

Congress of the United States

Washington, DC 20515

June 4, 2025

The Honorable Jerome Powell
Chair
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Philip Jefferson
Vice Chair
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Michelle Bowman
Chair, Committee on Supervision and
Regulation
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Michael Barr
Governor
Board of Governors of the Federal Reserve
System
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The Honorable Lisa Cook
Governor
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue NW
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The Honorable Adriana Kugler
Governor
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Christopher Waller
Governor
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Chair Powell, Vice Chair Jefferson, Governor Bowman, Governor Barr, Governor Cook, Governor Kugler, and Governor Waller:

We write to urge you to immediately reverse yesterday's embarrassing and unwarranted decision by the Federal Reserve (Fed) to remove Wells Fargo's \$1.95 trillion asset cap, which has been in place since 2018. The Fed put the growth cap in place in response to a series of outrageous scandals that affected millions of customers,¹ and the Fed's ill-informed elimination of the cap – if not reversed – will have a profound impact on its credibility as an impartial, consistent, and effective bank regulator and steward of the banking and financial system.

The growth cap was imposed to address the bank's egregious mismanagement and toxic culture, which fueled a mind-boggling list of scandalous behavior: Wells Fargo created millions of fake bank and credit card accounts, falsified signatures, illegally transferred customers' funds, and charged hundreds of thousands of customers fraudulent fees. It was also implicated in ripping off hundreds of thousands of customers who took out car loans from the bank, and for years the bank charged monthly fees to customers for dozens of products they didn't understand or know how to use.² It placed as many as 1,600 customers into forbearance on their mortgages without their consent during the pandemic.³ It was fined billions of dollars by state and federal regulators and entered into a criminal deferred prosecution agreement with the Department of Justice.⁴

And the misconduct is ongoing: in the last year alone, Wells Fargo has been required by the Office of the Comptroller of the Currency (OCC) to take "comprehensive corrective action" with its financial crimes risk management and anti-money laundering program after the OCC identified a range of violations related to the Bank Secrecy Act;⁵ sued by the CFPB for failing to protect consumers from rampant fraud on Zelle;⁶ and slapped with a \$35 million fine by the Securities and Exchange Commission (SEC) for failing to act in the best interest of their investment clients.⁷

¹ Board of Governors of the Federal Reserve System, "Responding to widespread consumer abuses and compliance breakdowns by Wells Fargo, Federal Reserve restricts Wells' growth until firm improves governance and controls. Concurrent with Fed action, Wells to replace three directors by April, one by year end," press release, February 2, 2018, <https://www.federalreserve.gov/newsevents/pressreleases/enforcement20180202a.htm>.

² Bloomberg, "Wells Fargo Agrees to Pay \$385 Million to Settle Insurance Scam," Edvard Pettersson, June 6, 2019, <https://www.bloomberg.com/news/articles/2019-06-06/wells-fargo-agrees-to-pay-385-million-to-settle-insurance-scam>.

³ NBC News, "1,600 customers say Wells Fargo paused their mortgage payments without their consent," Gretchen Morgenson, October 1, 2020, <https://www.nbcnews.com/business/personal-finance/1-600-customers-say-wells-fargo-paused-their-mortgage-payments-n1241620>.

⁴ U.S. Department of Justice, "Wells Fargo Agrees to Pay \$3 Billion to Resolve Criminal and Civil Investigations into Sales Practices Involving the Opening of Millions of Accounts without Customer Authorization," February 21, 2020, <https://www.justice.gov/archives/opa/pr/wells-fargo-agrees-pay-3-billion-resolve-criminal-and-civil-investigations-sales-practices>.

⁵ Office of the Comptroller of the Currency, "OCC Issues Enforcement Action Against Wells Fargo Bank," press release, September 12, 2024, <https://www.occ.gov/news-issuances/news-releases/2024/nr-occ-2024-99.html>.

⁶ Consumer Financial Protection Bureau, "CFPB Sues JPMorgan Chase, Bank of America, and Wells Fargo for Allowing Fraud to Fester on Zelle," press release, December 20, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-sues-jpmorgan-chase-bank-of-america-and-wells-fargo-for-allowing-fraud-to-fester-on-zelle/>.

⁷ U.S. Securities and Exchange Commission, "SEC Charges Pair of Wells Fargo Advisory Firms and Merrill Lynch with Compliance Failures Relating to Cash Sweep Programs," press release, January 17, 2025, <https://www.sec.gov/newsroom/press-releases/2025-16>.

