to redress injuries suffered, and to be suffered, by
18 Wells Fargo as a direct result of breach of fiduciary duties by the Defendants.

19 19. Plaintiff caused a correct copy of this complaint to be delivered to Wells Fargo,
20 through its counsel.

21 **B. DEFENDANTS**

22 **1. Nominal Defendant**

23 20. Nominal defendant WELLS FARGO & COMPANY (the "Company") is a bank
24 holding company, formed as a Delaware corporation, with its headquarters and principal place of
25 business in San Francisco, California. The Company's principle business is to act as a holding
26 company for its subsidiaries, including Wells Fargo Bank, N.A. (the "Bank"), the principal
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1 subsidiary of the Company, with assets of \$1.6 trillion, or 90% of the Company's total assets.

2 The Company's stock trades on the New York Stock Exchange under the symbol "WFC."

3 **2. Individual Defendants**

4 21. Defendant JOHN D. BAKER II ("BAKER") has been a Director of the Company
5 since 2009. BAKER currently serves on the Board's Audit and Examination Committee,
6 Corporate Responsibility Committee, and Credit Committee.

7 22. Defendant JOHN S. CHEN ("CHEN") has been a Director of the Company since
8 2006. CHEN serves on the Board's Human Resources Committee.

9 23. Defendant FRANKLIN CODEL ("CODEL") is an Officer of the Company, and
10 served as the Executive Vice President of Home Lending, a unit within the Consumer Lending
11 Group. CODEL is presently the head of Consumer Lending and a member of Wells Fargo's
12 Operating Committee, a committee of the most senior executive officers. CODEL joined Wells
13 Fargo in 1993, and previously served as head of Mortgage Production (2011-2015) and as head of
14 Mortgage Finance (2004-2011).

15 24. Defendant LLOYD H. DEAN ("DEAN") has been a Director of the Company
16 since 2005. DEAN serves on the Board's Corporate Responsibility Committee, Governance and
17 Nominating Committee, Human Resources Committee and Risk Committee.

18 25. Defendant ELIZABETH A. DUKE ("DUKE") has been a Director of the
19 Company since 2015. DUKE serves on the Board's Credit Committee, Finance Committee, and
20 Risk Committee.

21 26. Defendant DAWN MARTIN HARP ("MARTIN HARP"), until she retired in
22 2017, was an Officer of the Company, and served as the Executive Vice President of Dealer
23 Services, a unit within the Consumer Lending Group. The Dealer Services unit provided auto
24 financing. MARTIN HARP was also a member of the Wells Fargo management committee, and
25 previously served as the Chief Operating Officer for Wells Fargo Dealer Services (2006-2011).

1 27. Defendant ENRIQUE HERNANDEZ, JR. (“HERNANDEZ”) has been a Director
2 of the Company since 2003. HERNANDEZ serves on the Board’s Corporate Responsibility
3 Committee, Finance Committee and Risk Committee.

4 28. Defendant DONALD M. JAMES (“JAMES”) has been a Director of the Company
5 since 2009. JAMES serves on the Board’s Finance Committee and Human Resources
6 Committee.

7 29. Defendant CYNTHIA H. MILLIGAN (“MILLIGAN”) has been a Director of the
8 Company since 1992. MILLIGAN serves on the Board’s Corporate Responsibility Committee,
9 Credit Committee, Governance and Nominating Committee and Risk Committee.

10 30. Defendant AVID MADJTABAI (“MADJTABAI”) is an Officer of the Company,
11 and a Senior Executive Vice President, currently serving as the head of the Bank’s Payments,
12 Virtual Solutions and Innovation group. She previously served as the head of the Bank’s
13 Operations Group and its Consumer Lending Group, which included the Home Lending and
14 Dealer Services units, amongst others, and sat on the Bank’s Operating Committee, composed of
15 Wells Fargo’s senior executive officers reporting to the Chief Executive Officer and Chair of the
16 Board. While head of the Consumer Lending Group, MARTIN HARP and CODEL reported to
17 MADJTABAI. At Wells Fargo for 24 years, MADJTABAI previously served as the head of the
18 Technology and Operations Group and as Chief Information Officer.

19 31. Defendant FEDERICO F. PEÑA (“PEÑA”) has been a Director of the Company
20 since 2011. PEÑA serves on the Board’s Audit and Examination Committee, Corporate
21 Responsibility Committee, Governance and Nominating Committee, and Risk Committee.

22 32. Defendant JAMES H. QUIGLEY (“QUIGLEY”) has been a Director of the
23 Company since 2013. QUIGLEY serves on the Board’s Audit and Examination Committee,
24 Credit Committee and Risk Committee.

25 33. Defendant STEPHEN W. SANGER (“SANGER”) has been a Director of the
26 Company since 2003 and is currently Chairman of the Board. SANGER serves on the Board’s
27 Governance and Nominating Committee, Human Resources Committee and Risk Committee.

28

1 34. Defendant TIMOTHY J. SLOAN (“SLOAN”) joined Wells Fargo in 1987. He
2 became the Company’s President and COO in November 2015, and has served as CEO and a
3 director on the Board since October 12, 2016. He previously served as the Company’s and
4 Bank’s Senior Executive Vice President, Wholesale Banking from May 2014 to November 2015,
5 their Senior Executive Vice President and CFO from February 2011 to May 2014, and the
6 Company’s Senior Executive Vice President and CAO from September 2010 to February 2011.
7 SLOAN conducted business at the Company’s headquarters in San Francisco.

8 35. Defendant JOHN G. STUMPF (“STUMPF”) was affiliated with Wells Fargo and
9 its predecessors for 34 years. STUMPF was appointed to the Company’s Board in June 2006,
10 appointed CEO in June 2007, and became Board Chairman in January 2010, and served in those
11 capacities until he reportedly retired on October 12, 2016.

12 36. Defendant SUSAN G. SWENSON (“SWENSON”) has been a Director of the
13 Company or its predecessor/acquired companies acquired since 1998. SWENSON serves on the
14 Board’s Audit and Examination Committee and Governance and Nominating Committee.

15 37. Defendant CARRIE TOLSTEDT (“TOLSTEDT”) is a former officer of the
16 Company. TOLSTEDT served as the Senior Executive Vice President, Community Banking at
17 the Company. TOLSTEDT was head of Community Banking from 2007 until July 2016, when
18 she announced she would be retiring.

19 38. Defendant SUZANNE M. VAUTRINOT (“VAUTRINOT”) has been a Director of
20 the Company since 2015. VAUTRINOT serves on the Board’s Audit and Examination
21 Committee and Credit Committee.

22 39. Defendants BAKER, CHEN, DEAN, DUKE, HERNANDEZ, JAMES,
23 MILLIGAN, PEÑA, QUIGLEY, SANGER, SLOAN, STUMPF, SWENSON, and VAUTRINOT
24 are collectively referred to as the “Director Defendants.” CODEL, MARTIN HARP,
25 MADJTABAI, STUMPF, TOLSTEDT and SLOAN are collectively referred to as the “Officer
26 Defendants.” The Director Defendants and the Officer Defendants are collectively referred to as
27 the “Defendants” or “Individual Defendants.”
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3. Doe Defendants

40. Various other individuals, partnership, corporations, and other business entities, unknown to Plaintiff, have participated in the violations alleged herein and have performed acts and made statements in furtherance thereof. Because the true names and capacities of these defendants are unknown to Plaintiff. Plaintiff sues these defendants as Doe Defendants 1-100. Plaintiff will amend the complaint to show the true names and capacities of these defendants when they have been ascertained.

41. Plaintiff is informed and believes, and on that basis alleges, that each of the fictitiously-named defendants is responsible in some manner for the wrongdoing herein alleged, and that the injuries as alleged herein were proximately caused by conduct of these fictitiously-named defendants. Among other things, the Doe Defendants participated in, knew or consciously disregarded the unlawful scheme and provided active assistance to the other defendants in carrying out the wrongful conduct.

IV. THE UNLAWFUL CONDUCT OCCURRING UNDER DEFENDANTS' WATCH

A. Wells Fargo's Repeated Violation of the Servicemembers Civil Relief Act

42. The Servicemembers Civil Relief Act ("SCRA") (50 USC App. § 3901 et seq, as amended), formerly known as the Soldiers' and Sailors' Civil Relief Act of 1940, provides important safeguards to military service members on active duty status in the area of financial management, including rental agreements, security deposits, evictions, installment contracts, credit card interest rates, mortgages, civil judicial proceedings, and income tax payments. It is intended to postpone or suspend certain civil obligations to enable service members to devote full attention to duty and relieve stress on the family members of those deployed service members.

43. National banks, particularly those with thousands of active service member clients like Wells Fargo, are responsible to implement effective internal controls to monitor and ensure compliance with the SCRA.

1 44. Indeed, Wells Fargo’s Board should have been particularly vigilant to SCRA
2 compliance since the Bank had paid substantial monetary settlements to the United States
3 Government for past violations of the SCRA.

4 45. In a 2012 settlement with the DOJ, known as the National Mortgage Settlement,
5 Wells Fargo agreed to pay \$24.1 million to its service member borrowers after the Bank was
6 caught taking non-judicial foreclosures on their homes in violation of the SCRA. The non-
7 judicial foreclosures reportedly took place for years, between 2006 and 2012, forcing hundreds of
8 service members and their families out of their homes while they were serving our country.
9 Beginning in 2015, Wells Fargo began to pay back the service members, and provide additional
10 compensation for lost equity in the property and interest on that equity.

11 46. Similarly, in September 2016, the DOJ filed a complaint against Wells Fargo and
12 its Dealer Services unit in the United States District Court, Central District of California, alleging
13 that the Bank engaged in a “pattern and practice” to violate the SCRA by illegally repossessing
14 military service members’ cars. The alleged conduct, involving Wells Fargo’s Dealer Services
15 division in Irvine, California, included SCRA violations dating back to 2006.

16 47. According to the DOJ Complaint, Wells Fargo repossessed military service
17 member cars even when it had evidence in its own records that the borrower was an SCRA-
18 protected service member. Wells Fargo’s written policies also did not require it to check the
19 Department of Defense’s database provided to lenders to comply with the SCRA, nor to take any
20 other measures to determine its customers’ military status prior to repossessing their vehicles.

21 48. The Bank’s conduct only came to public light when, in 2015, the DOJ received a
22 complaint that the Bank repossessed a service members’ used car while he was deploying to
23 Afghanistan, then sold it at a public auction, and then tried to collect a deficiency balance over
24 \$10,000 from the service member. When Wells Fargo failed to respond to a military attorney’s
25 request for documentation, the attorney sought help from the DOJ, which then opened an
26 investigation into Wells Fargo’s practices. That investigation “found a pattern of unlawful
27 repossessions spanning over more than seven years.”
28

1 49. In September 2016, Wells Fargo agreed to pay the DOJ and OCC over \$24
2 million, and to changes its SCRA policies, to settle the claims.

3 50. The OCC also issued Consent Orders with Wells Fargo and found that, during a
4 ten-year period from 2006 to 2016, Wells Fargo violated numerous SCRA provisions, including
5 failing to apply the 6% interest rate limit to service member obligations and liabilities, failing to
6 accurately disclose service members' active duty status to courts prior to evicting them and their
7 families from their homes, and failing to obtain court orders prior to repossessing their cars. The
8 OCC said the Bank had engaged in "a pattern of misconduct," and its \$20 million penalty
9 reflected a number of factors, "including the duration and frequency of violations, the financial
10 harm to service members, deficiencies and weaknesses in the bank's SCRA compliance program
11 and ineffective compliance risk management." Indeed, the OCC's Consent Orders required Wells
12 Fargo to take immediate corrective action to establish an enterprise-wide SCRA compliance
13 program to detect and prevent future SCRA violations. Several of Wells Fargo's most senior
14 executives signed on to Stipulations and consented to the issuance of an Order for a Civil Money
15 Penalty and a Consent Cease and Desist Order, including John Stumpf, Lloyd Dean, Enrique
16 Hernandez, Cynthia Milligan, Federico Pena, James Quigley, and Steven Sanger. The Consent
17 Order for a Civil Money Penalty is attached hereto as Exhibit A. The Consent Cease and Desist
18 Order is attached hereto as Exhibit B.

19 51. Unfortunately, as described below, despite the Board's duty to implement and
20 oversee an SCRA compliance program going forward, the Individual Defendants failed to ensure
21 that unlawful practices stopped, and failed to disclose that other customers – indeed, hundreds of
22 thousands of them – had been victimized by deceptive loan practices.

23 **B. Wells Fargo Agrees to Refund \$80 Million to Auto Borrowers Bilked for**
24 **Collateral Protection Insurance**

25 52. On July 27, 2017, Wells Fargo was revealed to have worked with a third party auto
26 insurance company, National General Insurance Company ("National General"), to unlawfully
27 solicit its auto loan customers to purchase auto insurance – called Collateral Protection Insurance
28

1 (“CPI”) – that they did not need. According to reports, among the Wells Fargo customers hurt by
2 the unlawful practice were military service members on active duty.

3 53. Because Wells Fargo is one of the nation’s largest auto insurers, the impact of the
4 scam was massive, reportedly impacting more than 800,000 auto loan customers who paid for
5 unnecessary auto insurance policies, pushing nearly 250,000 of them into delinquency and
6 resulting in nearly 25,000 unlawful vehicle repossessions. In addition to the costs of the auto
7 insurance, victims reportedly suffered damage to their credit and paid inflated premiums,
8 delinquency charges, late fees, repossession costs and increased interest rates.

9 54. The details of the wrongful conduct were described in a 60-page internal report
10 prepared by the consulting firm Oliver Wyman, but not released by Wells Fargo to the public.
11 The report estimated that Wells Fargo owed \$73 million to wronged customers, though Wells
12 Fargo’s SEC filings now estimate the cost of the refunds at \$80 million in cash and adjustments.
13 However, while the Bank’s report only looked at policies sold to Wells Fargo’s customers from
14 January 2012 to July 2016, National Union underwrote the policies for Wells Fargo, which
15 required the insurance on auto loans as early as 2006 and continuing until September 2016.

16 55. Wells Fargo automatically imposed the insurance through its Dealer Services
17 division in California. When customers financed cars with Wells Fargo, the buyers’ information
18 went to National General to check against a database to see if the owner had insurance coverage.
19 If not, the insurer would automatically imposed coverage on the customer accounts and add extra
20 premiums and interest to their loans. Wells Fargo was also supposed to cancel the insurance and
21 credit the borrower when customers who already had insurance noticed the charges and notified
22 the Bank. However, many Wells Fargo customers did not notify the Bank of the redundant
23 insurance, likely because their payments were deducted automatically from their bank accounts
24 without their notice.

25 56. Wells Fargo also received a kickback from National General in the form of shared
26 commissions on each CPI policy, providing an incentive to Wells Fargo to unlawfully solicit, sell
27 and maintain the insurance. Wells Fargo also failed to properly disclose the CPI policies or
28

1 automatic payment deductions for CPI, resulting in customer account delinquencies, overdrawn
2 accounts and, in some cases, vehicles that were repossessed.

3 57. On July 27, 2017, following revelations of the CPI scam, Wells Fargo was forced
4 to admit to the conduct and issued a News Release entitled, “Wells Fargo Announces Plan to
5 Remediate Customers for Auto Insurance Coverage.” However, rather than explain its delay in
6 notifying auto loan customers or shareholders about its deception, Wells Fargo inexplicably tried
7 to pat itself on the back for its “transparency.” Franklin Codel, head of Wells Fargo’s Consumer
8 Lending, which includes the Dealer Services unit, stated, “In the fall of last year, our CEO and
9 our entire leadership team committed to build a better bank and be transparent about those efforts.
10 Our actions over the past year show we are acting on this commitment.” However, Wells Fargo
11 confirmed that its internal review of the CPI practices was “in response to customer complaints”
12 which had never been previously disclosed, and that it did not even stop its unlawful practices
13 until September 2016. Wells Fargo also admitted that its “external vendor processes and internal
14 controls were inadequate.” According to Codel, “We take full responsibility for our failure to
15 appropriately manage the CPI program and are extremely sorry for any harm this caused our
16 customers, who expect and deserve better from us.”

17 **C. Wells Fargo Agrees to Pay \$108 Million over Veterans Loans**

18 58. On August 4, 2017, Wells Fargo announced that it would pay \$108 million to the
19 United States Government to settle a whistleblower lawsuit claiming that the Bank charged
20 military veterans illegal and hidden fees to refinance their mortgages, and concealed the fees
21 when applying for federal loan guarantees.

22 59. The mortgage loans, also referred to as Interest Rate Reduction Refinance Loans,
23 should have been ineligible for guarantees under the United States Department of Veterans
24 Affairs loan guaranty program. The Government, and by extension taxpayers, suffered on
25 guaranteed loans that went into default.

26 60. On August 4, 2017, announcing the settlement, Wells Fargo CEO and Defendant
27 Tim Sloan said in a statement, “We are committed to serving the financial health and well-being
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1 of veterans. Settling this longstanding lawsuit allows us to put the matter behind us and continue
2 to focus on serving customers and rebuilding trust with our stakeholders.” Sloan then published a
3 message to Wells Fargo employees that was also published by the Bank on Business Wire,
4 entitled “Wells Fargo CEO Shares Updates on Company’s Rebuilding Trust Efforts in
5 Companywide Message,” to reaffirm the work of the Board of Directors and its supposed
6 commitment to transparency and stamping out unlawful practices.

7 **D. Wells Fargo Overcharges Auto Loan Customers for GAP Insurance**

8 61. On August 7, 2017, just three days after Sloan’s pledge, the New York Times
9 published an article, “Wells Fargo, Awash in Scandal, Faces Violations Over Car Insurance
10 Refunds,” reporting that the Federal Reserve Bank of San Francisco had launched an
11 investigation into the Bank’s failure to refund insurance money to people who paid off their car
12 loans early.

13 62. Wells Fargo’s practice involved insurance sold to consumers when they buy a car,
14 called guaranteed auto insurance or “GAP.” The insurance is designed to protect a lender when
15 the car, collateral for its loan, drives off the lot and thereby loses significant value. GAP
16 insurances makes up the difference in the event the car is stolen before the loan is paid off, since
17 regular car insurance typically only covers the current market value.

18 63. While it is not mandatory to for car buyers to purchase GAP insurance, lenders like
19 it because of the coverage it provides. However, when a borrower pays off a loan early, he or she
20 is entitled to some of the GAP insurance premium because the coverage they paid for is no longer
21 needed. Indeed, many states require that customers get unused insurance back. The failure to
22 refund insurance money also harmed Wells Fargo’s loan customers whose cars were repossessed
23 by increasing what they owed and what was reported to consumer credit bureaus, a violation of all
24 states disclosure laws.

25 64. Wells Fargo’s spokesperson, Jennifer Temple, stated, “During an internal review,
26 we discovered issues related to a lack of oversight and controls surrounding the administration of
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1 Guaranteed Asset Protection products. We are reviewing our practices and actively working with
2 our dealers and have already begun making improvements to the GAP refund process.”

3 65. The division of Wells Fargo that makes car loans and ran the GAP program was
4 Wells Fargo Dealer Services.

5 **E. Wells Fargo Overcharges Home Loan Customers for Mortgage Lock-In Fees**

6 66. Wells Fargo improperly charged thousands of customers nationwide to lock in
7 interest rates when their mortgage applications were delayed, in violation of state and federal
8 consumer protection laws.

9 67. The mortgage fees at issue are known as rate-lock or lock-in extension fees.
10 Interest rate locks are guarantees by a lender to lock in a set interest rate, usually for several
11 weeks, while a loan is being processed. When a borrower applies for a mortgage loan, a lender
12 promises to charge a set interest rate so long as the loan is approved within a certain period of
13 time. Further, if the interest rate lock expires before a loan closes, lenders cover the cost of
14 extending the lock if the delay was their fault. Wells Fargo usually locked in rates for 30 to 90
15 days.

16 68. However, Wells Fargo often took longer than that to process applications because
17 of internal issues, such as understaffing. Notwithstanding the fact that Wells Fargo was at fault
18 for the extended time to process the applications, rather than waive the fees, the Bank instructed
19 loan officers to blame borrowers for the delays – for example, falsely stating that paperwork was
20 missing – so that homeowners would be stuck with extra fees, and then charged them to extend
21 the rate locks. The fees were significant, amounting to 0.125 percent to 0.25 percent of the loan
22 amount.

23 69. Wells Fargo has already been hit with multiple lawsuits arising from this unlawful
24 practice, including a nationwide class action filed by Wells Fargo home loan borrowers.

25 70. Wells Fargo is also the subject of a whistle-blower’s wrongful termination lawsuit
26 by former mortgage banker Mauricio Alaniz, based in Beverly Hills. Alaniz described how Wells
27 Fargo’s mortgage processing and underwriting departments were overwhelmed and understaffed,
28

1 leading to chronic delays in processing loan applications. However, rather than waiving rate lock
2 fees, Wells Fargo employees falsely reported that borrowers had submitted incomplete or
3 inaccurate information.

4 71. In January 2017, ProPublica, in an article entitled, “Here’s Another Way Wells
5 Fargo Took Advantage of Customers,” also reported on the practices, citing interviews with four
6 former employees in the Los Angeles region, Frank Chavez, a former Wells Fargo loan officer
7 and three other former employees who worked in Wells Fargo’s residential mortgage business in
8 the Los Angeles area. Bank management, including Tom Swanson, the Wells Fargo executive in
9 charge of the Los Angeles region, as a matter of policy, directed Bank employees to blame
10 customers and improperly charge them to extend the locks on their interest rate when their
11 mortgage paperwork was delayed, even though the delays were the Bank’s fault.

