

Company Profile: Wells Fargo

Name of Company: Wells Fargo

Name of CEO: Timothy J. Sloan

Board¹

- John D. Baker II, Executive Chairman, FRP Holdings, Inc.
- John S. Chen, Executive Chairman and CEO, BlackBerry Limited
- Lloyd H. Dean, President and CEO, Dignity Health
- Elizabeth A. Duke, Vice Chair, Wells Fargo & Company, and former member of the Federal Reserve Board of Governors
- Susan E. Engel, retired CEO, Portero, Inc.
- Enrique Hernandez, Jr., Chairman, President and CEO, Inter-Con Security Systems, Inc.
- Donald M. James, retired Chairman, Vulcan Materials Company
- Cynthia H. Milligan, Dean Emeritus, College of Business Administration, University of Nebraska – Lincoln
- Karen B. Peetz, retired President, The Bank of New York Mellon Corporation
- Federico F. Peña, Senior Advisor, Colorado Impact Fund, Former U.S. Secretary of Energy and Former U.S. Secretary of Transportation
- James H. Quigley, CEO Emeritus and retired Partner at Deloitte
- Stephen W. Sanger, Chairman, Wells Fargo & Company
- Ronald L. Sargent, retired Chairman and CEO, Staples, Inc.
- Timothy J. Sloan, CEO and President, Wells Fargo & Company
- Susan G. Swenson, Chair and CEO, Novatel Wireless, Inc.
- Suzanne M. Vautrinot, President, Kilovolt Consulting, Inc. and Major General and Commander, United States Air Force (retired)

Overall Toplines

- In 2008 Wells Fargo was sued by the United States Department of Justice and several municipalities, including Baltimore, Maryland, for the practice of targeting members of minority communities for loans that were more expensive and on worse terms than those they qualified for based on their credit scores and other qualifications.² Wells Fargo ultimately settled both suits for a total of \$175 million.³

¹ "Governance", Wells Fargo website, <https://www.wellsfargo.com/about/corporate/governance/> (last visited Apr. 24, 2017).

² Affidavit of Elizabeth Jacobson. Mayor and City Council of Baltimore v. Wells Fargo Bank, et al. Signed April 20, 2009, <https://www.nclc.org/images/pdf/unreported/jacobson-decl.pdf>; United States of America v. Wells Fargo Bank, Consent Order, Filed 9/21/2012, <https://www.clearinghouse.net/chDocs/public/FH-DC-0005-0006.pdf>.

³ Luke Broadwater, "Wells Fargo Agrees to Pay \$175M Settlement in Pricing Discrimination Suit" *Baltimore Sun*, July 12 2012, http://articles.baltimoresun.com/2012-07-12/news/bs-md-ci-wells-fargo-20120712_1_mike-heid-wells-fargo-home-mortgage-subprime-mortgages; United States of America v. Wells Fargo Bank, Consent Order, Filed 9/21/2012, <https://www.clearinghouse.net/chDocs/public/FH-DC-0005-0006.pdf>.

- A former employee, Tony Paschal, testified that Wells Fargo specifically hired black loan officers to target black consumers. Paschal also stated that among the languages listed in Wells Fargo’s software for printing fliers was “African American.” This setting generated a flier marketing subprime loans. Paschal testified that such loans were referred to by Wells employees as **“ghetto loans” reserved for “mud people.”**⁴
- Wells Fargo owns well over \$30 million in shares of [CoreCivic](#) and [The GEO Group](#),⁵ the two largest private prison contractors in the country.
- **Consumer Financial Protection Bureau (CFPB) Enforcement Actions**
 - September 8, 2016: fined \$100 million for the widespread illegal practice of secretly opening unauthorized deposit and credit card accounts. Spurred by sales targets and compensation incentives, employees boosted sales figures by covertly opening accounts and funding them by transferring funds from consumers’ authorized accounts without their knowledge or consent, often racking up fees or other charges.⁶
 - August 22, 2016: CFPB took action against Wells Fargo for alleged [illegal private student loan servicing practices](#) that CFPB says increased costs and unfairly penalized certain student loan borrowers.⁷

Connections to Trump

- As of January 5, 2017, Wells Fargo was one of 150 financial institutions that either held or administered the debts of companies connected to Trump. **Trump’s companies owed the bank \$14.4 million,**⁸ **and another \$1.2 billion in loans were serviced or administered by Wells.**⁹

How Wells Fargo stands to profit off Trump’s policies

- **Deregulation of the financial industry** allows banks and other industry players to return to the practices that launched the 2008 financial crisis and resulting recession. Those practices cost American households at least \$16 trillion¹⁰ and led to a punishing recession with unemployment [peaking at 10%](#).¹¹ In contrast, the financial losses of Wells Fargo and other big banks were

⁴ Affidavit of Tony Paschal. Mayor and City Council of Baltimore v. Wells Fargo Bank, et al. Signed April 9, 2009, <https://www.nclc.org/images/pdf/unreported/paschal-decl-balt.pdf>.

