

Merkley, Warren, Menendez Urge SEC Investigation of Wells Fargo for Misleading Investors and Violating Whistleblower Protections

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The Senators' letter is available [here](#) (PDF)

WASHINGTON, D.C. - Today, Senators Jeff Merkley (D-Ore), Elizabeth Warren (D-Mass), and Bob Menendez (D-N.J.) formally called on the U.S. Securities and Exchange Commission (SEC) to investigate whether Wells Fargo and senior officials violated laws by misleading investors and firing whistleblowers while the bank oversaw the creation of millions of unauthorized, fraudulent accounts.

"After regulators discovered this widespread problem, Wells Fargo conducted an analysis that revealed that employees may have opened as many as 1.5 million checking accounts and obtained as many as 565,000 credit cards without customer authorization. Those fraudulent accounts cost customers millions in fees. These facts - as well as testimony from Mr. Stumpf before the Senate Banking Committee on September 20, 2016 - justify an investigation into at least three types of securities law violations," the Senators wrote in a letter to SEC Chair Mary Jo White.

Last week, Wells Fargo CEO John Stumpf testified under oath before the Senate Banking Committee, of which Merkley, Warren and Menendez are members. At the hearing, Stumpf told Senators that he knew of problems with fake accounts by 2013, but the bank never disclosed this information to investors until Wells Fargo settled with federal regulators earlier this month. Additionally, numerous media reports in the last week contain accounts of employees who tried to act as whistleblowers by reporting the misconduct being fired shortly thereafter.

Noting that Wells Fargo's actions are already under review by the U.S. Department of Justice, state Attorney General's offices, and the U.S. Department of Labor, among others, the Senators concluded, "The SEC should join in these efforts to ensure that Wells Fargo and its senior

executives are held accountable for a massive, years-long fraud that hurt thousands of customers and potentially cost investors billions of dollars."

Specifically, the Senators requested SEC investigations into whether the bank violated the law in three separate areas:

1. whether Wells Fargo executives violated the internal controls provision of Sarbanes-Oxley by signing off on inaccurate financial reporting;
2. whether Wells Fargo committed securities fraud by failing to disclose problems with fake accounts at the same time as they were promoting their high account-creation numbers as a reason to invest in Wells Fargo; and
3. whether Wells Fargo violated whistleblower protection laws by firing employees after they tried to report misconduct.

Read a PDF copy of DOL's response to the senators [here](#).

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