12 72. In a November 23, 2016 letter to the U.S. House Committee on Financial Services
13 and the U.S. Senate Committee on Banking, Housing and Urban Affairs, Chavez detailed the rate
14 lock scam and the extensive fees charged to borrowers, reportedly “millions of dollars, in just the
15 Los Angeles area alone.” The former employees estimated that a quarter of the mortgages in the
16 branch they worked in had to be extended and the Beverly Hills office alone did \$800 million to
17 \$1 billion in loans, generating at least half a million dollars in extension fees. The Los Angeles
18 region has 19 branches. Chavez’ letter to Congress also referred to and attached a June 2015
19 customer complaint letter to Wells Fargo, and copied to Wells Fargo senior management,
20 including former Chief Executive Officer John Stumpf, complaining after being asked to pay
21 interest rate lock extension fees.

22 73. According to Chavez, Wells Fargo adopted a variety of strategies to shift blame on
23 customers when it couldn’t process a loan application in order to charge them excess fees, the
24 most blatant of which was to have loan processors flag the file for “missing” customer
25 documentation or information that had already been provided by the borrower, and requiring the
26 customer to refile and miss the deadline. Bank loan officers were also instructed to ask customers
27 to submit extra documents that Wells Fargo did not need for its assessment.

1 74. The Consumer Financial Protection Bureau has opened its own probe relating to
2 this conduct.

3 75. Wells Fargo also acknowledged that it is now undergoing “a comprehensive
4 review of our past practices regarding rate-lock extensions that will help us evaluate the facts, and
5 will address additional steps for our customers as appropriate.” Since opening its investigation, a
6 number of mortgage executives, including its former national sales manager and regional
7 managers in California, Oregon and Nevada, have left the Bank. Wells Fargo also acknowledged
8 that its internal review of the rate-lock extension issue was a factor in the leadership changes,
9 though no further details were provided. To date, no action has been taken against any of Wells
10 Fargo’s senior management or directors.

11 **V. DUTIES OWED BY THE DEFENDANTS**

12 76. Defendants, as officers and/or directors of Wells Fargo, owed the Company and its
13 shareholders the highest fiduciary duties. These duties are expressed in the law, in the
14 Company’s bylaws and articles of incorporation, and in various publications issued by the
15 Company expressing its policies and procedures.

16 77. Defendants, because of their positions of control and authority as directors and/or
17 officers of Wells Fargo, were able to and did, directly and/or indirectly, exercise control over the
18 wrongful acts complained of herein. By reasons of their positions as officers and/or directors and
19 fiduciaries and because of their ability to control the business and corporate affairs of Wells
20 Fargo, the Defendants owe Wells Fargo and the Company’s stockholders the fiduciary obligations
21 of trust, loyalty, good faith, candor and due care, and were required to do their utmost to control
22 and manage the affairs of Wells Fargo in a fair, just, honest and equitable manner. The
23 Defendants were required to act in furtherance of the best interests of Wells Fargo and the
24 Company’s stockholders so as to benefit all stockholders equally, and not in furtherance of their
25 own personal interests or benefit. Instead, Defendants acted in their own interests at the expense
26 of those that they owed duties to, violently abusing their control and grossly mismanaging the
27 Company.

1 78. Each officer and director owes Wells Fargo and the Company's stockholders the
2 fiduciary duty to exercise good faith and diligence in the administration of Wells Fargo's affairs
3 and in the use and preservation of its property and assets, and the highest obligations of fair
4 dealing. In addition, as officers and/or directors of a publicly held company, the Defendants had a
5 duty to promptly disseminate accurate and truthful information regarding the Company's
6 operations, finances, performance, products, management, projections, and forecasts so that the
7 market price of the Company's stock would be based on truthful and accurate information.

8 79. The Officer Defendants also had a duty to promptly and accurately report
9 information to the Board and its Committees, including periodic certifications required by the
10 CFO of any fraud involving management or other employees that had a significant role in the
11 Company's internal controls.

12 80. The Defendants, because of their positions of control and authority as officers
13 and/or directors of Wells Fargo, were able to, and did, directly and/or indirectly, exercise control
14 over the wrongful acts and omissions complained of herein, as well as the contents of the various
15 misleading public statements disseminated by the Company.

16 81. Because of their advisory, executive, managerial and directorial positions, each of
17 the Defendants had access to adverse, non-public information about Wells Fargo's financial
18 products, its lack of compliance with regulatory guidelines, financial condition, operations and
19 misleading representations.

20 82. At all times relevant hereto, each of the Defendants was the agent of each of the
21 other Defendants and of Wells Fargo, and was at all times acting within the course and scope of
22 such agency.

23 83. To discharge their duties, the officers and directors of Wells Fargo were required
24 to exercise reasonable and prudent supervision over the management, policies, practices, and
25 controls of the business and financial affairs of the Company. By virtue of such duties, the
26 Defendants were required to, among other things:

1 a. Ensure that the Company complied with applicable legal obligations,
2 requirements and regulations, including acting only within the scope of its legal authority and
3 disseminating truthful and accurate statements to the investing public;

4 b. Conduct the affairs of the Company in an efficient, business-like manner so
5 as to make it possible to provide the highest quality performance of its business, to avoid wasting
6 the Company's assets, and to maximize the value of the Company's stock;

7 c. Remain informed as to how Wells Fargo conducted its operations and,
8 upon receipt of notice or information of imprudent or unsound conditions or practices, make
9 reasonable inquiry in connection therewith and take steps to correct such conditions or practices
10 and make such disclosures as necessary to comply with securities laws;

11 d. Ensure that Wells Fargo was operated in a diligent, honest and prudent
12 manner in compliance with applicable laws, rules and regulations; and

13 e. Properly and accurately guide investors and analysts as to the true financial
14 condition of the Company, including making accurate statements about the Company's operations
15 and financial results.

16 84. The entire Board has a fiduciary responsibility, to oversee Wells Fargo's operation
17 and to maintain sufficient systems or controls designed to escalate operational misconduct to
18 Board and executive management for review and restitutive action. The Board fails in that
19 responsibility if it does not implement appropriate reporting systems/controls or if it consciously
20 fails to monitor/oversee existing systems/controls.

21 85. Over the past decade, federal regulatory bodies have emphasized the important
22 function of boards of banking institutions. The government enacted regulations and issued
23 guidance on the duties of banks and specifically boards of directors, to oversee operations at the
24 customer level. The regulations are meant to make clear that banks and their boards must employ
25 systems and controls designed to detect and end misconduct. For instance, the Federal Deposit
26 Insurance Corporation has emphasized that bank directors must oversee and are directly
27 responsible for ensuring that their bank engage and safe and sound practices as required by law.
28

1 The OCC has also described bank directors as having the primary fiduciary responsibility to
2 ensure the safety and soundness of bank practices.

3 86. According to the FDIC:

4 Th[e] [fiduciary duties of care and loyalty mean] that *directors are responsible*
5 for selecting, monitoring, and evaluating competent management; establishing
6 business strategies and policies; monitoring and assessing the progress of
7 business operations; *establishing and monitoring adherence to policies and*
8 *procedures required by statute, regulation, and principles of safety and*
9 *soundness*; and for making business decisions on the basis of fully informed
10 and meaningful deliberation.

11 87. Similarly, according to the OCC:

12 While holding companies of large banks are typically managed on a line of business
13 basis, directors at the bank level are responsible for oversight of the bank’s charter-the
14 legal entity. Such responsibility requires separate and focused governance. *We have*
15 *reminded the boards of banks that their primary fiduciary duty is to ensure the safety*
16 *and soundness of the national bank or federal savings association. This responsibility*
17 *involves focus on the risk and control infrastructure.* Directors must be certain that
18 appropriate personnel, strategic planning, risk tolerance, operating processes,
19 delegations of authority, controls, and reports are in place to effectively oversee the
20 performance of the bank. The bank should not simply function as a booking entity for
21 the holding company. *It is incumbent upon bank directors to be mindful of this*
22 *primary fiduciary duty as they execute their responsibilities*

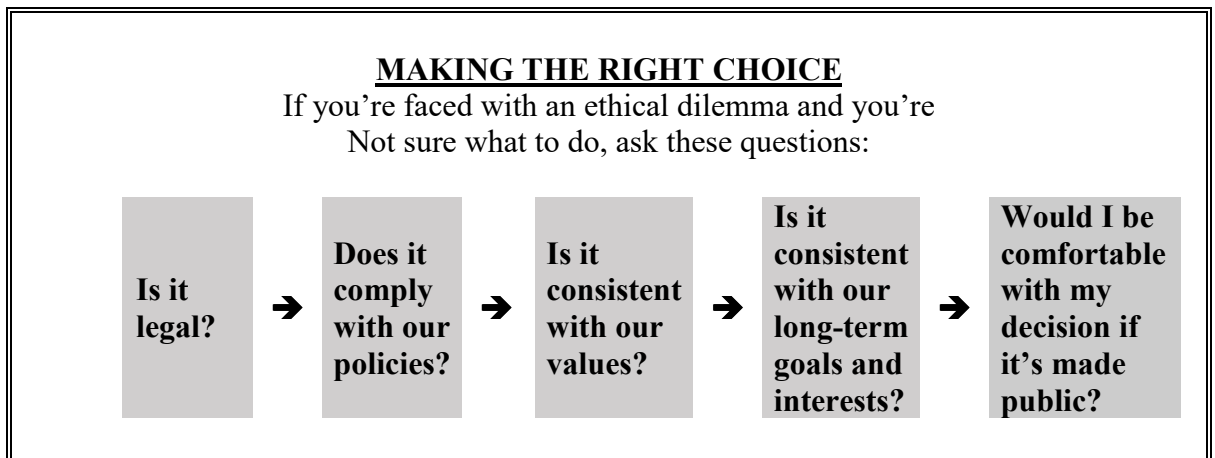
23 88. To discharge their duties as Wells Fargo’s officers and directors, and as further
24 informed by OCC Bulletin 2014-52, the Individual Defendants were required to exercise
25 reasonable and prudent supervision over Wells Fargo’s management, policies, practices, and
26 controls of the affairs of the Company.

27 89. Wells Fargo has a Code of Ethics and Business Conduct (“Ethics Code”). Wells
28 Fargo publicly represented that all officers, directors, and employees of Wells Fargo are also
required to abide by the Ethics Code. The Code includes an opening message from former
Chairman and CEO STUMPF, who stated:

At Wells Fargo, **holding ourselves to the highest standards of ethical behavior is nothing new**: it’s one of the five shared values that define who we are (as described in The Vision & Values of Wells Fargo), and it’s been the cornerstone of our culture since 1852! In a nutshell, according to our Vision & Values, **“Our ethics are the sum of all the decisions each of us makes every day.” . . . We are all responsible for maintaining the highest possible ethical standards in how we conduct**

1 **our business and serve customers. After all, our culture is centered**
2 **on relationships, and those relationships are built on trust. Our**
3 **customers have high expectations of us, and we have even higher**
4 expectations of ourselves. (Emphasis added.)

5 90. The Ethics Code states that the Company is proud of its culture and its focus on
6 “serving our customers” and maintaining the Company’s “reputation as a trusted, ethical
7 company.” It further notes that, “Our ethics are the sum of all the decisions each of us makes
8 every day. We have a responsibility to always act with honesty and integrity. When we do so, we
9 earn the trust of our customers. We have to earn that trust every day by behaving ethically,
10 rewarding open, honest communication, and holding ourselves accountable for our decisions and
11 actions.” To that end, the Ethics Code includes a section advising employees on “Making the
12 right Choice,” which states:



17 91. The “Making the Right Choice” diagram is followed by the admonition that, “If
18 your answer to any of these questions is ‘No,’ don’t do it.”

19 92. The Ethics Code advises employees that “We are trusted” and informs officers,
20 directors, and employees as follows:

21 **Keep confidential information safe and secure**

22 Our standard: Each of us has access to confidential information about
23 Wells Fargo, our customers, team members, and our third-party service
24 providers. We are responsible for keeping confidential information safe
25 and secure. Always remember:

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- **Use confidential information only for legitimate Wells Fargo business purposes** and not for your personal gain or to compete with Wells Fargo.
- **Protect confidential information** you acquire through your employment or service with Wells Fargo accordance with Information Security Policy standards.
* * *
- Keep team members’ and customers’ personal information safe and secure and **only share it with those who have a legitimate Wells Fargo business need to know.**

93. The Ethics Code also purports to require that all officers, directors, and employees be “transparent and candid,” explaining:

Each of us has an important role to play in recording financial and non-financial information. We must always be accurate and timely when reporting personnel and business transactions. **We are committed to full, fair, accurate, timely, and understandable disclosure in the public reports and documents that Wells Fargo files with, submits, or provides to the U.S. Securities and Exchange Commission, other regulatory authorities, our stockholders, and the public.**
(Emphasis added.)

94. To that end, the Ethics Code represents that employees should “[n]ever alter or change legal documents or agreements without the proper authorization or consent” and “[n] ever sign a blank or incomplete document or agreement...” In addition, the Ethics Code states that Wells Fargo requires officers, directors, and employees to “act with honesty and integrity” and providing specific examples of conduct that is not condoned, including:

- A situation that interferes with your duties or responsibilities to Wells Fargo, or that affects your ability to act in the best interests of Wells Fargo;
- A situation when you receive an improper benefit as a result of your position with Wells Fargo;
- **Wells Fargo’s interests conflict with a customer’s interest;**
- Where conflicts cannot be avoided, we should be transparent about their existence and take proactive steps to manage them.
(Emphasis added.)

1 95. The Ethics Code further represents that Wells Fargo requires that its customers be
2 treated fairly:

3 **Deal fairly with our customers and others**

4 Our standard: **We must be honest and fair in our dealings and**
5 **communications with our customers**, as well as with third party service
6 providers, competitors and each other. We provide our customers and
7 prospective customers with advice, service, and many products, and **we**
8 **are committed to making financial products and services available to**
9 **them on a fair, transparent, and consistent basis, and to conducting**
10 **business in a responsible manner.**

11 **Team member responsibilities**

- 12 • **Offer customers enough information to allow them to consent**
13 **to a product from an informed position.**
- 14 • Record sales results accurately and completely.
- 15 • **Compete fairly in the marketplace.**
- 16 • Report sales activities that may not be in accordance with
17 company policies.

18 Always remember --

19 If you are presented with a situation that might involve a conflict of
20 interest or the appearance of a conflict of interest, ask these questions:

- 21 • What would public disclosure of the matter embarrass Wells
22 Fargo?
- 23 • To an impartial observer, would it look like a conflict?
- 24 • Is there a specific policy or procedure that covers this type of
25 situation?
- 26 • Do I need to get preclearance or disclose the situation in writing?

27 96. As alleged herein, the Defendants breached their fiduciary duties by violating the
28 Code of Ethics & Business Conduct and related policies.

 97. During the Relevant Period, Wells Fargo published a document entitled, “The
Vision & Values of Wells Fargo,” with a cover message from Defendant STUMPF, in order to

1 inform employees of the Company’s mission statement and core values. As stated in that
2 document:

3 Our vision has nothing to do with transactions, pushing products, or getting
4 bigger for the sake of bigness. It’s about building lifelong relationships one
customer at a time.

5 ***

6 **Ethics**

7 We strive to be recognized by our stakeholders as setting the standard among the
8 world’s great companies for integrity and principled performance. This is more
than just doing the right thing. We also have to do it in the right way.

9 Honesty, trust, and integrity are essential for meeting the highest standards of
10 corporate governance. They’re not just the responsibility of our senior leaders
and our board of directors. We’re all responsible.

11 Our ethics are the sum of all the decisions each of us makes every day. If you
12 want to find out how strong a company’s ethics are, don’t listen to what its
people say. Watch what they do.

13 ***

14 Our customers trust us as their financial resource. . . . And they trust all of us to
15 act as risk managers – to ask the right questions, protect their assets, and help
16 them reach their goals. **We have to earn that trust every day by behaving
ethically; rewarding open, honest, two-way communication; and holding
ourselves accountable for the decisions we make and the actions we take.”**

17 Wells Fargo “Vision & Values,” at 4, 8-9 (emphasis in original).

18 98. The Company’s Board of Directors adopted written Corporate Governance
19 Guidelines to provide the framework for governance of the Board and the Company. The
20 guidelines are reviewed annually and made available to the public, including customers and other
21 stakeholders. The guidelines provide that “[t]he business of the Company is managed under the
22 direction of its Board.” Among other things, the Board’s responsibilities include:

- 23 • “reviewing, monitoring and, where appropriate, approving the Company’s strategic
24 plans and objectives, financial performance, risk management framework and risk
appetite;” and
- 25 • “ensuring processes are in place for maintaining the integrity and reputation of the
26 Company and reinforcing a culture of ethics, compliance and risk management.”

27 99. The Corporate Governance Guidelines address the involvement of the Board and
28 each of its members in setting Company strategy:

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STRATEGIC REVIEWS

The Board oversees management’s development of the Company’s strategic plans, and works with management in setting the schedule, format, and agenda for Board strategy sessions so that there are sufficient time and materials to permit appropriate interaction between directors and management in reviewing and considering the Company’s strategy.

100. To that end, the Board and each of its members are ensured unfettered access to the Company’s executives and other advisors:

DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

Board members have complete access to the Company’s management. In addition, the Company’s management is expected to update the Board on any significant Company or competitive developments or matters between Board meetings. Non-Board members who are members of the Company’s Operating Committee regularly attend Board and most committee meetings. The Board and each committee have the authority to obtain advice and assistance from internal and external legal, accounting or other advisors, at the Company’s expense, without consulting with or obtaining the prior approval of management of the Company.

101. In addition, the Corporate Governance Guidelines mandate that the Board and each of its members adhere to the highest ethical standards:

CODE OF ETHICS

One of the Board’s key responsibilities is to ensure that the Company, through its management, maintains high ethical standards and effective policies and practices designed to protect the Company’s reputation, assets and business. The Board has adopted and promotes the Wells Fargo Code of Ethics and Business Conduct applicable to team members as well as directors. Directors shall be familiar with, and are expected to conduct their activities in accordance with, the Code of Ethics and Business Conduct.

102. As discussed herein, the Board and each of its members failed to discharge their fiduciary duties and obligations under the Company’s Corporate Governance Guidelines, which provide that the Board is directly responsible for ensuring that the Company complies with the law.

1 103. During the Relevant Period, the Board maintained several standing committees on
2 which the directors sat, including: (i) Audit and Examination Committee; (ii) Corporate
3 Responsibility Committee; (iii) Governance and Nominating Committee; (iv) Human Resources
4 Committee; and (v) Risk Committee. The Company’s Corporate Governance Guidelines further
5 provide that:

6 **The Board’s standing committees also may act as committees of Wells**
7 **Fargo Bank, National Association, the Company’s principal banking**
8 **subsidiary (“WFBNA”),** pursuant to authorization granted to those
9 committees by the governing documents of WFBNA and resolutions
10 adopted by WFBNA’s board of directors and the Company’s Board. Each
11 standing committee shall exercise its oversight responsibilities with the
12 understanding that WFBNA’s interests are not to be subordinated to the
13 interests of the parent holding company in a way as to jeopardize the safety
14 and soundness of WFBNA. (Emphasis added.)

15 104. One of the Board’s principal responsibilities is ensuring that Wells Fargo complies
16 with the law. Each Board committee is delegated with various legal compliance functions and
17 received reports regarding risk management from Bank management. Throughout the Relevant
18 Period, the Board’s Risk, Credit, and Audit and Examination Committees frequently interacted
19 with and received reports from Bank management. These Board Committees updated the other
20 Board Committees and Committee Chairs on risk issues outside of regular committee meetings.

21 105. Wells Fargo’s Annual Report confirms that each Board committee receives reports
22 and information regarding risk issues directly from management and, in some cases, management
23 committees have been established to inform the risk management framework and provide
24 governance and advice regarding risk management functions. Other Annual Reports issued during
25 the Relevant Period similarly represent that various Board committees have frequent interactions
26 with the Company’s risk officers.

27 106. The Chief Risk Officer and the Chief Credit, Market and Operational Risk
28 Officers, who report to the Chief Risk Officer, work closely with the Board’s Risk, Credit and
Audit and Examination Committees and frequently provide reports to these and other Board

1 committees and update the committee chairs and other Board members on risk issues outside of
2 regular committee meetings, as appropriate.

3 107. The Board's several standing committees also monitor other aspects of the
4 Company's business, and each committee has its own charters describing the obligations of the
5 respective committee. As described below, each committee charter assigns various legal
6 compliance and risk management functions to the Committees.

7 108. Each of the Board's Committees had a written charter stating the duties and
8 responsibilities of the respective Committee.

9 **Audit and Examination Committee**

10 109. Defendants QUIGLEY, BAKER, PEÑA, SWENSON, and VAUTRINOT were
11 members of the Board's Audit and Examination Committee during the Relevant Period, and
12 Defendant QUIGLEY was the Committee Chair. The Charter for the Audit and Examination
13 Committee states that its purpose is to assist the Board in fulfilling its responsibilities for, among
14 other things:

- 15
- 16 • “the integrity of [the Company’s] financial statements and the adequacy and
17 reliability of disclosures to stockholders, including management activities
18 related to accounting and financial reporting and internal controls;”
 - 19 • “operational risk [the Company’s] compliance with legal and regulatory
20 requirements;” and
 - 21 • “reputation risk related to the Audit and Examination Committee’s
22 responsibilities.”

23 110. As discussed herein, Defendants QUIGLEY, BAKER, PEÑA, SWENSON, and
24 VAUTRINOT failed to discharge their fiduciary duties and obligations as members of the Audit
25 and Examination Committee.