⁵ “Cxw”, NASDAQ website, <http://www.nasdaq.com/symbol/cxw/institutional-holdings> (last visited Apr. 24, 2017); “Geo”, NASDAQ website, <http://www.nasdaq.com/symbol/geo/institutional-holdings> (last visited Apr. 24, 2017).

⁶ Consumer Financial Protection Bureau Press Release, [Consumer Financial Protection Bureau Fines Wells Fargo \\$100 Million for Widespread Illegal Practice of Secretly Opening Unauthorized Accounts](#), September 8, 2016.

⁷ Consumer Financial Protection Bureau Press Release, [CFPB Takes Action Against Wells Fargo for Illegal Student Loan Servicing Practices](#), August 22, 2016.

⁸ Jean Eaglesham, Lisa Schwartz, [“Trump’s Debts Are Widely Held on Wall Street, Creating New Potential Conflicts”](#), *Wall Street Journal*, January 5, 2017

⁹ *Id* Wells Fargo is the administrator for \$282 million in Trump companies’ loans and a special servicer for \$950 million.

¹⁰ Tyler Atkinson, David Luttrell, Harvey Rosenblum; [“How Bad was It? The Costs and Consequences of the 2007-2009 Financial Crisis.”](#) Dallas Federal Reserve. No. 20 July 2013. p. 11.

¹¹ Bureau of Labor Statistics, Current Population Survey (Unadjusted); See *also* “The Recession of

minimized by taxpayers and the industry experienced only modest job loss in comparison with the rest of the country. The current unemployment rate of financial firms is [now below pre-crisis levels](#).¹² While real median household income remained flat¹³ for most of the last nine years since the crisis, commercial bank profits reached pre-crisis levels within five years and are now at record highs.¹⁴ In other words, the financial industry gambled with the global economy, taxpayers paid off their losses and now that industry profits are higher than ever before they are seeking the freedom to return to the same dangerous practices.

- With the election of Donald Trump, a staunch opponent of financial regulation, the financial industry anticipates a return to the recklessness of the pre-crisis system, once again putting the global economy at risk. Within two months of Trump's victory, Wall Street executives were already reaping their reward, as the value of shares in commercial banks soared. Some financial industry executives took advantage of the spike, selling their shares and making nearly \$100 million in profits.¹⁵
- **In the months after Trump's election, shares in CoreCivic and GEO Group jumped more than 100% in value in anticipation of Trump's plans to reverse the Obama administration's policies on scaling back contracting with private prison companies.**¹⁶ As the Trump administration implements policies aimed at adding to the tens of thousands of immigrants already in detention centers and reversing the twenty year trend of reduced incarceration, Wells Fargo's holdings will likely grow dramatically in value.¹⁷

2007-2009", U.S. Bureau of Labor Statistics,

https://www.bls.gov/spotlight/2012/recession/pdf/recession_bls_spotlight.pdf.

¹² Bureau of Labor Statistics, Current Population Survey (Unadjusted), See also "Unemployment Rate: Financial Activities Industry, Private wage salary workers," Federal Reserve Bank of St. Louis website, <https://fred.stlouisfed.org/graph/fredgraph.png?g=dtaw> (last visited Apr.24, 2017).

¹³ "U.S. Bureau of the Census, Real Median Household Income in the United States [MEHOINUSA672N]" Federal Reserve Bank of St. Louis website. <https://fred.stlouisfed.org/series/MEHOINUSA672N> (last visited April 18, 2017); author's analysis:

https://docs.google.com/a/nyccej.org/spreadsheets/d/1zhrcggq6ZMjHgS3V-VvyqLNFoSyPSyuT_E0OchVPTs/edit?usp=sharing

¹⁴ "Quarterly Banking Profile, Annual Income, Commercial Banks", Federal Deposit Insurance Corporation website, <https://www.fdic.gov/bank/analytical/qbp/>; Renae Merle, "Embattled Bankers Embrace Trump's Call for Deregulation: 'Profit is not a four-letter word.'" *Washington Post* March 24, 2017, https://www.washingtonpost.com/business/economy/once-humbled-by-the-financial-crisis-bankers-are-suddenly-feeling-emboldened/2017/03/24/30318a86-0fd1-11e7-ab07-07d9f521f6b5_story.html?utm_term=.aff1d226e657.

¹⁵ Geoffrey Smith, "Wall Street Bosses Have Cashed in Bigly Since Donald Trump's Victory." *Fortune Magazine* January 24, 2017, <http://fortune.com/2017/01/24/bank-stock-sales-trump-rally>.

