

# Shelby Opening Remarks at Wells Fargo Hearing

**September 20, 2016**

**WASHINGTON, DC – Tuesday, September 20, 2016** – U.S. Senator Richard Shelby (R-Ala.), Chairman of the United States Senate Committee on Banking, Housing, and Urban Affairs, today delivered the following opening statement during a full committee hearing on “An Examination of Wells Fargo’s Unauthorized Accounts and the Regulatory Response.”

The text of Chairman Shelby’s remarks, as prepared, is below.

“Today, we will learn more about the events and circumstances that led to the enforcement action against Wells Fargo by the Los Angeles City Attorney, the OCC, and the CFPB.

“First, we will receive testimony from John Stumpf, Wells Fargo’s CEO and Chairman.

“We will then hear from the Los Angeles City Attorney’s Deputy Chief whose office was the first to commence an action against Wells Fargo on this issue, and finally, from the OCC and the CFPB.

“We look forward to hearing from both panels because much remains unclear about what transpired at Wells Fargo and the regulators’ response.

“It appears that Wells Fargo’s own analysis concluded that thousands of its employees opened more than two million accounts that may not have been authorized.

“Subsequently, Wells Fargo terminated approximately 5,300 employees and has agreed to pay \$185 million in fines and \$5 million in customer remediation.

“Sales data show that Wells Fargo has been an industry leader in its ability to cross-sell products – such as credit cards, checking accounts and home equity loans.

“A number of former Wells Fargo employees have described a work environment characterized by intense pressure to meet aggressive and unrealistic sales goals.

“In a 2010 letter to shareholders, Mr. Stumpf wrote that Wells Fargo’s goal was eight products per customer because eight ‘rhymed with great.’

“The result was a corporate culture that drove company ‘team members’ to fraudulently open millions of accounts using their customers’ funds and personal information without their permission.

“I have often said that banking is based on trust and that trust was broken at Wells Fargo.

“While much has been written about these events, I believe there are several questions that warrant answers.

“First, when did this conduct start at Wells Fargo and why were the regulators unaware of this growing problem?”

“Second, when did Mr. Stumpf and his senior management become aware of these activities and how did they respond?”

“Third, have all of the appropriate Wells Fargo employees been held accountable and to what extent?”

“Finally, where were the federal regulators while certain Wells Fargo employees were taking advantage of unsuspecting customers over a period of many years?”

“Here is what we do know – Wells Fargo’s internal review only covers unauthorized accounts dating back to 2011.

“News reports and court documents suggest these problems might have existed long before then.

“The 2013 Los Angeles Times articles led to the L.A. City Attorney’s Office investigation into Wells Fargo’s sales practices.

“Thousands of man-hours by a dozen dedicated L.A. City attorneys culminated in a lawsuit filed against Wells Fargo in May of 2015.

“This timeline begs the question: where were the federal regulators during those years?”

“If the OCC and the CFPB were aware of these issues before the L.A. City Attorney’s lawsuit, why did they wait until 2016 to bring an enforcement action?”

“Why did it take an L.A. Times reporter to uncover what should have been uncovered by Wells Fargo’s regulators?”

“If there were ever a textbook case where consumers needed protecting, this was it. How many millions of unauthorized accounts does it take before the CFPB notices?”

“While the Bureau is billing this as the largest settlement in its history, it is unclear whether it had any significant role in discovering or investigating the bank’s conduct.

“Just as it is fair to ask Mr. Stumpf what he knew, when he learned it, and what he did about it, it is also fair to ask those same questions of Wells Fargo’s regulators.

“These are simple facts-and-circumstances questions that both the OCC and the CFPB should be able to answer without violating any confidentiality restrictions.

“I look forward to today’s hearing as both Congress and the American people – especially the aggrieved consumers – have been kept in the dark for too long.”

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