26 111. The Audit and Examination Committee is assigned the specific obligation to
27 oversee and monitor the Company's compliance with laws and regulations. During the Relevant
28 Period, the Audit and Examination Committee was required to review and receive updates and
reports from management on the state of, among other things:

- 1 • [T]he Company’s internal control over financial reporting. Review
2 disclosures to the Committee by the CEO and CFO in connection with
3 their certification of the Company’s Forms 10-K and 10-Q regarding
4 any significant deficiencies or material weaknesses in the design or
5 operation of internal controls over financial reporting and any fraud
6 involving any employees who have a significant role in the Company’s
7 internal controls over financial reporting. Review with management
8 and the independent auditor the basis for their reports issued under 12
9 C.F.R. Part 363.
- 10 • ***[C]ompliance and general condition of compliance risk management
11 in the Company, including significant pending laws and regulations,
12 significant violations of statutes and regulations (including those
13 relating to safety and soundness)*** with corrective actions and schedules
14 for resolution, adherence to compliance risk appetite metrics, and the
15 reputation risks of significant compliance exposures[.]
- 16 • Committee Report. Review and approve the Committee report required
17 to be included in the Company’s annual proxy statement by the rules
18 of the Securities and Exchange Commission
- 19 • Regulatory Reporting and Risk Disclosure: ***Approve and periodically
20 review the Company’s policy establishing its disclosure framework for
21 financial and risk reports prepared for the Board, management and
22 bank regulatory agencies and related risk, capital, and liquidity
23 disclosures made by the Company, including financial reporting or
24 other required disclosures arising out of the Basel Capital Accords.***
- 25 • ***Periodically review and receive updates from management regarding
26 the Company’s compliance with its regulatory reporting and risk
27 governance and oversight framework and monitor the Company’s
28 progress in appropriately and promptly addressing, correcting, and
resolving any matters reported to the Committee*** in connection with
such updates.

112. The Audit and Examination Committee was also charged with the review and
discussion of regulatory correspondence and reports, and received quarterly updates from
management on regulatory communications and significant action.

Corporate Responsibility Committee

113. During the Relevant Period, Defendants PEÑA, BAKER, DEAN, HERNANDEZ,
and MILLIGAN were members of the Board’s Corporate Responsibility Committee. Defendant
PEÑA was the Committee Chair. The Charter for the Corporate Responsibility Committee states
that its purpose is to, among other things:

- “advise the Board of Directors and management on strategies that affect [the
Company’s] role and reputation as a socially responsible organization;” and

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- “monitor [the Company’s] reputation generally, including with customers,” which includes receiving and reviewing updates from management on: (i) “the state of the Company’s relationships with external stakeholders regarding significant social responsibility matters, how those stakeholders view the Company and the issues and concerns raised by them;” and (ii) customer service and complaint matters and other metrics relating to the Company’s brand and reputation, including matters relating to the Company’s culture and the focus of its team members on serving our customers.”

7 114. As discussed herein, Defendants PEÑA, BAKER, DEAN, HERNANDEZ, and
8 MILLIGAN failed to discharge their fiduciary duties and obligations as members of the Corporate
9 Responsibility Committee.

10 115. According to Wells Fargo’s Proxies, the Corporate Responsibility Committee met
11 the minimum number of times each year, just three times, despite the increasing scrutiny of Wells
12 Fargo’s consumer practices. Former director Judith Runstad, who headed the Corporate
13 Responsibility Committee during much of the Relevant Period, reportedly was paid \$384,027 in
14 cash and stock in 2015. The Committee supposedly maintained the job of monitoring customer
15 service and complaint matters. Runstad retired from Wells Fargo’s Board earlier in 2016 and,
16 when she did, she exited with more than \$7.2 million in stock and options. Fortune, “*The Wells
17 Fargo Board Committee in Charge of Stopping Phony Accounts Rarely Met, But that Hasn’t
18 Curtailed the Payday of Board Members Involved,*” (Sep. 20, 2016).

19 **Governance and Nominating Committee**

20 116. During the Relevant Period, Defendants DEAN, MILLIGAN, PEÑA, and
21 SWENSON were members of the Board’s Governance and Nominating Committee, and
22 Defendant SANGER was the Committee Chair. The Charter for the Governance and Nominating
23 Committee states that its purpose is to assist the Board in fulfilling its responsibilities to oversee
24 the composition of the Board and its committees and [the Company’s] corporate governance
25 practices, including by:

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- “recommending to the Board a determination of each outside director’s ‘independence’ under applicable rules and guidelines;”
 - “recommending to the Board director nominees for each committee;”

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- “recommending to the Board the corporate governance guidelines applicable to the Company;”
- “overseeing an annual review of the Board’s performance;”
- “reviewing from time to time director compensation and recommend any changes for approval of the Board;”
- “overseeing [the Company’s] engagement with stockholders and other interested parties concerning governance and other related matters;” and
- “overseeing reputation risk related to the [Governance and Nominating Committee’s] responsibilities described in this Charter.”

117. The Board’s Governance and Nominating Committee was responsible for reviewing Wells Fargo’s Corporate Governance Guidelines.

118. Defendants DEAN, MILLIGAN, PEÑA, SANGER, and SWENSON were members of the Board’s Governance and Nominating Committee during the Relevant Period. These Defendants were obligated to review and assess the Corporate Governance Guidelines and to monitor and report the Board’s annual performance to the Board.

119. As discussed herein, Defendants SANGER, DEAN, MILLIGAN, PEÑA, and SWENSON failed to discharge their fiduciary duties and obligations as members of the Governance and Nominating Committee, and reviewed and recommended for the full Board’s approval director fees that were unjustified during the Relevant Period when the illegal sales practices were occurring.

Human Resources Committee

120. Defendants DEAN, CHEN, JAMES, and SANGER were members of the Board’s Human Resources Committee during the Relevant Period, and Defendant DEAN was the Committee Chair during the Relevant Period. The Charter for the Human Resources Committee states that its purpose is to assist the Board in fulfilling its responsibilities relating to the overall compensation strategy for the Company and the compensation of [the Company’s] executive officers, including to:

- 1 • “conduct the annual Chief Executive Officer performance evaluation process;”
- 2 • “evaluate and approve compensation plans, policies and programs of the
- 3 Company applicable to executive officers;”
- 4 • “oversee the implementation of risk-balancing and risk management
- 5 methodologies for incentive compensation plans and programs for senior
- 6 executives and those identified employees in a position to expose the Company
- 7 to material risk;” and
- 8 • “oversee reputation risk related to the [Human Resources Committee’s]
- 9 responsibilities described in this Charter.”

10 121. The Human Resources Committee also has the responsibility for the following:

- 11 • The [Human Resources Committee] shall establish, in consultation with senior
- 12 management, the overall strategy for the Company with respect to incentive
- 13 compensation and shall oversee the Company’s incentive compensation
- 14 practices to help ensure that they are consistent with the safety and soundness
- 15 of the Company and do not encourage excessive risk-taking. For this purpose,
- 16 the [Human Resources Committee] shall review and monitor risk-balancing
- 17 and implementation and effectiveness of risk management methodologies
- 18 relating to incentive compensation plans and programs for senior executives
- 19 and those identified employees in positions to expose the Company to material
- 20 risk;
- 21 • The [Human Resources Committee] shall make recommendations to the Board
- 22 with respect to the Company’s incentive compensation and equity-based plans
- 23 that are subject to Board approval, discharge any responsibilities assigned to
- 24 the [Human Resources Committee] by any of these plans, and periodically
- 25 review the Company’s stock ownership retention guidelines for participants in
- 26 the Company’s Long-Term Incentive Compensation Plan.

27 122. The Human Resources Committee’s had the principal responsibility to establish

28 Wells Fargo’s incentive compensation policies and to oversee and monitor any risk exposure

resulting from incentive compensation policies. Wells Fargo’s 2016 Proxy Statement reiterated

that the Human Resources Committee:

- Discharges the Board’s responsibilities relating to the Company’s overall
- compensation strategy and the compensation of our executive officers;
- Oversees the Company’s incentive compensation practices so that they are
- consistent with the safety and soundness of the Company and do not encourage
- excessive risk-taking and reviews and approves benefit and compensation
- plans and arrangements applicable to executive officers of the Company;

- Evaluates the CEO’s performance and approves and recommends the CEO’s compensation to our Board for ratification and approval and approves compensation for our other executive officers and any other officers or employees as the [Human Resources Committee] determines appropriate;
- Has the sole authority to retain or obtain the advice of and terminate any compensation consultant, independent legal counsel or other advisor to the [Human Resources Committee], and evaluates the independence of its advisors in accordance with [New York Stock Exchange] rules.

123. As discussed herein, Defendants DEAN, CHEN, JAMES, and SANGER failed to discharge their fiduciary duties and obligations as members of the Human Resources Committee. The Committee members approved the compensation paid to executive officers, including salaries and/or bonuses, at the same time the unlawful practices were occurring at the Company.

Risk Committee

124. During the Relevant Period, Defendants HERNANDEZ, DEAN, DUKE, MILLIGAN, PEÑA, QUIGLEY, and SANGER were members of the Board’s Risk Committee. Defendant HERNANDEZ was the Committee Chair during the Relevant Period. The Risk Committee is the center of all risk functions across the Company’s entire business and has the responsibility to assess all enterprise-wide risk. The Charter for the Risk Committee states that its purpose is to, among other things:

- “provide oversight of [the Company’s] enterprise-wide risk management framework and corporate risk function, including the strategies, policies, procedures, processes, and systems, established by management to identify, assess, measure, monitor, and manage the major risks facing the Wells Fargo & Company;” and
- “assist the Board of Directors and its other committees that oversee specific risk-related issues and serve as a resource to management by overseeing risk across the entire Company and across all risk types, and by enhancing management’s and the Board’s understanding of [the Company’s] overall risk appetite and enterprise-wide risk management activities and effectiveness.”

125. The Risk Committee Charter also specifically assigns risk management framework review, corporate risk, risk policy implementation, and risk assessment functions to the Risk Committee:

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- Risk Management Framework: The Committee shall approve and periodically review the Company’s risk management framework, which outlines the Company’s overarching approach to risk management and the policies, practices, and governance structures used by management to execute its risk management program Company’s overarching approach to risk management and the policies, practices, and governance structures used by management to execute its risk management program and Corporate Risk strategy including those relating to the following:
 - maintaining a strong risk culture and the independence and stature of Corporate Risk;
 - defining risk roles and responsibilities across the Company’s three lines of defense;
 - establishing protocols and processes for issue escalation and reporting;
 - facilitating appropriate credible challenge of business decisions; and
 - providing for the recruitment, development, retention, compensation, and succession planning of risk talent, as well as enterprise-wide incentive-based compensation practices that are consistent with the safety and soundness of the Company and do not encourage excessive risk taking.
 - Oversight of Corporate Risk Function:
 - The Committee shall oversee and receive reports on the operation of the Company’s enterprise-wide risk management framework and Corporate Risk function, including Corporate Risk’s budget and staffing levels.
 - Risk Coverage Statement and Risk Profile:
 - *The Committee shall review and discuss the Company’s risk coverage statement, which defines the key risk types facing the Company, including credit risk, financial crimes risk (including Bank Secrecy Act/anti-money laundering risk), information security risk (including cyber defense management), interest rate risk, liquidity risk, market risk, model risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, and technology risk, and the most significant cross-functional risk areas that cut across multiple risk types and/or require significant coordination across multiple risk oversight functions (including counterparty credit risk). The Committee also shall review and discuss management’s assessment of the Company’s aggregate enterprise-wide risk profile, as well as the alignment of the risk profile with the Company’s strategic plan, goals, objectives, and risk appetite.*

1 • Risk Framework and Policies:

- 2 ○ *The Committee shall approve and periodically review the functional*
3 *framework and oversight policies established by management for the key*
4 *risk types identified in the Company's risk coverage statement.* The
5 functional framework and oversight policies, which outline the structures,
6 practices, policies, systems, reports, processes, and roles and
7 responsibilities for managing those key risks may, in some cases, be
8 reviewed and approved by another Board committee primarily responsible
9 for the oversight of the specific risk type, and shall be recommended by
10 such other Board committee for approval by the Risk Committee.
11 ○ The Committee retains the right to request updates or changes to any such
12 framework and oversight policies, or other risk policies reviewed and
13 approved by the Board's other committees, based on the Committee's
14 assessment of enterprise-wide risk exposures and other matters it deems
15 appropriate. The Committee shall approve any other policies or activities it
16 deems appropriate or are required to be approved by the Committee by
17 applicable law or regulation.

18 • Emerging Risks and Other Risk Issues:

- 19 ○ The Committee shall receive regular reports from the Chief Risk Officer
20 and other members of management regarding emerging risks and other
21 selected risk topics and/or enterprise-wide risk issues, including model risk.
22 The Committee may request that the Board and/or another committee of the
23 Board review, discuss and assume oversight responsibility for any newly
24 identified risk issues.

25 • Assessment of Risk Program:

- 26 ○ The Committee shall review and receive regular reports from the Chief
27 Risk Officer and other members of management regarding management's
28 assessment of the effectiveness of the Company's enterprise-wide risk
program, including corrective actions taken by management to address risk
issues and the implementation of risk management enhancements.

126. Defendants HERNANDEZ (Committee Chair), DEAN, DUKE, MILLIGAN,
PEÑA, QUIGLEY, and SANGER failed to discharge their fiduciary duties and obligations as
members of the Risk Committee.

127. During the Relevant Period, and despite all the warnings they received otherwise,
Defendants falsely touted the effectiveness of Wells Fargo's governance structure. Defendants
also stated that Wells Fargo's financial performance evidenced that its governance structure was

1 effective. Defendants also stated in numerous proxy statements during the Relevant Period that
2 the strength of Wells Fargo’s corporate governance was reason to oppose a shareholder’s repeated
3 bid for the Company to adopt an Independent Chairman of the Board.

4 128. Wells Fargo’s Corporate Governance Guidelines specify that the purpose of the
5 Board is to review, monitor, and approve the Company’s financial performance, the Company’s
6 risk management framework and appetite and the Company’s strategic plans. The Board also has
7 the responsibility to ensure that certain processes are instituted in order to ensure that the
8 Company’s integrity and reputation are maintained and that the Company creates a culture of
9 ethics, compliance, and risk management.

10 129. Wells Fargo’s Corporate Governance Guidelines additionally refer to the Code of
11 Ethics and emphasize that the Company must protect the Company’s reputation, assets, and
12 business by maintain high ethical standards. The Governance Guidelines make clear that the
13 Board—Director Defendants herein—specifically adopted and promoted the Code of Ethics.

14 130. The Board’s Governance and Nominating Committee was responsible for
15 reviewing Wells Fargo’s Corporate Governance Guidelines.

16 131. Through membership on the Governance and Nominating Committee, Defendants
17 DEAN, MILLIGAN, PEÑA, SANGER, and SWENSON had knowledge of the Company’s
18 governance structures and represented that Wells Fargo had processes in place to ensure that the
19 governance structures were sufficient to preserve Wells Fargo’s reputation, integrity, ethics,
20 compliance, and risk management.

21 132. Throughout the Relevant Period, Wells Fargo relied on the feigned success of its
22 corporate governance structures to convince shareholders to reject a recurring resolution to adopt
23 an independent Chairman.

24 133. The Board prepared, reviewed, approved, and issued proxy statements prior to
25 each annual or special shareholder meeting. The information contained in the proxy statements
26 was filed with the SEC before soliciting a shareholder vote on the election of directors and the
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1 approval of other corporate action. Solicitations, whether by management or shareholders, are
2 required to disclose all important facts about the issues on which shareholders are asked to vote.

3 134. During the Relevant Period, the Company's proxy statements contain detailed
4 information about the Company's corporate governance. In the 2016 Proxy Statement, for
5 example, the Board represented its purported commitment to sound governance by stating that it
6 had adopted the Corporate Governance Guidelines and that it annually reviews the Guidelines.
7 Wells Fargo's proxy statements during the Relevant Period also refer shareholders to the
8 Company's Code of Ethics, which state the Company's policy and standards for ethical conduct
9 by its team members, including executive officers and directors, and required adherence to laws,
10 rules and regulations governing the Company. Since 2005, Wells Fargo's proxy statements have
11 continually included a stockholder proposal to institute an independent Chairman. Also since
12 2005, Wells Fargo has continually opposed this proposal in its proxy statement. In opposing the
13 proposal, the Board routinely highlighted existing corporate governance structures, contending
14 they obviate the need for an independent Chairman. As one example, in Wells Fargo's 2014
15 Proxy Statement, the Board opposed the independent Chairman proposal, claiming:

- 16 • The Company's corporate governance structure, including the composition of the
17 Board, its committees, and its Lead Director who is available to meet with major
18 stockholders to discuss governance and other matters, already provides effective
19 independent oversight of management and Board accountability and
responsiveness to stockholders;
- 20 • If adopted, the proposal would unnecessarily restrict the Board's ability to select
21 the director best suited to serve as Chairman of the Board based on criteria the
Board deems to be in the best interests of the Company and its stockholders; and
- 22 • The Company's governance structure is working effectively as evidenced by the
23 Company's strong financial performance, and our stockholders rejected a similar
independent chairman proposal for the ninth consecutive year in 2013.

24 135. In Wells Fargo's 2015 Proxy Statement, the Board again successfully convinced
25 shareholders to reject the same proposal, citing the existing corporate governance strength.

26 136. In the Company's 2016 Proxy Statement, the Board once again recommended that
27 shareholders vote against a proposal to appoint an independent Chairman. The Board claimed it
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1 was unnecessary to for effective leadership and management, it was unnecessary for the Bank’s
 2 needs, and the Bank’s strong financial performance evidenced a properly effective governance
 3 structure.

4 137. During the Relevant Period, many of the Company’s officers and directors served
 5 in identical capacities for the Bank. For example, pursuant to Dodd-Frank, Wells Fargo was
 6 required to submit Resolution Plans to its regulators. During the Relevant Period, including for
 7 2013, 2014 and 2015, the Company and the Bank submitted a joint Resolution Plan “to ensure a
 8 coordinated approach.” The Plans identified the “Principal Officers” of both the Company and
 9 the Bank, which consisted of the same executives for all three years. The Resolution Plan is as
 10 follows:

Summary of Resolution Plan: Principal Officers (2013, 2014, and 2015)		
Principal Officers	Wells Fargo & Company	Wells Fargo Bank, N.A.
John G. Stumpf	President and Chief Executive Officer	Chairman (2013, 2014) President and Chief Executive Officer (2015)
Patricia R. Callahan	Chief Administrative Officer	Chief Administrative Officer
David M. Carroll	Head of Wealth, Brokerage and Retirement	Head of Wealth, Brokerage and Retirement
Hope A. Hardison*	Head of Human Resources	Head of Human Resources
Michael J. Heid	Head of Home Lending	Head of Home Lending
Richard D. Levy	Controller	Controller
Michael J. Loughlin	Chief Risk Officer	Chief Risk Officer
Avid Modjtabai	Head of Consumer Lending	Head of Consumer Lending
Kevin A. Rhein	Chief Information Officer	Chief Information Officer
John R. Shrewsberry	Chief Financial Officer	Chief Financial Officer
Timothy J. Sloan	Head of Wholesale Banking	Head of Wholesale Banking
James M. Strother	General Counsel	General Counsel
Carrie L. Tolstedt	Head of Community Banking	President and Chief

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Summary of Resolution Plan: Principal Officers (2013, 2014, and 2015)		
Principal Officers	Wells Fargo & Company	Wells Fargo Bank, N.A.
		Executive Officer (2013, 2014)
		Head of Community Banking (2015)

* No “Head of Human Resources” is identified in the 2013 Resolution Plan

VI. DEFENDANTS CAUSED WELLS FARGO TO CONDUCT A MASSIVE STOCK REPURCHASE PROGRAM

134. Wells Fargo’s Board periodically authorizes the Company to repurchase its own shares of common stock. The Board authorized a series of share repurchases during the Relevant Period that, collectively, were at a substantially higher cost than any other repurchases in the Company’s history.

135. The chart below identifies the authorization issued by the Board between 2005 and 2016 to repurchase a total of **1.35 billion** shares of Wells Fargo common stock. To further put the magnitude of these share repurchases in perspective, the repurchase of 200 million shares announced in March 2011 represented about 3.8% of the Company’s outstanding shares; the repurchase of 200 million shares announced in October 2012 represented about 3.8% of the Company’s outstanding shares; the repurchase of 350 million shares announced in April 2014 represented about 6.6% of the Company’s outstanding shares; and the repurchase of 350 million shares announced in January 2016 represented about 6.9% of the Company’s outstanding shares.