¹⁶ Editorial Board, "Under Mr. Trump, Private Prisons Thrive Again." *New York Times* February 24, 2017, <https://www.nytimes.com/2017/02/24/opinion/under-mr-trump-private-prisons-thrive-again.html>.

¹⁷ Seth Freed Wessler, "Donald Trump's Looming Mass Criminalization," *The Nation* November 28, 2016, <https://www.thenation.com/article/donald-trumps-looming-mass-criminalization/>; Matt Zapotosky, "Justice Department will Again Use Private Prisons." *Washington Post*. February 23, 2017, https://www.washingtonpost.com/world/national-security/justice-department-will-again-use-private-prisons/2017/02/23/da395d02-fa0e-11e6-be05-1a3817ac21a5_story.html; Sari Horwitz, "How Jeff Sessions Wants to Bring Back the War on Drugs," *Washington Post*, April 8, 2017, <https://www.washingtonpost.com/world/national-security/how-jeff-sessions-wants-to-bring-back-the-war-o>

Last Updated 4-25-17

- Wells Fargo is one of 17 banks that extended a combined \$2.5 billion in credit to finance the Dakota Access Pipeline. Wells Fargo’s commitment under this deal is \$120 million.¹⁸ Trump’s approval of the pipeline, despite widespread opposition,¹⁹ likely protects Wells Fargo from any potential default on the loan resulting from the millions in losses suffered from delays on project.²⁰
- One of Trump’s first actions when taking office was taking down a website posted by the Department of Labor to collect complaints from Wells Fargo employees who were harmed as part of the bank’s unauthorized account scandal.²¹

Influence and Lobbying:

- After the passage of Dodd-Frank in 2010, Wells Fargo’s PACs, employees and affiliates increased their average annual political contributions by over 125%.²² These contributors more than doubled their contributions to Republicans, who vowed to dismantle the law. In total, since Dodd-Frank was passed, Wells Fargo, its PACs, and its employees have spent over \$48 million in [political contributions](#) and [lobbying expenditures](#).²³

[n-drugs/2017/04/08/414ce6be-132b-11e7-ada0-1489b735b3a3_story.html](#); Jenny Jarvie “This Industry Stands to Benefit from Trump’s Crackdown on the Border,” *Los Angeles Times*, February 14, 2017, <http://www.latimes.com/nation/la-na-immigrant-detention-20170214-story.html>.

¹⁸ “Wells Fargo’s involvement in funding the Dakota Access Pipeline,” Wells Fargo website, February 8, 2017 <https://stories.wf.com/wells-fargos-involvement-funding-dakota-access-pipeline/> (last accessed Apr. 24, 2017).

¹⁹ Juliet Eilperin, Brady Dennis; “Trump administration to approve final permit for Dakota Access Pipeline,” *Washington Post*, February 7, 2017, https://www.washingtonpost.com/news/energy-environment/wp/2017/02/07/trump-administration-to-approve-final-permit-for-dakota-access-pipeline/?utm_term=.2f9e647ec502.

²⁰ Kevin Hardy, “Trump’s win could be a victory for Dakota Access pipeline,” *USA Today*, November 15, 2016. <https://www.usatoday.com/story/money/business/2016/11/15/trump-win-whats-future-dakota-access-pipeline/93894838/>.

²¹ Jim Puzzanghera, “A government Wells Fargo complaint website has vanished. Sen. Elizabeth Warren wants to know why,” *Los Angeles Times*. January 27, 2017, <http://www.latimes.com/business/la-fi-wells-fargo-labor-warren-20170127-story.html>.

²² Influence and Lobbying: Wells Fargo: Totals”, Center for Responsive Politics website, <https://www.opensecrets.org/orgs/totals.php?id=D000019743&cycle=2016> (last visited Apr. 24, 2017); author’s analysis at

https://docs.google.com/spreadsheets/d/1K0FRuQ2jHZLdUT0UGC76EKIGkRxXrV_wTxy6LaZoMSo/edit?usp=sharing

²³ “Influence and Lobbying: Wells Fargo: Summary”, Center for Responsive Politics website, <https://www.opensecrets.org/lobby/clientsum.php?id=D000019743&year=2016> (last visited Apr. 24, 2017); “Influence and Lobbying: Wells Fargo: Totals”, Center for Responsive Politics website, <https://www.opensecrets.org/orgs/totals.php?id=D000019743&cycle=2016> (last visited Apr. 24, 2017).author’s analysis at

https://docs.google.com/spreadsheets/d/1K0FRuQ2jHZLdUT0UGC76EKIGkRxXrV_wTxy6LaZoMSo/edit?usp=sharing