

Banking and Finance Law Daily Wrap Up, ENFORCEMENT ACTIONS—Asset-growth limit ends for Wells Fargo, other compliance requirements continue, (Jun. 4, 2025)

Banking and Finance Law Daily Wrap Up

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The Fed lifted Wells Fargo's asset cap after the bank satisfied governance and risk controls, but remaining 2018 order restrictions stay in effect until further milestones are met.

The Federal Reserve Board [announced](#) that Wells Fargo & Company "is no longer subject to the asset growth restriction from the Fed's 2018 enforcement action against the bank." The press release states that supervisors had finished their review of the bank's remediation work and of the independent third-party assessments required by the 2018 order and had completed their own assessment of Wells Fargo's corporate-governance and firm-wide risk-management programmes. Those reviews showed that the bank had met "all the conditions required ... for removal of the growth restriction." All other provisions of the 2018 consent order remain in force until the bank meets the separate standards for their termination. The [vote](#) was unanimous.

2018 order. The original consent order was filed in February of 2018, capping Wells Fargo's total asset size at what it held at the end of 2017 (see [Banking and Finance Law Daily](#), Feb. 5, 2018). In 2020, the Fed modified the consent agreement to allow Wells Fargo to provide additional support to small businesses during the COVID-19 pandemic (see [Banking and Finance Law Daily](#), Apr. 9, 2020).

Fed order removing cap. The "[Order Removing Growth Restriction in Cease and Desist Order](#)," recounts that the 2018 consent order capped Wells Fargo's total assets because the firm "failed to ensure that the firm established and maintained an adequate risk management framework commensurate with its size and complexity." Paragraph 5 of the 2018 order provided that the cap would be lifted once Wells Fargo (i) adopted and implemented governance and risk-management plans acceptable to the Fed and (ii) completed an independent Initial Risk Management Review of those improvements. After "numerous supervisory activities" by the Fed and on the joint recommendation of the Reserve Bank and the Division of Supervision and Regulation, the Fed found Wells Fargo in compliance with paragraph 5 and ordered that

- the asset-growth restriction "is removed, effective as of the date of this Order"; and
- "the remaining provisions of the 2018 Consent Order shall continue in force and effect until WFC satisfies the requirements for their termination."

Barr statement. Fed Governor Barr issued a [statement](#) welcoming the decision. He wrote: "Removal of the asset cap represents successful remediation to the required standard based on focused management leadership, strong Fed oversight, and strict supervision holding the firm accountable." He added that each of those elements "will need to continue for the firm to have a sustainable approach."

Criticism. Senator Elizabeth Warren (D-Mass.), Ranking Member of the Senate Banking Committee, criticised the Fed's action. Her [statement](#) called the decision "an outrageous giveaway to one of Wall Street's most derelict banks," asserted that Wells Fargo "has a long history of violating the law, and there's no evidence that it has changed," and said the entire Fed "should be embarrassed."

Wells Fargo's response. In a [news release](#) issued the same day, Wells Fargo "confirmed that the Board of Governors ... has determined that Wells Fargo has met all conditions required to remove the limits on growth in total assets imposed in its 2018 consent order." The company noted that the conditions included "wide-ranging requirements to support board effectiveness," improvements in firm-wide compliance and operational-risk

programmes, and a third-party independent review in addition to the Fed's own examinations. Chief Executive Officer Charlie Scharf said, "The Federal Reserve's decision to lift the asset cap marks a pivotal milestone in our journey to transform Wells Fargo. We are a different and far stronger company today because of the work we've done." He added that the firm had "changed and simplified our business mix" and "transformed the management team and how we run the company."

To recognise employee contributions, Wells Fargo announced a special award of \$2,000, generally in the form of a restricted-stock grant, for each of its roughly 215,000 full-time employees worldwide. The release quotes Scharf as saying the award allows staff "to own a part of Wells Fargo and hopefully benefit from our future success." Wells Fargo Board Chair Steven D. Black stated that the outcome reflected "substantial changes we have made to board composition and oversight" and thanked management, "in particular, Charlie for his inspired leadership."

Continuing supervisory framework. While the growth cap is now lifted, the Fed emphasised, both in the order and in the press release, that all other articles of the 2018 consent order remain operative. Wells Fargo must therefore continue to meet the Fed-approved milestones on governance, compliance, and operational-risk management before the consent order can be terminated in full.

Companies: Wells Fargo & Company

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