Time of Board Authorization	Number of Shares Authorized	Percentage of Outstanding Shares
January 2005	25,000,000	1.5%
July 2005	25,000,000	1.5%
November 2005	25,000,000	1.5%
June 2006	25,000,000	1.5%
August 2007	50,000,000	1.4%
November 2007	75,000,000	2.2%
September 2008	25,000,000	0.7%
March 2011	200,000,000	3.8%

October 2012	200,000,000	3.8%
October 2014	350,000,000	6.6%
January 2016	350,000,000	6.9%

136. In sum, as detailed in the chart below, between January 2005 and September 2016 Wells Fargo repurchased approximately **1,187,619,441** shares of its stock, paying over **\$50,309,385,788.37** for them:

Month/Year of Repurchase	Number of Shares Repurchased	Weighted-Average Share Price	Total Amount Paid
January 2005	807,048	60.86	49,116,941.28
February 2005	2,549,382	60.43	154,059,154.26
March 2005	7,043,815	59.57	419,600,059.55
April 2005	6,143,046	59.30	364,282,627.80
May 2005	4,274,208	60.31	257,777,484.48
June 2005	2,087,723	61.39	128,165,314.97
July 2005	803,505	61.75	49,616,433.75
August 2005	6,474,250	59.96	388,196,030.00
September 2005	9,000,612	59.17	532,566,212.04
October 2005	8,077,376	58.56	473,011,138.56
November 2005	4,189,478	61.51	257,694,791.78
December 2005	1,348,421	63.26	85,301,112.46
January 2006	2,849,549	62.42	177,868,848.58
February 2006	5,492,761	62.03	340,715,964.83
March 2006	1,964,496	64.68	127,063,601.28
April 2006	1,272,211	65.28	83,049,934.08
May 2006	3,993,671	67.21	268,414,627.91
June 2006	2,788,054	67.19	187,329,348.26
July 2006	3,907,996	35.01	136,818,939.96
August 2006	4,131,126	35.79	147,852,999.54
September 2006	2,728,002	35.66	97,280,551.32
October 2006	1,650,202	36.50	60,232,373.00
November 2006	5,682,209	36.20	205,695,965.80
December 2006	3,713,053	35.60	132,184,686.8
January 2007	4,420,613	35.90	158,700,006.7
February 2007	6,832,830	35.52	242,702,121.6
March 2007	35,815,376	34.33	1,229,541,858.08

Month/Year of Repurchase	Number of Shares Repurchased	Weighted-Average Share Price	Total Amount Paid
April 2007	19,221,332	34.58	664,673,660.56
May 2007	5,142,835	36.07	185,502,058.45
June 2007	5,857,479	35.51	207,999,079.29
July 2007	26,699,066	34.42	918,981,851.72
August 2007	30,304,701	34.39	1,042,178,667.39
September 2007	3,110,158	36.74	114,267,204.92
October 2007	17,774,260	33.83	601,303,215.80
November 2007	63,645,200	31.49	2,004,187,348.00
December 2007	1,503,623	31.74	47,724,994.02
January 2008	3,709,624	29.88	110,843,565.12
February 2008	3,465,746	31.06	107,646,070.76
March 2008	4,229,098	31.26	132,201,603.48
April 2008	2,797,942	30.22	84,553,807.24
May 2008	2,017,048	30.01	60,531,610.48
June 2008	922,082	25.85	23,835,819.7
July 2008	6,438,328	28.09	180,852,633.52
August 2008	4,862,084	30.74	149,460,462.16
September 2008	8,885,308	35.12	312,052,016.96
October 2008	3,937,091	33.70	132,679,966.70
November 2008	3,073,671	29.51	90,704,031.21
December 2008	7,816,491	30.36	237,308,666.76
January 2009	2,228,293	24.00	53,479,032.00
February 2009	10,458	14.77	154,464.66
March 2009	55,995	10.31	577,308.45
April 2009	222,161	15.97	3,547,911.17
May 2009	185,410	25.85	4,792,848.50
June 2009	29,438	24.44	719,464.72
July 2009	50,617	24.37	1,233,536.29
August 2009	449,403	28.00	12,583,284.00
September 2009	121,822	28.77	3,504,818.94
October 2009	466,713	30.18	14,085,398.34
November 2009	43,298	28.27	1,224,034.46
December 2009	4,410,407	28.03	123,623,708.21
January 2010	168,967	28.24	4,771,628.08
February 2010	243,104	27.56	6,699,946.24
March 2010	900,921	30.05	27,072,676.05
April 2010	776,794	32.66	25,370,092.04

Month/Year of Repurchase	Number of Shares Repurchased	Weighted-Average Share Price	Total Amount Paid
May 2010	88,602	32.36	2,867,160.72
June 2010	27,777	27.93	775,811.61
July 2010	42,987	27.26	1,171,825.62
August 2010	34,669	25.97	900,353.93
September 2010	38,096	25.81	983,257.76
October 2010	51,486	25.84	1,330,398.24
November 2010	168,066	28.17	4,734,419.22
December 2010	468,982	30.18	14,153,876.76
January 2011	370,577	\$32.19	11,928,873.63
February 2011	884,215	\$33.54	\$29,656,571.10
March 2011	432,579	\$31.81	\$13,760,337.99
April 2011	15,299,568	\$29.22	\$447,053,376.96
May 2011	18,053,932	\$28.49	\$514,356,522.68
June 2011	2,049,862	\$26.60	\$54,526,329.20
July 2011	128,489	\$ 28.55	\$3,668,360.95
August 2011	20,918,095	\$ 24.46	\$511,656,603.70
September 2011	1,064,445	\$ 23.49	\$25,003,813.05
October 2011	2,098,981	\$24.92	\$52,306,606.52
November 2011	21,981,056	\$24.41	\$536,557,576.96
December 2011	2,497,232	\$26.45	\$66,051,786.40
January 2012	945,722	\$29.57	\$27,964,999.54
February 2012	6,214,772	\$27.31	\$169,725,423.32
March 2012	471,115	\$33.79	\$15,918,975.85
April 2012	275,904	\$33.72	\$9,303,482.88
May 2012	18,371,127	\$32.05	\$588,794,620.35
June 2012	34,703,056	\$31.39	\$1,089,328,927.84
July 2012	694,776	\$33.90	\$23,552,906.40
August 2012	2,031,116	\$33.76	\$68,570,476.16
September 2012	13,813,965	\$32.81	\$453,236,191.65
October 2012	30,966,882	\$34.17	\$1,058,138,357.94
November 2012	9,533,540	\$32.72	\$311,937,428.80
December 2012	1,564,898	\$33.14	\$51,860,719.72
January 2013	230,885	\$35.04	\$8,090,210.40
February 2013	6,599,588	\$35.09	\$231,579,542.92
March 2013	9,804,818	\$34.99	\$343,070,581.82
April 2013	4,806,518	\$36.72	\$176,495,340.96
May 2013	6,629,021	\$39.05	\$258,863,270.05

Month/Year of Repurchase	Number of Shares Repurchased	Weighted-Average Share Price	Total Amount Paid
June 2013	15,223,075	\$40.60	\$618,056,845.00
July 2013	3,551,862	\$43.76	\$155,429,481.12
August 2013	38,999,686	\$42.08	\$1,641,106,786.88
September 2013	8,299,531	\$41.68	\$345,924,452.08
October 2013	8,026,129	\$42.23	\$338,943,427.67
November 2013	6,565,119	\$42.65	\$280,002,325.35
December 2013	15,443,151	\$42.63	\$658,341,527.13
January 2014	3,881,380	\$45.85	\$177,961,273.00
February 2014	14,835,711	\$45.34	\$672,651,136.74
March 2014	14,782,982	\$45.66	\$674,990,958.12
April 2014	8,695,090	\$48.74	\$423,798,686.60
May 2014	9,910,853	\$49.40	\$489,596,138.20
June 2014	20,791,552	\$50.01	\$1,039,785,515.52
July 2014	32,031,505	\$51.31	\$1,643,536,521.55
August 2014	11,802,749	\$50.52	\$596,274,879.48
September 2014	4,835,188	\$51.79	\$250,414,386.52
October 2014	31,116,572	\$49.81	\$1,549,916,451.32
November 2014	10,760,726	\$53.46	\$575,268,411.96
December 2014	19,702,495	\$54.30	\$1,069,845,478.50
January 2015	22,807,070	\$52.15	\$1,189,388,700.50
February 2015	12,232,119	\$53.97	\$660,167,462.43
March 2015	13,387,018	\$55.44	\$742,176,277.92
April 2015	19,846,525	\$53.89	\$1,069,529,232.25
May 2015	7,322,611	\$55.54	\$406,697,814.94
June 2015	9,110,037	\$56.85	\$517,905,603.45
July 2015	16,635,418	\$55.75	\$927,424,553.50
August 2015	34,034,185	\$56.09	\$1,908,977,436.65
September 2015	988,453	\$51.81	\$51,211,749.93
October 2015	1,881,995	\$53.20	\$100,122,134.00
November 2015	4,975,556	\$55.21	\$274,700,446.76
December 2015	20,179,945	\$54.46	\$1,098,999,804.70
January 2016	19,386,861	\$51.10	\$990,668,597.10
February 2016	26,144,580	\$47.32	\$1,237,161,525.60
March 2016	6,143,103	\$49.05	\$301,319,202.15
April 2016	4,055,979	\$49.59	\$201,135,998.61
May 2016	29,673,157	\$49.29	\$1,462,589,908.53

Month/Year of Repurchase	Number of Shares Repurchased	Weighted-Average Share Price	Total Amount Paid
June 2016	11,076,060	\$49.65	\$549,926,379.00
July 2016	4,285,238	\$48.20	\$206,548,471.60
August 2016	12,032,209	\$48.25	\$580,554,084.25
September 2016	21,990,586	\$47.83	\$1,051,809,728.38
Total	1,187,619,441		\$50,309,385,788.37

137. In conducting share repurchases, Defendants falsely signaled to the public that they believed Wells Fargo shares were undervalued and that the repurchases were the best use of the Company’s cash. The share repurchases also had the effect of growing the Company’s earnings per share—as share repurchases lower the number of shares outstanding, on which earnings per share are based—as well as its return on assets, return on equity, and other metrics. Together, these actions helped inflate Wells Fargo’s share price.

138. Among its responsibilities, the Board’s Finance Committee is charged with the task of recommending securities repurchases to the Board. Defendants who were members of the Finance Committee from 2005-2016, recommended these share repurchases, and the Board approved them.

139. Defendants cited the stock repurchase program as an important part of Wells Fargo’s strategic corporate objectives. In Wells Fargo’s 2016 Proxy Statement, for example, the Board identified the program as an example of “the Company’s success in attaining strategic objectives.” Additionally, the Human Resources Committee considered the “success of the stock repurchase program” as one of the factors in determining STUMPF’s annual incentive compensation during the Relevant Period.

140. In addition to the insider sales STUMPF, TOLSTEDT and SLOAN made during the Relevant Period (discussed below) each of these Officer Defendants purchased Wells Fargo shares and then sold them back to Wells Fargo in connection with the repurchase program. These

1 repurchases further highlight the enormous illicit gains STUMPF, TOLSTEDT and SLOAN
2 experienced and the conflict the Board had in approving these transactions.

3 141. STUMPF purchased 5,432,400 shares of Wells Fargo stock through the exercise of
4 employee stock options during the Relevant Period. The exercise price for the options ranged
5 from \$29.91 per share to \$35.06 per share. The combined cost of purchase of these shares based
6 on the option exercise price was in excess of \$172 million. The payment of over \$172 million for
7 the exercise price of these options was made by STUMPF to Wells Fargo from the funds he
8 received from the delivery and disposition of 4,485,971 shares to Wells Fargo for a value of over
9 \$224 million. Accordingly, STUMPF in effect sold 4,485,971 shares to Wells Fargo. The sales
10 of these shares occurred on the same days as STUMPF exercised the options, and were priced at
11 the closing market prices on the New York Stock Exchange ("NYSE"), where Wells Fargo shares
12 are listed. Thus, after paying for the cost of the shares, STUMPF netted over \$51.8 million in
13 gains from the sale of these shares to Wells Fargo at prices that were artificially inflated due to his
14 and other Defendants' materially false or misleading statements. Wells Fargo purchased these
15 shares from STUMPF during the same time period when it was engaged in the share repurchase
16 program.

17 142. In addition to sales she made on the open market during the Relevant Period,
18 TOLSTEDT purchased 1,251,090 shares of Wells Fargo stock through the exercise of employee
19 stock options. The exercise prices for the options ranged from \$29.91 per share to \$35.06 per
20 share. The combined cost of purchase of these shares based on the option exercise price was in
21 excess of \$40 million. The payment of over \$40 million for the exercise price of these options
22 was made by TOLSTEDT to Wells Fargo from the funds she received from the delivery and
23 disposition of 1,016,591 common shares to Wells Fargo for a value of over \$54 million.
24 Accordingly, TOLSTEDT in effect sold 1,016,591 shares to Wells Fargo. The sales of these
25 shares occurred on the same days as TOLSTEDT exercised the options, and were priced at the
26 closing market prices on the NYSE on the same days as the options exercises. Thus, after paying
27 for the cost of the shares, TOLSTEDT netted over \$13.6 million in gains from the sale of these
28

1 shares to Wells Fargo at prices that were artificially inflated due to her and other Defendants'
2 materially false or misleading statements. Wells Fargo purchased these shares from TOLSTEDT
3 during the same time period when it was engaged in the share repurchase program.

4 143. In addition to sales he made on the open market, between 2012 and 2016 SLOAN
5 purchased 2,014,941 shares of Wells Fargo stock through the exercise of employee stock options.
6 The exercise price for the options ranged from \$13.05 per share to \$34.39 per share. The
7 combined cost of purchase of these shares based on the option exercise price was in excess of
8 \$52.7 million. The payment of over \$52.7 million for the exercise price of these options was
9 made by SLOAN to Wells Fargo from the funds he received from the delivery and disposition of
10 1,585,188 shares to Wells Fargo for a value of over \$73.5 million. Accordingly, SLOAN in effect
11 sold 1,585,188 shares to Wells Fargo. The sales of these shares occurred on the same days as
12 SLOAN exercised the options, which were priced at the closing market prices on the NYSE on
13 the same days as the options exercises. Thus, after paying for the cost of the shares, SLOAN
14 netted over \$20.7 million in gains from the sale of these shares to Wells Fargo at prices that were
15 artificially inflated due to his and other Defendants' materially false or misleading statements.
16 Wells Fargo purchased these shares from SLOAN during the same time period when it was
17 engaged in the share repurchase program.

18 **VII. IN CONNECTION WITH THE SHARE REPURCHASES, DEFENDANTS ISSUED**
19 **FALSE OR MISLEADING STATEMENTS REGARDING THE EXTENT OF**
20 **THEIR PURPORTED SUCCESS IN THE COMPANY'S AUTO LOAN AND**
21 **HOME MORTGAGE BUSINESSES AND RELATED TOPICS**

22 144. During the Relevant Period, Defendants issued materially false or misleading
23 statements and omissions concerning the Company's success in increasing interest income
24 derived from its automobile and mortgage businesses. Moreover, in addition to the materially
25 false or misleading misstatements and omissions related to increases in interest income from such
26 lines of business, Defendants knowingly or recklessly made materially false or misleading
27 statements and omissions regarding the Company's purported risk management practices, as
28 Defendants have known since at least 2007 that Wells Fargo encouraged excessive risk taking and

1 rewarded the very executives who had taken undisclosed risks and exposed the Company to
2 severe reputational damage and liability.

3 145. These materially false or misleading representations failed to disclose the
4 following facts:

5 a. As encouraged by Defendants, Wells Fargo employees were violating the
6 Servicemembers Civil Relief Act (“SCRA”) (50 USC App. § 3901 et seq, as amended),
7 formerly known as the Soldiers' and Sailors' Civil Relief Act of 1940. Among other
8 things, the Company violated the SCRA by illegally foreclosing on military service
9 members’ homes;

10 b. Bank employees had cheated automobile loan customers and improperly charged
11 them for collision damage they did not need. The expense of the unneeded insurance
12 reportedly impacted about 800,000 customers, pushed about 275,000 of its customers into
13 delinquency, and resulted in almost 25,000 wrongful vehicle repossessions. The Bank’s
14 auto loan scheme – run out of its “Dealer Services” unit in Irvine, California – also
15 targeted military service members;

16 c. On August 7, 2017, Wells Fargo’s shareholders learned that the Bank was facing
17 new regulatory scrutiny by the Federal Reserve Bank of San Francisco for overcharging
18 its automobile loan customers yet again, this time with “guaranteed auto protection”
19 insurance, or GAP, intended to protect a lender from the immediate loss of value when a
20 car, the collateral for its loan, is driven by the customer. Once again, the illegal practice
21 was centered in Wells Fargo’s Dealer Services division in Irvine, and given the prevalence
22 of the product, likely impacted tens of thousands of customers with such insurance,
23 including military service members;

24 d. Bank employees had, without customer authorization, enrolled customers in the
25 bank’s online bill payment service. Wells Fargo has now admitted that it has found
26 528,000 cases in which customers may have been signed up without their knowledge or
27 consent; and
28

1 e. Defendants failed to implement the requisite risk controls to prevent or detect
2 Wells Fargo employees from engaging in such unlawful conduct.

3 146. Defendants also made false or misleading statements in Wells Fargo's press
4 releases, conference calls, investor presentations, and SEC filings concerning the purported
5 success of its automobile and mortgage loans in increasing net interest and revenues for the
6 Company, while simultaneously causing the Company to purchase billions of dollars of its stock
7 in order to inflate Wells Fargo's stock price, including for personal gain.

8 147. For example, in the Company's 2014 Form 10-K, and in its subsequent quarterly
9 and yearly filings, Defendants emphasized the success the Bank had realized in increasing net
10 interest from its automobile loans and real estate business:

11 "Strong growth in commercial, retained real estate and automobile loans also
12 contributed to higher net interest income as originations replaced runoff in the
13 nonstrategic/liquidating portfolios."

14 148. The financial statements attached as exhibits to Wells Fargo's 2014 Annual Report
15 also trumpeted increases in interest and revenue, and favorably high interest rates, on its
16 automobile loans. Wells Fargo's 2014 Annual Report also stated that "Our core loan growth in
17 2014 included . . . a \$21.7 billion increase in consumer loans, predominantly from growth in the
18 nonconforming mortgage, automobile, credit card and other revolving credit and installment loan
19 portfolios."

20 149. During the time that Defendants were heralding the success of the Company in
21 increasing net interest, revenue, and other benefits from the Company's automobile and mortgage
22 loan business, they were also assuring the market that Wells Fargo had adequate internal controls
23 in place to prevent violations of the law in such business segments.

24 150. For example, on May 22, 2012, at Wells Fargo's Investor Day, STUMPF
25 represented that the employee culture at Wells Fargo involved "telling the truth, doing what's
26 right" and "understanding risk."

1 151. Wells Fargo’s 2013 Annual Report described the Company’s operational risk
2 management:

3 We have a long-term customer focus. *Our focus is on knowing our customers and*
4 *meeting our customers’ long-term financial needs by offering products and value-added*
5 *services that are appropriate for their needs and circumstances.* In addition, our team
6 members are committed to operational excellence, and we recognize that our infrastructure,
7 systems, processes, and compliance programs must support the financial success of our
8 customers through a superior customer service experience. (Emphasis added.)

9 152. The Annual Report further described the Bank’s Operational Risk Management
10 objectives and represented that its operational risk management program “manag[es] operational
11 risk across the Company in a comprehensive, interconnected, and consistent manner, in line with
12 the enterprise statement of risk appetite and relevant regulatory requirements.”

13 153. In Wells Fargo’s 2014 Annual Report, Defendants incorporated by reference the
14 Company’s 2014 Form 10-K, which contained the same or substantially similar language.

15 154. Wells Fargo’s 2015 Annual Report similarly touted the following “key elements”
16 of the Company’s risk framework, which included the purported presence of an independent
17 internal audit function:

18 Maintaining an *independent internal audit function* that is primarily responsible
19 for adopting a systematic, disciplined approach to evaluating the effectiveness of
20 risk management, control and governance processes and activities as well as
21 evaluating risk framework adherence to relevant regulatory guidelines and
22 appropriateness for Wells Fargo’s size and risk profile.

23 155. The 2015 Annual Report also stated, “Wells Fargo’s incentive-based compensation
24 practices are designed to balance risk and financial reward in a manner that does not provide team
25 members with an incentive to take inappropriate risk or act in a way that is not in the best interest
26 of customers.”

27 156. Defendants’ statements (contained in Wells Fargo’s SEC filings, press releases,
28 earnings calls, and other documents or communications) concerning risk controls, as well as
internal and disclosure controls, were materially false and misleading for the reasons stated in
above. In sum:

1 a. The risk controls Defendants touted were not strong and robust but rather
2 were weak and near-nonexistent in several operational segments. This failure of
3 risk controls allowed Wells Fargo employees to engage in the wrongful conduct
4 alleged herein. Those ineffective risk controls and procedures systematically
5 failed to evaluate and disclose thousands of reported instances of improper
6 behavior.

7 b. Defendants caused material deficiencies at the Company that helped
8 perpetuate the unlawful conduct, including the lack of an appropriate control
9 structure given corporate emphasis on increasing revenues and interest income in
10 the relevant business segments, including the Company's automobile and
11 mortgage loan businesses.

12 c. Defendants failed to cultivate a risk culture designed to promote
13 compliance with laws and regulations. Specifically, Defendants routinely
14 punished or terminated employees who complained about the high-pressure sales
15 culture at the Company. Defendants also failed to properly address customer
16 complaints.

17 d. The compensation practices Defendants implemented were not "designed
18 to balance risk and financial reward in a manner that does not provide team
19 members with an incentive to take inappropriate risk or act in a way that is not in
20 the best interest of customers." As U.S regulators, investigative journalists, and
21 numerous former Wells Fargo employees have detailed, the compensation
22 practices at the Company were the exact opposite of a risk-deterrent and were in
23 reality a driving force behind the illegal behavior detailed in this Complaint.

24 e. Defendants did not maintain a sufficient independent internal audit
25 function.

1 **VIII. DEFENDANTS STUMPF AND SLOAN MADE FALSE OR MISLEADING**
2 **STATEMENTS REGARDING THE ACCURACY OF FINANCIAL**
3 **INFORMATION CONTAINED IN WELLS FARGO'S SEC FILINGS, AND**
4 **REGARDING THE COMPANY'S INTERNAL AND DISCLOSURE CONTROLS.**

5 157. Defendants STUMPF and SLOAN also falsely attested to: (i) the accuracy of
6 financial information reported to the SEC, and (ii) the sufficiency of the Company's controls over
7 financial reporting and disclosure.

8 158. Each of Wells Fargo quarterly and annual reports filed by the Company during
9 the relevant time period contained certifications signed by Defendants STUMPF or SLOAN
10 attesting that the financial information contained in the filing was true and did not omit material
11 facts, and that the Company's internal and disclosure controls were effective. For example, the
12 certifications included in Wells Fargo's 2015 Form 10-K stated:

13 I have reviewed this annual report on Form 10-K for the fiscal year ended December 31,
14 2015 of Wells Fargo & Company;

15 1. Based on my knowledge, *this report does not contain any untrue statement of a*
16 *material fact or omit to state a material fact necessary to make the statements made,*
17 *in light of the circumstances under which such statements were made, not misleading*
18 *with respect to the period covered by this report;*

19 2. Based on my knowledge, the financial statements, and *other financial information*
20 *included in this report, fairly present in all material respects the financial condition,*
21 *results of operations and cash flows of the registrant as of, and for, the periods*
22 *presented in this report;*

23 3. The registrant's other certifying officer and I are responsible for establishing and
24 maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-
25 15(e) and 15d-15(e)), for the registrant and have:

26 a) *Designed such disclosure controls and procedures, or caused such*
27 *disclosure controls and procedures to be designed under our supervision, to*
28 *ensure that material information relating to the registrant, including its*
consolidated subsidiaries, is made known to us by others within those entities,
particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused
such internal control over financial reporting to be designed under our supervision,
to provide reasonable assurance regarding the reliability of financial reporting and

1 the preparation of financial statements for external purposes in accordance with
2 generally accepted accounting principles;

3 *c) Evaluated the effectiveness of the registrant's disclosure controls*
4 *and procedures and presented in this report our conclusions about the*
5 *effectiveness of the disclosure controls and procedures, as of the end of the*
6 *period covered by this report based on such evaluation; and*

7 d) Disclosed in this report any change in the registrant's internal
8 control over financial reporting that occurred during the registrant's most recent
9 fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report)
10 that has materially affected, or is reasonably likely to materially affect, the
11 registrant's internal control over financial reporting; and

12 4. The registrant's other certifying officer and I have disclosed, based on our most
13 recent evaluation of internal control over financial reporting, to the registrant's auditors
14 and the audit committee of the registrant's board of directors (or persons performing the
15 equivalent functions):

16 a) All significant deficiencies and material weaknesses in the design
17 or operation of internal control over financial reporting which are reasonably likely
18 to adversely affect the registrant's ability to record, process, summarize and report
19 financial information; and

20 *b) Any fraud, whether or not material, that involves management or*
21 *other employees who have a significant role in the registrant's internal control*
22 *over financial reporting.* (Emphasis added.)

23 159. Moreover, Wells Fargo's SEC filings stated the following concerning the
24 Company's Controls and Procedures:

25 **Controls and Procedures**
26 **Disclosure Controls and Procedures**

27 The Company's management evaluated the effectiveness, as of December 31, 2015,
28 of the Company's disclosure controls and procedures. The Company's chief
executive officer and chief financial officer participated in the evaluation. *Based*
on this evaluation, the Company's chief executive officer and chief financial
officer concluded that the Company's disclosure controls and procedures were
effective as of December 31, 2015. (Emphasis added.)

160. Defendants' representations concerning Wells Fargo's internal and disclosure
controls identified above were false or misleading. Among other things, Wells Fargo's reported

1 metrics and financial results derived from the Company’s automobile and mortgage loan
2 businesses were false or misleading, as a result of the unlawful conduct alleged herein, and the
3 controls at the Company relating to financial reporting and disclosure were woefully inadequate
4 and failed to prevent or stop the wrongful conduct.

5 **IX. THE SELLING DEFENDANTS WERE UNJUSTLY ENRICHED AT WELLS**
6 **FARGO’S EXPENSE BY SELLING COMPANY SHARES AT ARTIFICIALLY**
7 **INFLATED PRICES**

8 161. During the Relevant Period, Defendants STUMPF, TOLSTEDT, SLOAN,
9 BAKER, CHEN, DEAN, HERNANDEZ, MILLIGAN, SANGER, and SWENSON (the “Selling
10 Defendants”) used the artificially-inflated stock prices caused by Defendants’ false or misleading
11 statements regarding the Company’s financial “success” to sell stock. The Selling Defendants
12 sold or otherwise disposed hundreds of millions of dollars in Wells Fargo stock during the
13 Relevant Period, all while in possession of, and on the basis of, material, non-public information.
14 Wells Fargo’s stock price was also falsely propped up during the Relevant Period by its share
15 repurchase program, which was approved despite Defendants’ knowledge and disregard of the
16 unlawful practices detailed in this Complaint.

17 162. Between March 2005 and August 2016, STUMPF sold or otherwise disposed of
18 8,470,892 shares of Wells Fargo common stock for a total of \$400,797,217.29:

19 **JOHN G. STUMPF**

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
3/9/2005	60,115	60.7900	\$3,654,390.85
7/1/2005	1,473	61.5800	\$90,707.34
10/20/2005	93,678	59.7000	\$5,592,576.60
3/9/2005	60,115	60.7900	\$3,654,390.85
4/21/2006	119,186	65.0300	\$7,750,665.58
7/1/2006	1,473	67.0800	\$98,808.84
10/24/2006	313,911	36.6700	\$11,511,116.37

JOHN G. STUMPF

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
4/25/2007	407,386	36.2800	\$14,779,964.08
7/2/2007	3,928	35.5100	\$139,483.28
10/26/2007	30,870	34.5500	\$1,066,558.50
1/31/2008	64,162	34.0100	\$2,182,149.62
7/22/2010	110,550	26.8327	\$2,966,354.99
8/11/2010	102,163	26.7384	\$2,731,675.16
8/3/2011	34,434	27.3000	\$940,049.53
3/15/2012	3,758	34.0700	\$128,035.06
8/3/2012	17,077	34.3400	\$586,439.26
2/1/2013	216,272	35.1300	\$7,597,635.36
3/1/2013	313,553	35.3900	\$11,096,655.29
3/15/2013	4,267	38.2000	\$163,003.17
3/15/2013	3,821	38.2000	\$145,962.01
7/23/2013	333,915	44.5700	\$14,882,588.09
7/30/2013	38,000	43.2600	\$1,643,880.00
10/30/2013	300,000	43.1800	\$12,954,000.00
10/30/2013	460,696	43.1000	\$19,855,997.60
3/15/2014	323,614	47.4000	\$15,339,281.95
3/15/2014	4,388	47.4000	\$208,001.03
3/15/2014	3,929	47.4000	\$186,222.11
3/15/2014	4,680	47.4000	\$221,842.53
10/30/2014	152,965	52.4600	\$8,024,543.90
10/30/2014	474,272	52.4600	\$24,880,309.12
11/3/2014	627,657	53.3700	\$33,498,054.09
11/3/2014	98,049	53.3700	\$5,232,875.13
11/6/2014	160,663	54.0200	\$8,679,015.26
11/7/2014	168,534	54.0800	\$9,114,318.72

1 **JOHN G. STUMPF**

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<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
3/15/2015	339,450	55.3400	\$18,785,172.77
3/15/2015	4,805	55.3400	\$265,931.55
3/15/2015	4,034	55.3400	\$223,266.19
3/15/2015	3,702	55.3400	\$204,883.12
12/11/2015	30,000	53.7200	\$1,611,600.00
3/15/2016	291,174	49.9800	\$14,552,884.53
3/15/2016	4,944	49.9800	\$247,094.11
3/15/2016	3,808	49.9800	\$190,325.97
3/15/2016	3,087	49.9800	\$154,302.32
5/25/2016	677,959	50.5000	\$34,236,929.50
5/25/2016	341,516	50.5000	\$17,246,558.00
5/25/2016	402,190	50.5000	\$20,310,595.00
8/8/2016	1,250,667	48.9100	\$61,170,122.97
<i>TOTAL NUMBER OF SHARES</i>	8,470,892	<i>TOTAL VALUE OF SHARES</i>	\$400,797,217.29

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20 163. For each of these trades, STUMPF was motivated in whole or in part and acted on

21 the basis of his knowledge of material non-public information regarding the illegal conduct

22 alleged herein and associated risks to the Company at the time of the trades. As former CEO,

23 STUMPF was responsible for enterprise risk management, received regular reports on statistics

24 regarding the Company's automobile and mortgage loan businesses, and frequently spoke of the

25 importance of such segments to the Company throughout the Relevant Period. STUMPF was

26 aware of the Company's wrongful conduct in such segments.

27 164. In 2005, STUMPF sold over 215,000 shares for nearly \$13 million.

28 165. In 2010 alone, STUMPF sold nearly 268,000 shares for over \$7 million.

1 166. In 2013 alone, STUMPF sold almost 2 million shares for over \$68 million.

2 167. As the Relevant Period went on, STUMPF sold his shares in increasingly high
3 numbers based on material non-public information. STUMPF's two largest insider sales further
4 reveal that he traded in whole or in part on his knowledge of the unlawful conduct and risks. For
5 instance, on May 25, 2016, STUMPF disposed of 1,421,665 shares of common stock for a total
6 value of approximately \$71.7 million. Just over two months later, on August 8, 2016, he disposed
7 of an additional 1,250,667 shares of Wells Fargo common stock for a total value of over \$61
8 million. Through these two sales STUMPF realized a net gain of over \$43 million. These two
9 sales, involving a combined 2.67 million shares, exceeded the approximately 2.4 million shares
10 STUMPF disposed of in 2014 and 2015, **combined**. Accordingly, for each of these trades,
11 STUMPF was motivated in whole or in part and acted on the basis of his knowledge of material
12 non-public information relating to problems at the Company's automobile and mortgage loan
13 segments facing the Company at the time of the trades and did use his inside information
14 regarding unlawful conduct at the Company to make illegal trades, garnering over \$400 million
15 dollars from the sale of shares during the Relevant Period.

16 168. From March 2012 to July 2016, TOLSTEDT sold or otherwise disposed of
17 3,486,012 shares of Wells Fargo common stock for a total of \$154,903,941.23:

18 **CARRIE L. TOLSTEDT**

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<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
5/4/2005	30,869	60.2900	\$1,861,092.01
8/10/2005	33,458	60.4805	\$2,023,556.57
11/17/2005	38,650	60.9900	\$2,357,263.50
3/1/2006	146	64.6900	\$9,445.92
3/17/2006	48	62.8300	\$3,024.85
5/23/2006	48,486	66.6400	\$3,231,107.04
6/1/2006	9,519	67.6600	\$644,089.08

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CARRIE L. TOLSTEDT

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
11/30/2006	147,866	35.4600	\$5,243,328.36
6/7/2007	189,429	35.0600	\$6,641,380.74
1/22/2008	149,050	26.9500	\$4,016,897.50
1/22/2008	149,000	26.9500	\$4,015,550.00
7/23/2008	77,203	30.4500	\$2,350,831.35
3/2/2009	2,874	10.8400	\$31,154.16
2/18/2010	19,854	27.3400	\$542,808.36
3/1/2010	44	27.3500	\$1,203.40
3/1/2010	58	27.3500	\$1,586.30
12/29/2010	106,601	31.0200	\$3,306,763.02
1/11/2012	32,238	29.6200	\$954,889.56
3/15/2012	1,954	34.0700	\$66,560.91
3/15/2012	397	34.0700	\$13,515.92
7/1/2012	15,276	33.4400	\$510,840.43
7/18/2012	46,162	33.9600	\$1,567,661.52
7/18/2012	197,519	33.9600	\$6,707,745.24
2/12/2013	89,340	35.5100	\$3,172,463.40
2/12/2013	143,271	35.5100	\$5,087,553.21
2/12/2013	69,338	35.5100	\$2,462,192.38
3/15/2013	2,250	38.2000	\$85,964.42
3/15/2013	457	38.2000	\$17,450.36
3/15/2013	763	38.2000	\$29,132.06
7/1/2013	17,552	41.3600	\$725,935.56
7/23/2013	166,958	44.5700	\$7,441,319.25
3/15/2014	148,323	47.4000	\$7,030,520.61
3/15/2014	470	47.4000	\$22,256.65
3/15/2014	784	47.4000	\$37,157.64

1 **CARRIE L. TOLSTEDT**

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<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
3/15/2014	867	47.4000	\$41,078.43
5/29/2014	260,442	50.2700	\$13,092,419.34
5/29/2014	47,931	50.2700	\$2,409,491.37
7/1/2014	24,053	52.7200	\$1,268,064.75
11/11/2014	219,835	53.7600	\$11,818,329.60
3/15/2015	149,359	55.3400	\$8,265,510.44
3/15/2015	769	55.3400	\$42,570.21
3/15/2015	850	55.3400	\$47,050.13
3/15/2015	654	55.3400	\$36,210.03
4/16/2015	362,708	54.8100	\$19,880,025.48
4/16/2015	345,510	54.8100	\$18,937,403.10
7/22/2015	2,492	58.5200	\$145,817.47
3/15/2016	128,116	49.9800	\$6,403,256.79
3/15/2016	618	49.9800	\$30,895.68
3/15/2016	491	49.9800	\$24,544.54
3/15/2016	309	49.9800	\$15,461.52
7/22/2016	2,565	48.3200	\$123,964.72
7/28/2016	2,236	48.1300	\$107,606.34
<i>TOTAL NUMBER OF SHARES</i>	3,486,012	<i>TOTAL VALUE OF SHARES</i>	\$154,903,941.23

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23 169. For each of these trades, TOLSTEDT was motivated in whole or in part and acted
24 on the basis of her knowledge of material non-public information regarding the illegal practices
25 and other wrongful conduct described above, and associated risks to the Company at the time of
26 the trades.

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1 170. TOLSTEDT became the head of the entire regional bank in 2002 and the head of
2 the Community Banking in 2007 and reported to STUMPF until 2015. She then reported to
3 SLOAN. She was President and CEO of Wells Fargo Bank in 2013 and 2014.

4 171. As noted above, during much of the Relevant Period, Wells Fargo was organized
5 into three operating segments for management reporting purposes: Community Banking,
6 Wholesale Banking, and Wealth, Brokerage and Retirement. TOLSTEDT became head of the
7 entire regional bank in 2002 and the head of Community Banking in 2007, reporting to STUMPF
8 until 2015, and then to SLOAN. TOLSTEDT was also the President and CEO of Wells Fargo
9 Bank in 2013 and 2014.

10 172. The Consumer Lending Group was a substantial business unit within the
11 Community Banking segment. During much of the Relevant Period, the Consumer Lending
12 Group was headed by Senior Executive Vice President Avid Modjtabai, and included the Dealer
13 Services unit, headed by Executive Vice President Dawn Martin Harp and her deputy, Bill
14 Katafias, and the Home Lending unit, headed by Executive Vice President Franklin Codel.
15 Modjtabai, in addition to heading the Consumer Lending Group, served as a member of the
16 Operating Committee, a senior management committee composed of Wells Fargo senior officers
17 and reporting to the Chief Executive Officer and Chairman of the Board, first STUMPF and then
18 SLOAN. In 2016, Codel also took over leadership of Dealer Services, with Harp now reporting
19 to him, and he was also asked to join the Operating Committee. The wrongdoing at issue in this
20 lawsuit occurred within the Consumer Lending Group within the Community Banking operating
21 unit.

22 173. When TOLSTEDT took over the Community Bank, she instituted the scorecard
23 system, which measured how employees (including managers) were performing against the
24 Community Bank's sales plan, which covered the Consumer Lending Group, where the
25 wrongdoing at issue in this action occurred. During the Relevant Period, TOLSTEDT was known
26 for aggressively pushing sales goals and closing monitoring performance and performance
27 metrics.

1 174. TOLSTEDT engaged in all of her insider sales motivated by the non-public,
 2 material knowledge and based on the inside information of unlawful conduct at the Company,
 3 that the Company was being investigate by regulators, and that her Community Banking segment
 4 and Consumer Lending Group within Community Banking was in jeopardy due to the illegal
 5 practices resulting from her leadership.

6 175. From March 2012 to August 2016, SLOAN sold or otherwise disposed of
 7 2,515,940 shares of Wells Fargo common stock for a total of \$119,624,163.66.

8
 9 **TIMOTHY J. SLOAN**

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
11/1/2010	3,563	25.9300	\$92,388.59
3/15/2012	5,761	34.0700	\$196,288.63
3/15/2012	3,626	34.0700	\$123,528.30
7/20/2012	58,140	33.8100	\$1,965,713.40
12/21/2012	57,499	34.4800	\$1,982,565.52
2/8/2013	54,348	34.8800	\$1,895,658.24
3/15/2013	6,638	38.2000	\$253,579.46
3/15/2013	22,781	38.2000	\$870,239.06
3/15/2013	4,178	38.2000	\$159,590.92
3/15/2013	763	38.2000	\$29,132.06
4/25/2013	36,386	37.6400	\$1,369,579.58
5/9/2013	145,299	37.8900	\$5,505,379.11
8/1/2013	38,019	44.2600	\$1,682,720.94
8/1/2013	45,675	44.2600	\$2,021,575.50
11/26/2013	163,687	44.3100	\$7,252,970.97
12/13/2013	162,803	43.7300	\$7,119,375.19
1/17/2014	158,301	46.3900	\$7,343,583.39
1/24/2014	75,000	45.8400	\$3,438,000.00

TIMOTHY J. SLOAN

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
3/15/2014	148,323	47.4000	\$7,030,520.61
3/15/2014	28,110	47.4000	\$1,332,424.18
3/15/2014	4,295	47.4000	\$203,587.55
3/15/2014	784	47.4000	\$37,157.64
3/15/2014	981	47.4000	\$46,483.08
4/28/2014	80,000	48.6500	\$3,892,000.00
9/2/2014	50,000	51.4790	\$2,573,950.00
12/9/2014	207,244	54.8300	\$11,363,188.52
1/23/2015	25,000	53.5058	\$1,337,645.00
3/15/2015	149,359	55.3400	\$8,265,510.44
3/15/2015	36,753	55.3400	\$2,033,933.68
3/15/2015	769	55.3400	\$42,570.21
3/15/2015	962	55.3400	\$53,242.90
3/15/2015	759	55.3400	\$41,993.33
5/15/2015	50,000	56.0000	\$2,800,000.00
7/22/2015	3,737	58.5200	\$218,666.89
10/22/2015	24,000	54.2800	\$1,302,720.00
10/22/2015	97,597	54.0600	\$5,276,093.82
10/22/2015	107,379	54.0600	\$5,804,908.74
3/1/2016	109,740	48.7200	\$5,346,532.80
3/10/2016	10,000	48.1600	\$481,600.00
3/15/2016	128,116	49.9800	\$6,403,256.79
3/15/2016	989	49.9800	\$49,407.09
3/15/2016	782	49.9800	\$39,066.88
3/15/2016	619	49.9800	\$30,921.59
5/2/2016	111,100	50.5900	\$5,620,549.00
7/22/2016	3,847	48.3200	\$185,897.37

1 **TIMOTHY J. SLOAN**

2

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
7/28/2016	3,353	48.1300	\$161,385.45
8/8/2016	20,500	48.9200	\$1,002,860.00
8/8/2016	68,375	48.9100	\$3,344,221.25
<i>TOTAL NUMBER OF SHARES</i>	2,515,940	<i>TOTAL VALUE OF SHARES</i>	\$119,624,163.66

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10 176. For each of these trades, SLOAN was motivated in whole or in part and acted on
11 the basis of his knowledge of material non-public information regarding the unlawful conduct
12 alleged herein, and associated risks to the Company at the time of the trades.

13 177. With intimate knowledge of the risks of the unlawful conduct, SLOAN sold over
14 2.5 million shares for over \$119.6 million in proceeds from March 2012 through August 2016.

15 178. Director Defendants BAKER, CHEN, DEAN, HERNANDEZ, MILLIGAN,
16 SANGER, and SWENSON also engaged in insider sales of their stock as follows, motivated by
17 their knowledge that the illegal practices were becoming an increasing risk and that the OCC was
18 investigating the Company and issuing directives to the Board to enhance governance. For each
19 of these trades, Defendants BAKER, CHEN, DEAN, HERNANDEZ, MILLIGAN, SANGER,
20 and SWENSON were motivated in whole or in part and acted on the basis of their knowledge of
21 material non-public information regarding the illegal practices and associated risks to the
22 Company at the time of the trades.

23 179. As detailed in this Complaint, Defendant BAKER was on the Board from 2009-
24 2016 and was a member of the Audit and Examination Committee since 2009 and the Corporate
25 Responsibility Committee since 2010. Through his position on the Audit and Examination
26 Committee, he received quarterly reports regarding the unlawful conduct at issue. Also through
27 this Committee membership and his Board membership, he was extensively aware of the risks
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1 that faced the Company. On the basis of his knowledge of this material, non-public information
2 at the time of each trade, BAKER executed the following insider sales:

3
4 **JOHN D. BAKER, II.**

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<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
2/17/2010	21	27.4407	\$576.25
8/12/2011	662	24.3845	\$16,142.54
8/12/2011	66	24.3845	\$1,609.38
8/12/2011	248	24.3845	\$6,047.36
8/12/2011	248	24.3845	\$6,047.36
<i>TOTAL NUMBER OF SHARES</i>	1,245	<i>TOTAL VALUE OF SHARES</i>	\$30,422.88

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13 180. As described above, Defendant CHEN was on the Board from 2011-2016. As
14 such, he knew that the unlawful practices described herein presented the Company with
15 significant risk and that regulators were asking him and fellow Board members to make changes
16 to the unsound practices and governance at the Company. On the basis of his knowledge of this
17 material, non-public information at the time of each trade, CHEN made the following inside sales:

18 **JOHN S. CHEN**

19

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
8/6/2015	2,215	57.5300	\$127,428.95
<i>TOTAL NUMBER OF SHARES</i>	2,215	<i>TOTAL VALUE OF SHARES</i>	\$127,428.95

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24 181. As detailed in this Complaint, Defendant DEAN was a Board member throughout
25 the entire Relevant Period and served on the Audit and Examination Committee, the Corporate
26 Responsibility Committee, the Governance and Nominating Committee, the Human Resources
27 Committee, and the Risk Committee. Through his positions on these committees and as a Board
28

1 member, DEAN was fully aware of the illegal practices and associated risks facing the Company
2 since 2005. He was also aware of the Company's identification of unlawful practices and that
3 regulators were investigating the practices and directing him and his fellow directors to correct
4 significant flaws in the Company's governance. On the basis of his knowledge of this material,
5 non-public information at the time of each trade, DEAN executed the following insider sales:

6 **LLOYD H. DEAN**

7

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
11/1/2013	5,628	42.6700	\$240,146.76
11/8/2013	6,702	42.5200	\$284,969.04
4/23/2015	3,500	54.8600	\$192,010.00
3/1/2016	4,448	48.7200	\$216,706.56
3/11/2016	2,210	49.9300	\$110,345.30
<i>TOTAL NUMBER OF SHARES</i>	22,488	<i>TOTAL VALUE OF SHARES</i>	\$1,044,177.66

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16 182. Defendant HERNANDEZ has been a member of the Board since 2002 and

17 continuously through the entire Relevant Period. HERNANDEZ served on the Audit and

18 Examination Committee from 2005-2016, the Corporate Responsibility Committee from 2010-

19 2016, and the Risk Committee from 2010-2016. HERNANDEZ was also the chair of the Risk

20 Committee from 2011-2016. HERNANDEZ possessed intimate knowledge of the unlawful

21 conduct throughout the Relevant Period. As a member of the Audit and Examination Committee,

22 he received quarterly reports regarding unlawful practices starting in 2005. Like the rest of the

23 Board, he was aware that the practices were high risk and that regulators were investigating the

24 Company and directing him and the Board to take action regarding the issues. On the basis of his

25 knowledge of this material, non-public information at the time of each trade, HERNANDEZ

26 made the following insider trades:

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2 **ENRIQUE HERNANDEZ,**
3 **JR.**

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<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
10/31/2012	6,561	33.6900	\$221,040.09
12/6/2012	1,836	33.1400	\$60,845.04
12/6/2012	3,434	33.1400	\$113,802.76
8/13/2017	3,434	33.1400	\$113,802.76
4/24/2013	7,295	37.3400	\$272,395.30
2/21/2014	4,847	45.6000	\$221,023.20
10/31/2014	4,311	53.0900	\$228,870.99
11/3/2014	7,740	53.5400	\$414,399.60
3/9/2016	4,441	48.7900	\$216,676.39
<i>TOTAL NUMBER OF SHARES</i>	43,899	<i>TOTAL VALUE OF SHARES</i>	\$1,862,856.13

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15 183. Defendant MILLIGAN has been a Board member since 1992. She was a member
16 of the Audit and Examination Committee from 2005-2010, a member of the Corporate
17 Responsibility Committee from 2010-2016, a member of the Governance and Nominating
18 Committee from 2005-2016, and a member of the Risk Committee from 2010-2016. As detailed
19 above and by virtue of her membership on these Committees, MILLIGAN was intimately aware
20 of the misconduct and the risk that such unlawful conduct presented to the Company. As a
21 member of the Audit and Examination Committee, she received quarterly reports regarding
22 unlawful practices. As a member of the Risk Committee, she was fully informed of the high and
23 increasing risk the Company faced regarding the practices. As a member of the Board she was
24 kept informed that unlawful practices were an increasing risk and that regulators were
25 investigating the Company and ordering her and her fellow Board members to take action
26 regarding the issues. On the basis of her knowledge of this material, non-public information at
27 the time of each trade, MILLIGAN made the following inside sales:
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2 **CYNTHIA MILLIGAN**

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<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
3/22/2010	2,467	30.4100	\$75,021.47
4/22/2010	2,234	33.5800	\$75,017.72
4/21/2011	5,513	28.5400	\$157,341.02
4/16/2012	4,846	33.1500	\$160,644.90
10/25/2012	6,489	34.0600	\$221,015.34
10/25/2012	6,113	34.0600	\$208,208.78
4/15/2013	5,693	36.5700	\$208,193.01
4/21/2014	4,499	49.1200	\$220,990.88
2/4/2015	4,316	53.0300	\$228,877.48
2/12/2016	4,580	47.3100	\$216,679.80
<i>TOTAL NUMBER OF SHARES</i>	46,750	<i>TOTAL VALUE OF SHARES</i>	\$1,771,990.40

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14 184. Defendant QUIGLEY was a member of the Board's Audit and Examination
15 Committee and the Board's Risk Committee from 2013-2016. By virtue of these positions,
16 QUIGLEY possessed material, non-public information regarding the illegal conduct and
17 associated risks to the Company. As an Audit and Examination Committee member, he received
18 quarterly reports regarding unlawful practices. As a Board member, he was aware that unlawful
19 practices were of increasing risk from at least 2014-2016, and was also aware that regulators were
20 investigating the conduct and mandating that he and his fellow Board members take corrective
21 action regarding the governance to identify and correct that conduct. On the basis of his
22 knowledge of this material, non-public information at the time of each trade, QUIGLEY made the
23 following insider trades:
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2 **JAMES H. QUIGLEY**

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<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
5/3/2016	2,000	49.9700	\$99,940.00
<i>TOTAL NUMBER OF SHARES</i>	2,000	<i>TOTAL VALUE OF SHARES</i>	\$99,940.00

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8 185. Defendant SANGER has been a Board member since 2003. He was a member of
9 the Board's Governance and Nominating Committee from 2010-2016, the Human Resources
10 Committee from 2005-2016 (excepting in 2010), and the Risk Committee from 2011-2016. By
11 virtue of his committee memberships, SANGER was aware of the unlawful conduct being
12 committed by the Company. SANGER knew that regulators were investigating the Company's
13 practices and directing the Board to take corrective action and reform their governance. On the
14 basis of his knowledge of this material, non-public information at the time of each trade,
15 SANGER made the following insider sales:

16 **STEPHEN W. SANGER**

17

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
11/1/2012	6,489	34.0600	\$221,015.34
11/1/2012	5,164	34.0600	\$175,885.84
6/3/2013	4,318	40.7300	\$175,872.14
4/14/2014	4,593	48.1100	\$220,969.23
2/27/2015	4,177	54.7900	\$228,857.83
3/11/2016	4,328	50.0700	\$216,702.96
<i>TOTAL NUMBER OF SHARES</i>	29,069	<i>TOTAL VALUE OF SHARES</i>	\$1,239,303.34

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1 186. Defendant SWENSON has been a Board member since 1998. From 2005-2016,
 2 SWENSON was a member of the Board's Audit and Examination Committee and the Board's
 3 Governance and Nominating Committee. As detailed in this Complaint and by virtue of her
 4 position on these committees, SWENSON was extensively aware of the unlawful conduct during
 5 the Relevant Period. Beginning in 2005, she received quarterly updates regarding unlawful
 6 practices as a member of the Audit and Examination Committee. As a Board member, she was
 7 aware of complaints of unlawful practices facing the Company, the regulators' investigation, and
 8 the heightened risk that such practices presented to the Company. On the basis of his knowledge
 9 of this material, non-public information at the time of each trade, SWENSON made the following
 10 insider sales:

11
 12 **SUSAN G. SWENSON**

<i>SALE DATE</i>	<i>SHARES SOLD</i>	<i>PRICE PER SHARE</i>	<i>TOTAL SALE VALUE</i>
3/24/2005	1,361	58.7400	\$79,945.14
3/1/2006	1,922	65.1300	\$125,179.86
12/28/2006	3,672	36.0500	\$132,375.60
3/18/2010	5,194	30.2900	\$157,326.26
3/18/2010	5,303	30.2900	\$160,627.87
3/18/2010	6,874	30.2900	\$208,213.46
4/16/2012	4,845	33.1500	\$160,611.75
11/9/2012	6,833	32.3500	\$221,047.55
4/15/2013	5,693	36.5700	\$208,193.01
2/28/2014	2,761	46.4200	\$128,165.62
12/11/2014	4,205	54.4300	\$228,878.15
12/3/2015	3,998	54.2000	\$216,691.60
<i>TOTAL NUMBER OF SHARES</i>	52,661	<i>TOTAL VALUE OF SHARES</i>	\$2,027,255.87

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 26 187. At the time of these trades, all of the Selling Defendants knew about material, non-
 27 public information regarding the unlawful conduct alleged herein, but nonetheless sold or
 28

1 otherwise disposed of Wells Fargo stock, motivated by and on the basis of this inside information
2 at the time of each trade.

3 188. When compared with their banking industry peers, the Selling Defendants engaged
4 in some of the largest insider selling in the banking industry in recent years. An analysis by the
5 *Financial Times* reported that “Ranked by sales as a percentage of total holdings, Wells Fargo
6 executives occupy five places in the top 10.” STUMPF specifically has sold \$38.1 million of
7 Wells Fargo stock since 2009, more than the chief executives of Goldman, Morgan Stanley, Bank
8 of America, Citigroup, and JPMorgan Chase put together. In fact, most of his counterparts have
9 sold nothing. A different *Financial Times* article revealed that STUMPF was the second-largest
10 insider seller among top executives at the U.S.’s six largest banks.

11 **X. DEFENDANTS’ MISSTATEMENTS AND OMISSIONS CAUSED DAMAGES TO**
12 **WELLS FARGO**

13 189. Throughout the Relevant Period, the price of Wells Fargo’s common stock was
14 artificially inflated as a result of the Individual Defendants’ materially false and misleading
15 statements and omissions identified above. Defendants created and perpetuated a scheme to
16 deceive its customers, shareholders, and the public market, causing Wells Fargo to repurchase
17 shares at inflated prices. When the Individual Defendants’ misrepresentations about the unlawful
18 conduct began to slowly be revealed, the price of Wells Fargo began to decline in response to
19 partial revelations of the truth.

20 190. Shortly before the wrongful conduct alleged herein was revealed, Wells Fargo’s
21 common stock closed at \$55.78 per share on June 29, 2017.

22 191. On July 27, 2017, Wells Fargo stunned the market by revealing that Bank
23 employees had also cheated automobile loan customers and improperly charged them for collision
24 damage they did not need. In response to this news, the price of the Company’s stock declined
25 from a closing price of \$54.71 on July 27, 2017 to \$53.30 on July 28, 2017, on unusually heavy
26 trading volume of over 32.59 million shares – almost twice the Company’s average trading
27 volume of 17 million shares for the preceding 90 days.
28

1 192. Over the next month, as the market absorbed these disclosures and as additional
2 information came to light regarding the conduct described herein, the Company's stock price
3 plummeted further. As of August 30, 2017, the stock closed at \$51.36.

4 193. This decline was a direct result of Wells Fargo's unlawful conduct alleged herein,
5 Defendants' concealment and failure to address the scheme, and their misrepresentations and
6 omissions related to relating to the unlawful conduct alleged herein. The timing and magnitude
7 of the decline in the Company's share price negates any inference that the losses suffered by
8 Wells Fargo were caused by changed market conditions, macroeconomic or industry factors, or
9 Company-specific facts unrelated to Defendants' unlawful conduct.

10 **XI. DEFENDANTS BREACHED THEIR DUTIES AND HARMED THE COMPANY**

11 194. Each Defendant, by virtue of his or her position as a director and/or officer, owed
12 to Wells Fargo and its shareholders the fiduciary duty of loyalty and good faith and the exercise
13 of due care and diligence in the control, management, and administration of the affairs of Wells
14 Fargo, as well as in the use and preservation of its property and assets. As explained herein, the
15 conduct of the Defendants complained of herein involves a knowing and culpable violation of
16 their obligations as directors and officers of Wells Fargo, the absence of good faith on their part,
17 and a reckless disregard for their duties to Wells Fargo and its shareholders that the Defendants
18 were aware or should have been aware posed a risk of serious injury to the Company.

19 195. Defendants breached their fiduciary duties by failing to heed numerous, obvious
20 red flags of misconduct, by failing to ensure that policies and procedures were in place to ensure
21 that Wells Fargo's officers and directors were not unjustly enriched with compensation packages
22 based on or approved while such illegal practices were occurring, and by failing to implement
23 policies, procedures and internal controls sufficient to insure that the Company was in compliance
24 with all applicable laws and regulations.

25 196. As a result of the Defendants' breaches, detailed below, the Company has become
26 the subject of numerous investigations and increased regulatory scrutiny, paid substantial
27 regulatory fines, and incurred related expenses. Wells Fargo is exposed to potentially massive
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1 liability and has expended and will continue to expend, significant sums of money to rectify
2 Defendants' wrongdoing.

3 197. By virtue of the settlements, consent orders, private litigation and related
4 investigations, Wells Fargo has paid and will continue to pay substantial sums for the misconduct.
5 In addition, as shareholders and the public received information regarding vast wrongful at Wells
6 Fargo, the Bank's stock price and market capitalization has also dropped. Defendants'
7 misconduct has wrought extreme reputational damage upon the Company, which undoubtedly
8 translates into long-term damage to the Company. The Company must shoulder the cost of
9 defending against the new investigations, which could result in criminal as well as civil penalties.

10 **XII. DEMAND FUTILITY**

11 198. At the time of filing, the Company's Board of Directors had fifteen members,
12 including Defendants BAKER, CHEN, DEAN, DUKE, HERNANDEZ, JAMES, MILLIGAN,
13 PEÑA, QUIGLEY, SANGER, SLOAN, SWENSON, and VAUTRINOT. Demand is excused as
14 to each of the Board members.

15 199. Demand is excused in this action because a majority of the Company's Board,
16 several of whom also serve on the Bank's Board, knowingly failed to fulfill their fiduciary duties.

17 200. While acting in their capacities as members of the Company's Board and Board
18 Committees, and in certain cases as Bank Directors, the Director Defendants knew of or
19 recklessly permitted the illegal practices described herein, approved lucrative compensation
20 packages to senior management and refused to take action or clawback such compensation,
21 concealed the conduct from regulators and investors, and failed to implement any meaningful
22 changes to end the illegal practices even after specific warnings were brought to their attention.
23 Indeed, in some cases, it was not until 2017 that the Board was forced to implement corporate
24 governance measures necessary to protect the Company.

25 201. The allegations herein specifically demonstrate that the Director Defendants (1)
26 affirmatively adopted, implemented, and condoned a business model and objectives based on
27 deliberate and widespread illegality, which does not constitute protected business decision and is
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1 no way manner considered a valid exercise of business judgment; and/or (2) consciously
2 disregarded red flags of misconduct throughout the Relevant Period, subjecting them to a
3 substantial likelihood of liability as to Plaintiffs' claims against them in this action. As such,
4 demand is excused.

5 202. The Director Defendants allowed Company employees to engage in illegal
6 conduct and perpetuated deficient controls over the Company's corporate governance which
7 allowed such conduct to continue for years. This conduct and the other wrongful conduct detailed
8 herein constitute a pattern of misconduct that was not and could not have been a proper exercise
9 of business judgment.

10 203. The Director Defendants' includes enabling and facilitating violations of law,
11 including knowingly and consciously presiding over the Company's pervasive governance
12 deficiencies and unsound practices, as well as concealing the conduct and its resulting financial
13 impact from shareholders and the public. The Director Defendants' flagrant and continual
14 abdication of their fiduciary responsibility to protect Wells Fargo from such widespread
15 misconduct indicates that the Director Defendants enabled, adopted, endorsed, and/or ratified a
16 business model that included and touted the unlawful schemes. In engaging in this conduct, the
17 Director Defendants were not validly exercising business judgment in good faith. Accordingly,
18 demand is therefore excused.

19 204. As the Director Defendants were aware of and consciously disregarded red flags of
20 the illegal practices, demand is further excused because the Director Defendants face a substantial
21 likelihood of liability for the claims herein.

22 205. Defendants who served as members of the Audit and Examination Committee,
23 were charged with monitoring of Wells Fargo's compliance with laws and regulations, including
24 minimizing the Bank's financial crimes and reputational risk. Further, the Committee failed to
25 correct its enterprise-wide risk management practices.

26 206. Defendants who served as members of the Audit and Examination Committee,
27 were charged with assisting the Board related to the Bank's financial statements and the accuracy
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1 of disclosures to shareholders. The Audit and Examination Committee was obligated to review
2 and approve the Company's materially false and misleading annual Forms 10-K and quarterly
3 Forms 10-Q, other Company filings, as well as the Company's earnings press releases during the
4 Relevant Period. However, the Committee failed properly execute their duties, Wells Fargo's
5 internal and disclosure controls were deficient, and the Board, including the Audit and
6 Examination Committee caused the Company to make materially false and misleading
7 information regarding Wells Fargo's internal controls.

8 207. Additionally, the Audit and Examination Committee did not live up to their
9 responsibilities under Audit and Examination Committee Charter and act to correct these
10 deficiencies. The Audit and Examination Committee's conscious inaction was a breach of their
11 fiduciary duties to Wells Fargo and has substantially damaged Wells Fargo.

12 208. As such, these Committee Defendants face a substantial likelihood of liability for
13 their breaches of fiduciary duties, including their duties of good faith, fair dealing, and loyalty,
14 and other illegal acts.

15 209. Defendants who served as members of the Risk Committee, owed specific risk-
16 related duties to the Company. The Risk Committee's Charter obligates Committee members to
17 review, approve, and oversee the enterprise-wide risk management systems. This obligation
18 includes the risk management policies and processes and the governance structure. Throughout
19 the Relevant period, the Risk Committee was informed that the Company's risk management
20 system was deficient. However, the Risk Committee failed to address and remediate rectify the
21 identified deficiencies. The Risk Committee members thus breached their fiduciary duties to the
22 Company, and therefore could not impartially assess demand to address the wrongdoing detailed
23 in this Complaint.

24 210. Defendants who served as members of the Corporate Responsibility Committee,
25 owed specific duties to Wells Fargo during the Relevant Period. These duties were implicated by
26 the wrongful conduct described herein. The Corporate Responsibility Committee was responsible
27 for the Company's reputation and reputation risk management framework. The Corporate
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1 Responsibility Committee failed to ensure the Company's risk management framework was
2 sufficient to detect, prevent, and cease the acts entailed in the unlawful schemes that caused harm
3 to the Company. The members of the Corporate Governance Committee failed to fulfill their
4 fiduciary obligations. Thus, these Defendants face a substantial likelihood of liability for their
5 breach of fiduciary duties, excusing demand.

6 211. Defendants who served as members of the Governance and Nominating
7 Committee owed specific obligations to the Company. These obligations were triggered by the
8 widespread misconduct described in this action. In particular, these Defendants had responsibility
9 for Wells Fargo's reputation risk and were responsible for ensuring that Wells Fargo practiced
10 sound corporate governance. By allowing the unlawful schemes to flourish and ignoring the
11 related reputational, governance, and financial risks, members of the Governance and Nominating
12 Committee failed to fulfill its Committee obligations and now face a substantial likelihood of
13 liability for this failure.

14 212. Because the Director Defendants failed to fulfill their duties on their respective
15 Committees (the Audit and Examination, Risk, Corporate Responsibility, and Governance and
16 Nominating), they breached their fiduciary duties and a majority of the Board currently face a
17 substantial likelihood of liability for the misconduct. Accordingly demand on the Board is
18 excused.

19 213. Moreover, the entire Board had a duty during the Relevant Period to make sure
20 that the Company's governance structure and processes were sufficient detect, prevent, and
21 misconduct in the Bank's home and automobile loan units, which produced substantial and
22 material revenues to the Bank. The Board, serving a regulated financial institution, also held
23 heightened fiduciary obligations to the Company and its shareholders. By enabling, encouraging,
24 condoning, and ignoring the red flags of risk related to the schemes, the Board abandoned its
25 fiduciary duties before and during the Relevant Period. This dereliction of duty imposes liability
26 on the Board.

1 214. Demand is excused in this action because all members of the Company’s Board,
2 several of whom also serve on the Bank’s Board, knowingly failed to fulfill their fiduciary duties,
3 by issuing materially false and misleading statements in the Company’s SEC filings and public
4 statements.

5 215. While acting in their capacities as members of the Company’s Board and Board
6 Committees, and in certain cases as Bank Directors, the Director Defendants knew of or
7 recklessly permitted the illegal practices described above, approved lucrative compensation
8 packages to senior management and refused to take action or clawback such compensation,
9 concealed the conduct from regulators and investors, and failed to implement any meaningful
10 changes to end the illegal practices, even after specific warnings were brought to their attention.

11 216. Moreover, some of the Officer Defendants and other members of Wells Fargo
12 senior management who were also responsible for the unlawful conduct, such as Michael Heid,
13 were allowed to resign under the Board’s watch.

14 217. The Director Defendants’ failure to meet their fiduciary obligations also allowed
15 the Selling Defendants to reap illegal gains from selling Wells Fargo shares at artificially inflated
16 prices. Not only did the Board approve the insider transactions, it specifically authorized the
17 Company’s stock repurchase program to maintain the price of the Company’s stock at artificially
18 inflated levels while insiders were selling stock.

19 218. The repurchase program caused Wells Fargo to buy back stock at inflated prices
20 from the Insider Selling Defendants.

21 219. Directors SLOAN, BAKER, CHEN, DEAN, HERNANDEZ, MILLIGAN,
22 SANGER, and SWENSON are interested because they realized unlawful insider selling proceeds
23 from their misuse of inside Company information during the relevant time period. Such Director
24 Defendants used the artificially-inflated stock prices caused by Defendants’ false or misleading
25 statements regarding the Company’s financial “success” to sell stock. Such Director Defendants,
26 as alleged in detail supra, sold or otherwise disposed hundreds of millions of dollars in Wells
27 Fargo stock during the Relevant Period, all while in possession of, and on the basis of, material,
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1 non-public information. Wells Fargo's stock price was also falsely inflated during the Relevant
2 Period by its share repurchase program, which was approved despite Defendants' knowledge and
3 disregard of the unlawful practices detailed in this Complaint.

4 220. All the Director Defendants herein failed to ensure that STUMPF, TOLSTEDT
5 and SLOAN complied with the law with respect to their insider sales. Thus, the full Board is
6 unable investigate allegations of Defendants' wrongdoing in a disinterested and independent
7 manner.

8 221. In light of the foregoing facts, the Director Defendants face a substantial likelihood
9 of liability in this case, thus rendering demand on them futile.

10 **XIII. CAUSES OF ACTION**

11 **FIRST CAUSE OF ACTION**

12 **BREACH OF FIDUCIARY DUTY**

13 **(AGAINST THE INDIVIDUAL DEFENDANTS)**

14 222. Plaintiff incorporates by reference and realleges each and every allegation
15 contained above, as though fully set forth herein.

16 223. The Individual Defendants owed the Company a fiduciary duty and obligation of
17 good faith, fair dealing, loyalty, due care, reasonable inquiry and supervision. The Individual
18 Defendants breached these fiduciary duties.

19 224. The Individual Defendants each knowingly, recklessly, or negligently approved the
20 issuance of false statements that misrepresented and failed to disclose material information
21 concerning the Company. These actions could not have been a good faith exercise of prudent
22 business judgment to protect and promote the Company's corporate interests.

23 225. As a direct and proximate result of the Individual Defendants' failure to perform
24 their fiduciary obligations, Wells Fargo has sustained significant damages which include, but are
25 not limited to, regulatory fines, costs to comply with Consent Orders, costs to comply with
26 heightened regulatory oversight, restitution to harmed Wells Fargo customers, harm to the
27 Company's reputation, goodwill and market capitalization, costs to defend and resolve any
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1 additional civil, criminal, and/or regulatory actions, payment of unearned compensation, and loss
2 in brand value. As a result of the misconduct alleged herein, the Defendants are liable to the
3 Company.

4 **SECOND CAUSE OF ACTION**

5 **UNJUST ENRICHMENT**

6 **(AGAINST THE INDIVIDUAL DEFENDANTS)**

7 226. Plaintiff incorporates by reference and realleges each and every allegation
8 contained above as though fully set forth herein.

9 227. By their wrongful acts and omissions, the Individual Defendants were unjustly
10 enriched at the expense of and to the detriment of Wells Fargo.

11 228. The Individual Defendants were unjustly enriched as a result of the compensation
12 they received while breaching their fiduciary duties owed to the Company, and based on
13 performance and financial metrics that purportedly were satisfied to justify their compensation,
14 while the underlying illegal practices described herein were occurring.

15 229. Plaintiff, as a shareholder and representative of Wells Fargo, seeks restitution from
16 the Individual Defendants and seek an order from this Court disgorging all profits, benefits, and
17 other compensation obtained by the Individual Defendants from their wrongful conduct and
18 fiduciary breaches.

19 230. Plaintiff, on behalf of Wells Fargo, has no adequate remedy at law.

20 **THIRD CAUSE OF ACTION**

21 **BREACH OF FIDUCIARY DUTY FOR INSIDER SELLING**

22 **AND MISAPPROPRIATION OF INFORMATION**

23 **(AGAINST THE SELLING DEFENDANTS)**

24 231. Plaintiff incorporates by reference and realleges each and every allegation
25 contained above, as though fully set forth herein.

26 232. During the Relevant Period, Defendants STUMPF, SLOAN, TOLSTEDT,
27 BAKER, CHEN, DEAN, HERNANDEZ, MILLIGAN, SANGER, and SWENSON (the “Selling
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1 Defendants”) sold Wells Fargo stock, while they knew the material information described above,
2 and sold Wells Fargo stock on the basis of such information.

3 233. The material information described above was proprietary, non-public information
4 concerning the Company’s business and financial condition. It was a proprietary asset belonging
5 to the Company, which the Selling Defendants used for their own benefit when they sold Wells
6 Fargo stock.

7 234. Since using the Company’s proprietary information for their own gain constitutes a
8 breach of the Selling Defendants’ fiduciary duties, the Company is entitled to the imposition of a
9 constructive trust on any profits they obtained thereby.

10 **FOURTH CAUSE OF ACTION**
11 **VIOLATION OF CAL. CORP. CODE § 25402**
12 **(AGAINST THE SELLING DEFENDANTS)**

13 235. Plaintiff incorporates by reference and realleges each and every allegation
14 contained above, as though fully set forth herein.

15 236. During the Relevant Period, Defendants STUMPF, SLOAN, TOLSTEDT, CHEN,
16 DEAN, HERNANDEZ, MILLIGAN, SANGER, and SWENSON (the “Selling Defendants”), by
17 virtue of their position and relationship with Wells Fargo, including as officers and/or directors,
18 had access, directly or indirectly, to material information about Wells Fargo that was not
19 generally available to the public, as described above, including the Bank’s unlawful conduct as
20 alleged herein, as well as the warnings and complaints raised both internally by Bank employees
21 and externally by Bank regulators.

22 237. The Selling Defendants sold their Wells Fargo common stock in California at a
23 time when they knew such material, non-public information about Wells Fargo gained from their
24 relationship which would significantly affect the market price of that security and which was not
25 generally available to the public, and which they knew was not intended to be so available, and
26 with no reason to believe that the person buying such securities was also in possession of that
27 information, in violation of California Corporations Code § 25402.
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1 238. Wells Fargo has total assets in excess of one million dollars and has a class of
2 equity security held of record by 500 or more persons.

3 239. The Selling Defendants are liable for damages in an amount up to three times the
4 difference between the sales price and the true market value, as well as for reasonable attorney's
5 fees and costs under California Corporations Code § 25502.5.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff demands judgment as follows:

8 A. Against all of the Defendants for the amount of damages sustained by Wells Fargo
9 as a result of the Defendants' breaches of fiduciary duties, improper trading and unjust
10 enrichment;

11 B. Directing Wells Fargo to take all necessary actions to reform and improve its
12 corporate governance and internal procedures to comply with applicable laws and to protect the
13 Company and its shareholders from a repeat of the damaging events described herein;

14 C. Awarding to Wells Fargo restitution from the Defendants, and each of them, and
15 ordering disgorgement of all improper profits, benefits and other compensation received by the
16 Defendants;

17 D. Awarding to Plaintiff the costs and disbursements of the action, including
18 reasonable attorneys' fees, accountants' fees, experts' fees, costs, and expenses; and

19 E. Granting such other and further relief as the Court deems just and proper.

20 Dated: September 1, 2017

COTCHETT, PITRE & McCARTHY, LLP

21
22 By: 
MARK C. MOLUMPBY

BOTTINI & BOTTINI, INC.

23
24
25 By: 
FRANCIS A. BOTTINI, JR.

26
27 *Attorneys for Plaintiff Donna Maxwell*

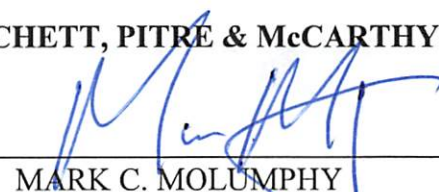
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JURY DEMAND

Plaintiff demands a trial by jury.

Dated: September 1, 2017

COTCHETT, PITRE & McCARTHY, LLP

By: 
MARK C. MOLUMPBY

BOTTINI & BOTTINI, INC.

By: 
FRANCIS A. BOTTINI, JR.

Attorneys for Plaintiff Donna Maxwell

EXHIBIT A

(1) Between approximately 2007 and 2014, the Bank failed to apply the six percent interest rate cap to certain servicemember¹ obligations and liabilities, in violation of 50 U.S.C. § 3937(a)(1);

(2) Between approximately 2006 and 2011, the Bank failed to accurately disclose servicemembers' military status in certain affidavits filed in those servicemembers' eviction proceedings, in violation of 50 U.S.C. § 3931(b)(1).

(3) Between approximately 2007 and 2016, the Bank failed to obtain court orders prior to repossessing certain servicemembers' automobiles, in violation of 50 U.S.C. § 3952(a)(1).

(4) The Bank's conduct, as described in Paragraphs (1) through (3) of this Article, were part of a pattern of misconduct.

(5) The Bank's conduct, as described in Paragraphs (1) through (3) of this Article, resulted in financial gain to the Bank.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(i), the Comptroller hereby ORDERS that:

ARTICLE II

ORDER FOR A CIVIL MONEY PENALTY

(1) The Bank shall make payment of a civil money penalty in the total amount of 20 million dollars (\$20,000,000), which shall be paid upon the execution of this Order:

- (a) If a check is the selected method of payment, the check shall be made payable to the Treasurer of the United States and shall be delivered to:

¹ As used in this Order, the term "servicemember" is the same as defined by the SCRA, 50 U.S.C. § 3911(1).

Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri
63197-9000.

- (b) If a wire transfer is the selected method of payment, it shall be sent in accordance with instructions provided by the Comptroller.
- (c) The docket number of this case (AA-EC-2016-69) shall be entered on the payment document or wire confirmation and a photocopy of the payment document or confirmation of the wire transfer shall be sent immediately, by overnight delivery, to the Director of Enforcement and Compliance, Office of the Comptroller of the Currency, 400 7th Street, S.W., Washington, D.C. 20219.

(2) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818.

ARTICLE III

OTHER PROVISIONS

(1) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(i)(2), and expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States.

(2) This Order constitutes a settlement of the civil money penalty proceeding against the Bank contemplated by the Comptroller, based on the violations of the SCRA described in the Comptroller's Findings set forth in Article I of this Order. The Comptroller releases and discharges the Bank from all potential liability for a civil money penalty that has been or might have been asserted by the Comptroller based on the violations of the SCRA described in the

Comptroller's Findings set forth in Article I of this Order, to the extent known to the Comptroller as of the effective date of this Order. Nothing in the Stipulation or the Order, however, shall prevent the Comptroller from:

- (a) instituting enforcement actions, other than a civil money penalty, against the Bank based on the findings set forth in Article I of this Order;
- (b) instituting enforcement actions against the Bank based on any other findings;
- (c) instituting enforcement actions against the Bank's institution-affiliated parties based on the findings set forth in Article I of this Order, or any other findings; or
- (d) utilizing the findings set forth in Article I of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

Further, nothing in the Stipulation or this Order shall affect any right of the Comptroller to determine and ensure compliance with the terms and provisions of the Stipulation or this Order.

(3) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 29th day of September, 2016.

/s/ Greg J. Coleman
Greg J. Coleman
Deputy Comptroller
Large Bank Supervision

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:

Wells Fargo Bank, N.A.
Sioux Falls, South Dakota

)
) AA-EC-2016-69
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)

**STIPULATION AND CONSENT TO THE ISSUANCE
OF AN ORDER FOR A CIVIL MONEY PENALTY**

WHEREAS, the Office of the Comptroller of the Currency (“OCC”), based upon information derived from the exercise of his regulatory and supervisory responsibilities, intends to initiate a civil money penalty proceeding against Wells Fargo Bank, N.A., Sioux Falls, South Dakota (“Bank”) pursuant to 12 U.S.C. § 1818(i), for the Bank’s violations of the Servicemembers Civil Relief Act (“SCRA”), 50 U.S.C. §§ 3901-4043;

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, through its duly elected and acting Board of Directors (“Board”), has agreed to execute this Stipulation and Consent to the Issuance of a Civil Money Penalty (“Stipulation”), that is accepted by the OCC, through the duly authorized representative of the Comptroller of the Currency (“Comptroller”);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by the Bank that:

ARTICLE I

JURISDICTION

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a “national banking association” within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this civil money penalty action against the Bank pursuant to 12 U.S.C. § 1818(i).

ARTICLE II

CONSENT

(1) The Bank, without admitting or denying any wrongdoing, consents and agrees to issuance of the accompanying Consent Order for a Civil Money Penalty (“Consent Order”) by the OCC.

(2) The terms and provisions of the Consent Order apply to the Bank and all of its subsidiaries, even though those subsidiaries are not named as parties to the Consent Order.

(3) The Bank consents and agrees that the Consent Order shall be deemed an “order issued with the consent of the depository institution” pursuant to 12 U.S.C. § 1818(h)(2), and consents and agrees that the Consent Order shall become effective upon its execution by the OCC through the Comptroller’s duly authorized representative, and shall be fully enforceable by the Comptroller pursuant to 12 U.S.C. § 1818(i).

(4) Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract.

(5) The Bank declares that no separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute this Stipulation.

(6) The Bank expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the United States Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(7) The Consent Order constitutes a settlement of the civil money penalty proceeding against the Bank contemplated by the OCC, based on the violations of law described in the Comptroller's Findings set forth in Article I of the Consent Order. The OCC releases and discharges the Bank from all potential liability for a civil money penalty that has been or might have been asserted by the OCC based on the violations described in Article I of the Consent Order, to the extent known to the OCC as of the effective date of the Consent Order. Nothing in this Stipulation or the Consent Order, however, shall prevent the OCC from:

- (a) Instituting enforcement actions, other than a civil money penalty, against the Bank based on the findings set forth in Article I of the Consent Order;

- (b) Instituting enforcement actions against the Bank based on any other findings;
- (c) Instituting enforcement actions against the Bank's institution-affiliated parties based on the findings set forth in Article I of the Consent Order, or any other findings; or
- (d) Utilizing the findings set forth in Article I of the Consent Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

Further, nothing in this Stipulation or the Consent Order shall affect any right of the OCC to determine and ensure compliance with the terms and provisions of this Stipulation or the Consent Order.

ARTICLE III

WAIVERS

(1) The Bank, by executing this Stipulation and consenting to the Consent Order, waives:

- (a) Any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(i);
- (b) Any and all procedural rights available in connection with the issuance of the Consent Order;
- (c) Any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), and 12 C.F.R. Part 19;

- (d) Any and all rights to seek any type of administrative or judicial review of the Consent Order;
- (e) Any and all claims for fees, costs, or expenses against the OCC, or any officer, employee, or agent of the OCC, related in any way to this enforcement matter or the Consent Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412; and
- (f) Any and all rights to assert this proceeding, this Stipulation, consent to the issuance of the Consent Order, and/or the issuance of the Consent Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice, or any other governmental entity; and
- (g) Any and all rights to challenge or contest the validity of the Consent Order.

ARTICLE IV

CLOSING

(1) The provisions of this Stipulation and the Consent Order shall not inhibit, estop, bar, or otherwise prevent the OCC from taking any other action affecting the Bank if, at any time, the OCC deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

(2) Nothing in this Stipulation or the Consent Order shall preclude any proceedings brought by the OCC to enforce the terms of the Consent Order, and nothing in this Stipulation or

the Consent Order constitutes, nor shall the Bank contend that it constitutes, a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) The terms of this Stipulation, including this paragraph, and of the Consent Order are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/ Greg Coleman
Greg Coleman
Deputy Comptroller
Large Bank Supervision

9/29/16
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Wells Fargo Bank, N.A., Sioux Falls, South Dakota, have hereunto set their hands on behalf of the Bank.

/s/ John G. Stumpf
John G. Stumpf

September 29, 2016
Date

/s/ Lloyd H. Dean
Lloyd H. Dean

September 29, 2016
Date

/s/ Enrique Hernandez, Jr.
Enrique Hernandez, Jr.

September 29, 2016
Date

/s/ Cynthia H. Milligan
Cynthia H. Milligan

September 29, 2016
Date

/s/ Federico Peña
Federico F. Peña

September 29, 2016
Date

/s/ James H. Quigley
James H. Quigley

September 29, 2016
Date

/s/ Stephen Sanger
Stephen W. Sanger

September 29, 2016
Date

EXHIBIT B

ARTICLE I

COMPTROLLER'S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) Between approximately 2007 and 2014, the Bank failed to apply the six percent interest rate cap to certain servicemember¹ obligations and liabilities, in violation of 50 U.S.C. § 3937(a)(1).

(2) Between approximately 2006 and 2011, the Bank failed to accurately disclose some servicemembers' military status in certain affidavits filed in those servicemembers' eviction proceedings, in violation of 50 U.S.C. § 3931(b)(1).

(3) Between approximately 2007 and 2016, the Bank failed to obtain court orders prior to repossessing certain servicemembers' automobiles, in violation of 50 U.S.C. § 3952(a)(1).

(4) The Bank's SCRA compliance program has exhibited deficiencies and weaknesses that contributed to the violations of law described in Paragraphs (1) through (3).

(5) The Bank's conduct, as evidenced by the violations of the SCRA and compliance deficiencies described in Paragraphs (1) through (4) of this Article, involved violations of law.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the Comptroller hereby ORDERS that:

¹ As used in this Order, the term "servicemember" is the same as defined by the SCRA, 50 U.S.C. § 3911(1).

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the effective date of this Order, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees or officers of the Bank or any of its subsidiaries or affiliates. The Compliance Committee shall be responsible for monitoring and overseeing the Bank's compliance with the provisions of this Order. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings at which compliance with this Order is discussed.

(2) Within ninety (90) days of the effective date of this Order, and thereafter within thirty (30) days after the end of each quarter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail the actions taken to comply with each Article of this Order, and the results and status of those actions. The progress report shall include information sufficient to validate compliance with this Order.

(3) Upon receiving the Compliance Committee's report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Examiner-in-Charge within ten (10) days of the first Board meeting following receipt of such report, unless additional time is granted by the Examiner-in-Charge through a written determination of no supervisory objection. The Deputy Comptroller for Large Bank Supervision ("Deputy Comptroller") may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

ARTICLE III

COMPREHENSIVE ACTION PLAN

(1) Within sixty (60) days of the effective date of this Order, the Bank shall submit to the Examiner-in-Charge, for review and written determination of no supervisory objection by the Deputy Comptroller, a plan containing a complete description of the actions that are necessary and appropriate to achieve compliance with Articles IV through VIII of this Order (“Action Plan”). In the event the Deputy Comptroller or the Examiner-in-Charge asks the Bank to revise the Action Plan, the Bank shall promptly make the requested revisions and resubmit the Action Plan to the Examiner-in-Charge for review and determination of no supervisory objection. Following non-objection to the Action Plan by the Deputy Comptroller, the Bank shall not take any action that would constitute a significant deviation from, or material change to, the requirements of the Action Plan or this Order, unless and until the Bank has received a prior written determination of supervisory non-objection from the Deputy Comptroller.

(2) The Board shall ensure that the Bank achieves and thereafter maintains compliance with this Order, including, without limitation, successful implementation of the Action Plan. The Board shall further ensure that, upon implementation of the Action Plan, the Bank achieves and maintains an effective and sustainable enterprise-wide SCRA Compliance Program required by Article IV of this Order. In order to comply with these requirements, the Board shall:

- (a) require the timely reporting by the Bank of such actions directed by the Board to be taken under this Order;

- (b) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (c) require corrective action be taken in a timely manner for any non-compliance with such actions.

(3) The Action Plan shall specify timelines for completion of each of the requirements of Articles IV through VIII of this Order. The timelines in the Action Plan shall be consistent with any deadlines set forth in this Order.

ARTICLE IV

SCRA COMPLIANCE PROGRAM

(1) Within sixty (60) days of the effective date of this Order, the Bank shall develop a written program to ensure the Bank's compliance with the SCRA ("SCRA Compliance Program"). The Board shall approve and cause the Bank to submit this SCRA Compliance Program to the Examiner-in-Charge for prior determination of supervisory non-objection. The SCRA Compliance Program shall require, at a minimum:

- (a) Adequate written policies and procedures to ensure compliance with the SCRA and the Bank's related standards, including, but not limited to:
 - (i) uniform standards and processes for identifying customers eligible for SCRA benefits and protections;
 - (ii) uniform standards and processes for determining whether a servicemember who submits a request for SCRA benefits or protections is eligible for such benefits or protections for any customer account, including, but not limited to, any

credit cards, mortgages, home equity loans, motor vehicle finance loans, consumer loans and lines of credit accounts, and commercial lending accounts where the servicemember is personally liable, that the borrower may have (collectively, “Accounts”), not just the Account that is the subject of the request;

- (iii) policies and procedures for notifying a servicemember of the Bank’s denial to provide SCRA benefits or protections;
- (iv) processes to ensure that all factual assertions made in affidavits of military service filed by the Bank or on behalf of the Bank are accurate, complete, and reliable;
- (v) procedures for when searches of the Department of Defense Manpower Data Center (“DMDC”) database must be conducted before filing and obtaining a default judgment on an Account, or making a determination of eligibility for SCRA benefits or protections;
- (vi) procedures for initiating and pursuing a waiver under a written agreement, as provided in 50 U.S.C. § 3918, and other applicable law; and
- (vii) consistent procedures for application of state laws that provide more benefits or protection to servicemembers than those provided by the SCRA.

- (b) The development and implementation of written policies and procedures governing documentation and record retention requirements, which shall include:
- (i) written procedures and processes to ensure that the requirements of this subparagraph, are consistently applied, and complied with, throughout the Bank.
 - (ii) written procedures requiring that the Bank obtain and maintain sufficient documentation to evidence: (1) the dates of military service for servicemembers who request SCRA benefits or who are otherwise potentially entitled to SCRA protection; (2) the method, date, and results of military status verifications prior to seeking or obtaining a default judgment on an Account of a servicemember covered by the SCRA; (3) dates of any correspondence with a servicemember covered by the SCRA; and (4) the calculation of benefits or protections provided to the servicemember pursuant to the SCRA.
 - (iii) written procedures and processes for documenting the basis of the Bank's determination of an Account's eligibility for SCRA benefits or protections or of the Bank's denial of such benefits or protections.
 - (iv) the establishment of an effective record retention system to assure the maintenance and accessibility of complete

records within the Bank that demonstrates its compliance with the SCRA and the requirements of this Paragraph.

- (c) The development of standard internal guidance, guidelines, and formats that convey complete and accurate information regarding the SCRA that is to be used by all Bank senior management, irrespective of their duties, and Covered Bank Employees, as that term is defined in Paragraph (3) of this Article.
- (d) Written policies and procedures for conducting periodic reviews and updating, as applicable, the guidance, guidelines, and formats required by Paragraph (1)(c) of this Article.
- (e) Written policies and procedures to ensure that risk management, quality control, internal audit, and corporate compliance have the requisite authority and status within the Bank so that deficiencies in the SCRA policies, procedures, or processes are identified and properly remedied.
- (f) A system of ongoing monitoring and testing by senior management within their line of business to:
 - (i) ensure compliance with the SCRA, the SCRA Compliance Program, and the SCRA Training Program as defined in Paragraph (3) of this Article;
 - (ii) verify that the policies and procedures described in Paragraphs (1)(a) and (1)(b) of this Article are being

- followed and are effective in detecting and preventing violations of the SCRA; and
- (iii) ensure consistent adherence to the guidance, guidelines, and formats described in Paragraph (1)(c) of this Article.
- (g) Reporting, on at least a monthly basis, by the senior manager responsible for conducting the monitoring and testing required by Paragraph (1)(f) of this Article, the findings from the monitoring and testing to a specified risk manager who is independent of that particular line of business.
- (h) A system of ongoing monitoring and testing to:
- (i) ensure the Bank's compliance, across all lines of business, with the SCRA, the SCRA Compliance Program, and the SCRA Training Program as defined in Paragraph (3) of this Article; and
 - (ii) verify that the policies and procedures described in Paragraphs (1)(a) through (1)(g) of this Article are being followed and are effective in detecting and preventing violations of the SCRA.
- (i) Periodic reporting of the results of the internal monitoring and testing to the Compliance Committee.
- (j) Measures to ensure that policies, procedures, and processes are updated on an ongoing basis as necessary to incorporate any changes in the SCRA or applicable state laws.

(k) An enterprise-wide customer complaint management program to capture, identify, and address SCRA-related complaints, to include guidance for relevant lines of business in handling SCRA-related customer complaints.

(2) Upon receipt of a determination of supervisory non-objection to the SCRA Compliance Program submitted pursuant to Paragraph (1) of this Article, the Board shall adopt, and thereafter ensure that the Bank implements and adheres to, the SCRA Compliance Program. Any proposed changes to or deviations from the approved SCRA Compliance Program shall be submitted in writing to the Deputy Comptroller for prior supervisory review and non-objection.

(3) Within thirty (30) days of receiving a supervisory non-objection to the SCRA Compliance Program, the Bank shall develop a written program to ensure that all Covered Bank Employees, as defined herein, receive training on the requirements of the SCRA, all applicable state laws, and the SCRA Compliance Program as well as on identifying violations of the SCRA (“SCRA Training Program”). For the purpose of this Paragraph, “Covered Bank Employees” refers to all Bank employees responsible for developing, implementing, and/or ensuring adherence to, the SCRA Compliance Program, including employees who are responsible for conducting the monitoring and testing required by Paragraphs (1)(f) and (1)(h) of this Article, and Bank employees involved in providing customer service to servicemembers in connection with the servicing of their Accounts or in servicing servicemembers’ Accounts. At a minimum, the SCRA Training Program shall require that:

- (a) The training is provided by individuals or an entity with the requisite knowledge and expertise.
- (b) The training is conducted:
 - (i) on at least an annual basis for all Covered Bank Employees whose responsibilities have not substantially changed since his or her previous SCRA training and who are not new hires;
 - (ii) within a reasonable time frame from the date of hire for a new hire who is a Covered Bank Employee; and
 - (iii) within a reasonable time frame from the date of change in responsibilities for any Covered Bank Employee whose responsibilities have substantially changed such that his or her previous SCRA training is not specific to his or her new responsibilities.
- (c) The training is specific to the Covered Bank Employee's responsibilities.
- (d) Enhanced training is provided to Covered Bank Employees in the Bank's Legal, Internal Audit, and Compliance units, and to senior management in each line of business.

(4) The Board shall ensure that there is oversight of the SCRA Compliance Program required by this Article by the Bank's senior risk managers, senior management, and the Board.

ARTICLE V

REMEDATION FOR ELIGIBLE SCRA-PROTECTED SERVICEMEMBERS

(1) The Bank shall make full remediation in accordance with the Remediation Plan required by this Article to all Eligible Servicemembers as defined in Subparagraph (a) of Paragraph (2) of this Article.

(2) For the purposes of this Order, the following definitions shall apply:

- (a) “Eligible Servicemember” includes any servicemember, as that term is defined in 50 U.S.C. § 3911(1) who, between 2006 and 2016, was harmed by an Interest Rate Limitation Violation, Default Judgment Protection Violation, or Repossession Protection Violation.
- (b) “Interest Rate Limitation Violation” includes any servicemember Account, for which the servicemember incurred the obligation or liability prior to military service, bearing interest at a rate in excess of the 6-percent per year rate cap during the period of military service, and for a member of a Reserve Component, as of the date of the member’s receipt of the orders, as set out in 50 U.S.C. § 3937(a)(1) and § 3917(a).
- (c) “Default Judgment Protection Violation” includes any eviction proceeding in violation of 50 U.S.C. § 3931(b)(1).
- (d) “Repossession Protection Violation” includes any repossession of an automobile in violation of 50 U.S.C. § 3952(a).

(3) The reimbursement paid to each Eligible Servicemember shall be specified in the Remediation Plan required by Paragraph (4) of this Article.

(4) Within forty-five (45) days of the effective date of this Order, the Bank shall develop a Board-approved remediation plan (“Remediation Plan”) and submit it to the Examiner-in-Charge for prior determination of no supervisory objection by the Deputy Comptroller. The Remediation Plan shall include the following:

- (a) A description of the methods used and the time necessary to compile a list of potential Eligible Servicemembers.
- (b) A description of the procedures used to remediate financial injury and make restitution to each Eligible Servicemember as required by Paragraph (1) of the Article.
- (c) A description of the methods used to calculate the amount of reimbursement to be paid to each Eligible Servicemember as required by this Article.
- (c) A description of the procedures for the issuance and tracking of reimbursement payments to Eligible Servicemembers.
- (d) With regard to Eligible Servicemembers who receive reimbursement required by this Article, a description of procedures for requesting that:
 - (i) all three (3) major credit bureaus delete trade lines, remove negative entries, and/or update balances, as appropriate, for Eligible Servicemembers; and
 - (ii) with regard to Accounts sold to unaffiliated third parties such third parties request that all three (3) major credit bureaus

delete trade lines, remove negative entries, and/or update balances, as appropriate, for Eligible Servicemembers.

- (e) A description of the procedures for monitoring compliance with the Remediation Plan.
- (f) Validation of the methodology of the Remediation Plan.

(5) The Bank represents that it has implemented procedures to remediate and has begun to remediate Eligible Servicemembers prior to the entry of this Order. As part of the Remediation Plan required by this Article, the Bank shall document and provide an accounting of amounts the Bank has already reimbursed to Eligible Servicemembers.

(6) Upon receipt of a determination of no supervisory objection to the Remediation Plan, the Board or Compliance Committee shall ensure that the Bank implements and adheres to the Remediation Plan. Any proposed changes to or deviations from the Remediation Plan after receipt of supervisory non-objection shall be submitted in writing to the Deputy Comptroller for prior supervisory review and non-objection.

ARTICLE VI

ASSESSMENT OF REMEDIATION

(1) Within sixty (60) days from the completion of reimbursement under the Remediation Plan, as detailed in Article V, the Bank shall review and assess compliance with the terms of the Remediation Plan (“Remediation Review”).

(2) The Remediation Review shall include an assessment of the Remediation Plan and the methodology used to determine the population of Eligible Servicemembers, the amount of reimbursement for each Eligible Servicemember, the procedures used to issue and track reimbursement payments, the procedures used for deleting trade lines, removing negative entries, and/or updating balances with the credit reporting agencies.

(3) The Remediation Review shall be completed and summarized in a written report (the “Remediation Review Report”), which shall be completed within sixty (60) days of completion of the Remediation Review. Within ten (10) days of its completion, the Remediation Review Report shall be submitted to the Examiner-in-Charge and the Compliance Committee.

(4) Any (including all draft and finalized) communications, workpapers, or work product related to the Remediation Review shall be made available to the OCC immediately upon request of the Examiner-in-Charge.

ARTICLE VII

INTERNAL AUDIT

(1) Within sixty (60) days of this Order, the Bank shall develop a written SCRA Audit Program. The Board or the Compliance Committee shall approve and cause the Bank to submit this SCRA Audit Program to the Examiner-in-Charge for prior supervisory non-objection. At a minimum, the SCRA Audit Program shall include:

- (a) written policies and procedures for conducting audits of the Bank’s compliance with the SCRA and the SCRA Compliance Program required by Article IV of this Order. These policies and procedures shall specify the frequency, scope and depth of these audits.
- (b) a written plan for testing the calculations used by the Bank for calculating the amount of the SCRA benefits or protections that the Bank has provided to servicemembers eligible for the benefits under the SCRA.

- (c) a written plan for testing whether SCRA benefits or protections were timely applied, as required by the SCRA.
- (e) written policies and procedures for expanding its sampling when exceptions based on potential violations of the SCRA are detected.
- (f) comprehensive written procedures for providing the training required by the SCRA Training Program required by Article IV of this Order to all Covered Bank Employees, as defined in Paragraph 3 of Article IV of this Order, in Internal Audit.

(2) Upon receipt of a determination of supervisory non-objection to the SCRA Audit Program submitted pursuant to Paragraph (1) of this Article, the Board shall adopt, and thereafter ensure that the Bank implements and adheres to, the SCRA Audit Program. Any proposed changes to or deviations from the SCRA Audit Program shall be submitted in writing to the Examiner-in-Charge for prior supervisory review and non-objection.

ARTICLE VIII

SCRA REPORTS

(1) In addition to the reporting requirements of Article II of this Order, within sixty (60) days of this Order, and thereafter within thirty (30) days after the end of each quarter, the Bank shall monitor and report, in writing, to the Compliance Committee:

- (a) the number of denials of SCRA benefit or protections requests received (“SCRA requests”);
- (b) discussion of trends in the level of the denials of SCRA requests;
- (c) the volume of SCRA benefits or protections provided, in terms of number of customers and dollar amounts, if available; and
- (d) the volume of customer complaints involving the SCRA.

(2) Within ten (10) days of receiving the written reports required by Paragraph (1) of this Article, the Compliance Committee shall forward copies of the reports to the Examiner-in-Charge.

ARTICLE IX

APPROVAL, IMPLEMENTATION, AND REPORTS

(1) The Bank shall submit the written plans, programs, policies, and procedures required by this Order for review and determination of no supervisory objection to the Examiner-in-Charge within the applicable time periods set forth in Articles IV through VIII. The Board shall ensure that the Bank submits the plans, programs, policies, and procedures to the Examiner-in-Charge for prior written determination of no supervisory objection. In the event the Deputy Comptroller or Examiner-in-Charge asks the Bank to revise the plans, programs, policies, or procedures, the Bank shall promptly make necessary and appropriate revisions and resubmit the materials to the Examiner-in-Charge for review and determination of no supervisory objection. Upon receiving written notice of no supervisory objection from the Examiner-in-Charge, the Board shall ensure that the Bank implements and thereafter adheres to the plans, programs, policies, and procedures.

(2) During the term of this Order, the required plans, programs, policies, and procedures shall not be amended or rescinded in any material respect without a prior written determination of no supervisory objection from the Examiner-in-Charge.

(3) During the term of this Order, the Bank shall revise the required plans, programs, policies, and procedures as necessary to incorporate new, or changes to, applicable legal requirements and supervisory guidelines.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plans, programs, policies, and procedures required by this Order.

(5) All communication regarding this Order shall be sent to:

(a) Bradley Linskens
Examiner-in-Charge
OCC National Bank Examiners
343 Sansome Street, Suite 1150
San Francisco, CA 94104

or such other individuals or addresses as directed by the OCC.

ARTICLE X

OTHER PROVISIONS

(1) Although this Order requires the Bank to submit certain actions, plans, programs, and policies for the review or prior written determination of no supervisory objection by the Deputy Comptroller or Examiner-in-Charge, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) This Order constitutes a settlement of the cease and desist proceeding against the Bank contemplated by the Comptroller, based on the violations of law described in the Comptroller's Findings set forth in Article I of this Order. The Comptroller releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the Comptroller based on the

violations described in Article I of this Order, to the extent known to the Comptroller as of the effective date of the Order. Nothing in the Stipulation or the Order, however, shall prevent the Comptroller from:

- (a) instituting enforcement actions, other than a cease and desist order, against the Bank based on the findings set forth in Article I of this Order;
- (b) instituting enforcement actions against the Bank based on any other findings;
- (c) instituting enforcement actions against the Bank's institution-affiliated parties based on the findings set forth in Article I of this Order, or any other findings; or
- (d) utilizing the findings set forth in Article I of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

Further, nothing in the Stipulation or this Order shall affect any right of the Comptroller to determine and ensure compliance with the terms and provisions of the Stipulation or this Order.

(4) This Order is and shall become effective upon its execution by the Comptroller, through his authorized representative whose hand appears below. The Order shall remain effective and enforceable, except to the extent that, and until such time as, any provision of this Order shall be amended, suspended, waived, or terminated in writing by the Comptroller or his authorized representative.

(5) Any time limitations imposed by this Order shall begin to run from the effective date of this Order, as shown below, unless the Order specifies otherwise. The time limitations may be extended in writing by the Deputy Comptroller for good cause upon written application by the Board. Any request to extend any time limitation shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the time limitation, and shall be accompanied by relevant supporting documentation. The Deputy Comptroller's decision regarding the request is final and not subject to further review.

(6) The terms and provisions of this Order apply to the Bank and its subsidiaries, even though those subsidiaries are not named as parties to this Order. The Bank shall integrate any activities done by a subsidiary into its plans, policies, programs, and processes required by this Order. The Bank shall ensure that its subsidiaries comply with all terms and provisions of this Order.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding the Comptroller or the United States. Without limiting the foregoing, nothing in this Order shall affect any action against the Bank or its institution-affiliated parties by a bank regulatory agency, the United States Department of Justice, or any other law enforcement agency.

(8) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 29th day of September, 2016.

/s/ Greg J. Coleman
Greg J. Coleman
Deputy Comptroller
Large Bank Supervision

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)	
)	AA-EC-2016-68
)	
Wells Fargo Bank, N.A.)	
Sioux Falls, South Dakota)	
)	

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

WHEREAS, the Office of the Comptroller of the Currency (“OCC”), based upon information derived from the exercise of his regulatory and supervisory responsibilities, intends to issue a cease and desist order to Wells Fargo Bank, N.A., Sioux Falls, South Dakota (“Bank”), pursuant to 12 U.S.C. § 1818(b), for the Bank’s violations of the Servicemembers Civil Relief Act (“SCRA”), 50 U.S.C. §§ 3901-4043, and deficiencies in its compliance with the SCRA;

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, through its duly elected and acting Board of Directors (the “Board”), has agreed to execute this Stipulation and Consent to the Issuance of a Consent Order (“Stipulation”), that is accepted by the OCC, through the duly authorized representative of the Comptroller of the Currency (“Comptroller”);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by the Bank that:

ARTICLE I

JURISDICTION

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a “national banking association” within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist action against the Bank pursuant to 12 U.S.C. § 1818(b).

ARTICLE II

CONSENT

(1) The Bank, without admitting or denying any wrongdoing, consents and agrees to issuance of the accompanying Consent Order by the OCC.

(2) The terms and provisions of the Consent Order apply to the Bank and all of its subsidiaries, even though those subsidiaries are not named as parties to the Consent Order.

(3) The Bank consents and agrees that the Consent Order shall be deemed an “order issued with the consent of the depository institution” pursuant to 12 U.S.C. § 1818(h)(2), and consents and agrees that the Consent Order shall become effective upon its execution by the OCC through the Comptroller’s duly authorized representative, and shall be fully enforceable by the Comptroller pursuant to 12 U.S.C. § 1818(i).

(4) Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b), and not as a matter of

contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract.

(5) The Bank declares that no separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute this Stipulation.

(6) The Bank expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the United States Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(7) The Consent Order constitutes a settlement of the cease and desist proceeding against the Bank contemplated by the OCC, based on the practices described in the Comptroller's Findings set forth in Article I of the Consent Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the practices described in Article I of the Consent Order, to the extent known to the OCC as of the effective date of the Consent Order. Nothing in this Stipulation or the Consent Order, however, shall prevent the OCC from:

- (a) Instituting enforcement actions, other than a cease and desist order, against the Bank based on the findings set forth in Article I of the Consent Order;
- (b) Instituting enforcement actions against the Bank based on any other findings;

- (c) Instituting enforcement actions against the Bank's institution-affiliated parties based on the findings set forth in Article I of the Consent Order, or any other findings; or
- (d) Utilizing the findings set forth in Article I of the Consent Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

Further, nothing in this Stipulation or the Consent Order shall affect any right of the OCC to determine and ensure compliance with the terms and provisions of this Stipulation or the Consent Order.

ARTICLE III

WAIVERS

- (1) The Bank, by executing this Stipulation and consenting to the Consent Order, waives:
 - (a) Any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
 - (b) Any and all procedural rights available in connection with the issuance of the Consent Order;
 - (c) Any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b) and (h), and 12 C.F.R. Part 19;
 - (d) Any and all rights to seek any type of administrative or judicial review of the Consent Order;
 - (e) Any and all claims for fees, costs, or expenses against the OCC, or any officer, employee, or agent of the OCC, related in any way to this

- enforcement matter or the Consent Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412; and
- (f) Any and all rights to assert this proceeding, this Stipulation, consent to the issuance of the Consent Order, and/or the issuance of the Consent Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice, or any other governmental entity; and
 - (g) Any and all rights to challenge or contest the validity of the Consent Order.

ARTICLE IV

ELIGIBLE BANK – OTHER PROVISIONS

- (1) As a result of the Consent Order:
 - (a) The Bank is an “eligible bank” pursuant to 12 C.F.R. § 5.3(g)(5) for the purposes of 12 C.F.R. Part 5 regarding rules, policies, and procedures for corporate activities, unless otherwise informed in writing by the OCC;
 - (b) The Bank is not subject to the limitation of 12 C.F.R. § 5.51(c)(7)(ii) for the purposes of 12 C.F.R. § 5.51 requiring OCC approval of a change in directors and senior executive officers, unless otherwise informed in writing by the OCC;
 - (c) The Bank is not subject to the limitation on golden parachute and indemnification payments provided by 12 C.F.R. § 359.1(f)(1)(ii)(C) and

12 C.F.R. § 5.51(c)(7)(ii), unless otherwise informed in writing by the OCC;

- (d) The Bank’s status as an “eligible bank” remains unchanged pursuant to 12 C.F.R. § 24.2(e)(4) for the purposes of 12 C.F.R. Part 24 regarding community and economic development, unless otherwise informed in writing by the OCC; and
- (e) The Consent Order shall not be construed to be a “written agreement, order, or capital directive” within the meaning of 12 C.F.R. § 6.4, unless the OCC informs the Bank otherwise in writing.

ARTICLE V

CLOSING

(1) The provisions of this Stipulation and the Consent Order shall not inhibit, estop, bar, or otherwise prevent the OCC from taking any other action affecting the Bank if, at any time, the OCC deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

(2) Nothing in this Stipulation or the Consent Order shall preclude any proceedings brought by the OCC to enforce the terms of the Consent Order, and nothing in this Stipulation the Consent Order constitutes, nor shall the Bank contend that it constitutes, a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) The terms of this Stipulation, including this paragraph, and of the Consent Order are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/ Greg J. Coleman
Greg J. Coleman
Deputy Comptroller
Large Bank Supervision

9/29/16
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Wells Fargo Bank, N.A., Sioux Falls, South Dakota, have hereunto set their hands on behalf of the Bank.

/s/ John G. Stumpf
John G. Stumpf

September 29, 2016
Date

/s/ Lloyd H. Dean
Lloyd H. Dean

September 29, 2016
Date

/s/ Enrique Hernandez, Jr.
Enrique Hernandez, Jr.

September 29, 2016
Date

/s/ Cynthia H. Milligan
Cynthia H. Milligan

September 29, 2016
Date

/s/ Federico Peña
Federico F. Peña

September 29, 2016
Date

/s/ James H. Quigley
James H. Quigley

September 29, 2016
Date

/s/ Stephen Sanger
Stephen W. Sanger

September 29, 2016
Date