Given this ongoing record of atrocious behavior and mismanagement, it is clear that an asset cap is not enough to fix Wells Fargo. Instead of rewarding Wells Fargo by wiping its slate clean and allowing for unrestricted growth, the Fed should break up the firm into a more manageable institution that is capable of consistently following the law.

Chair Powell made a promise in 2018 that the cap would be lifted only after a full vote of the Board.⁸ That vote occurred on May 30 and was announced yesterday – but it appeared to be a rubber stamp on behalf of Wells Fargo, not a clear and reasoned action consistent with the Fed’s responsibilities and with the egregious, long-standing, and ongoing nature of Wells’s failures. The Board provided no advanced notice of the vote and justified its significant action to roll back its regulatory activity with a vague two-page order.⁹ The process by which the Fed took this action, and the inadequate rationale for doing so, raise fresh questions about its ability and willingness to serve as an effective bank regulator.

You should reverse this decision, and commit to lowering, or at least retaining, the asset cap until Wells Fargo has a clean and clear record of improved governance and an ability to avoid mistreating its customers. And when and if the Board does eliminate the cap, it should do so only after providing a clear, public, and legitimate rationale for doing so.

To the extent you do not reverse this decision, at a minimum, you must identify the evidence that led you to conclude that the growth cap was no longer necessary. To do so, we request that the Fed provide the Senate Banking, Housing, and Urban Affairs Committee and the House Financial Services Committee with all Wells Fargo exam reports for the last five years, and any other relevant materials and evidence provided to or analyzed by the Board as it reached its conclusion. The Fed had previously shared supervisory information with Congress as part of its 2020 Wells Fargo investigation,¹⁰ so we expect you will be as responsive to this request. We ask that you provide access to this information no later than June 25, 2025. To the extent this information contains confidential supervisory material, we are happy to work with you to protect its integrity and avoid damaging disclosures. The remainder of this letter contains additional detail on our concerns.

Wells Fargo’s Recurrent Customer Abuses and Governance Failures

Wells Fargo has a decades-long track record of aggressive and irresponsible sales tactics. Nearly 30 years ago, then-CEO Richard Kovacevich introduced the “Going for Gr-Eight” initiative, which directed employees to push customers to hold at least eight of its products.¹¹ The cross-

⁸ Letter from Federal Reserve Chair Jerome Powell to Senator Elizabeth Warren, May 10, 2018, <https://www.warren.senate.gov/imo/media/doc/2018.05.10%20Powell%20Response%20re%20Wells%20Fargo.pdf>.

⁹ Board of Governors of the Federal Reserve System, “Order Removing Growth Restriction in Cease and Desist Order Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as amended,” June 3, 2025, <https://www.federalreserve.gov/newsevents/pressreleases/files/enf20250603a1.pdf>.

¹⁰ U.S. House Committee on Financial Services, “In Advance of Wells Fargo Hearings, Waters and Green Release Investigative Report Exposing Failures of Megabank’s Management, Board, and Regulators,” March 4, 2020, <https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=406382>.

¹¹ U.S. House Committee on Financial Services, “THE REAL WELLS FARGO: BOARD & MANAGEMENT FAILURES, CONSUMER ABUSES, AND INEFFECTIVE REGULATORY OVERSIGHT,” March 2020, <https://www.congress.gov/116/meeting/house/110719/documents/HHRG-116-BA00-20200311-SD003.pdf>.

selling strategy persisted for nearly 20 years. Employees, under intense pressure to meet unrealistic sales goals,¹² opened unauthorized ATM cards and created fake emails, such as “noname@wellsfargo.com” and “1234@wellsfargo.com,” to enroll customers in online accounts.¹³ Several whistleblowers escalated concerns to managers and internal hotlines. But in some cases, reports were met with retaliatory action, including termination.¹⁴ Ultimately, the bank created approximately 3.5 million customer accounts¹⁵ and terminated whistleblowers who raised alarms about the firm’s culture,¹⁶ leading to an unprecedented regulatory response.¹⁷ The Department of Justice and financial regulators imposed record-breaking civil and criminal penalties between 2016 and 2020, including billions of dollars in fines, settlements, and restitution for wronged consumers.¹⁸ And in 2018, the Fed placed an asset cap on the bank, freezing its growth.

While regulators should have imposed even more severe penalties given the systemic nature of the lawbreaking,¹⁹ the growth restriction has been a valuable tool to focus the firm’s leadership on addressing the underlying problems that contributed to the cross-selling scandal and other wrongdoing. In implementing the asset cap on Wells Fargo, the Fed claimed it would “restrict Wells Fargo’s growth until its governance and risk management sufficiently improves.”²⁰ Doing so, the Fed argued, would “ensure that Wells Fargo will not expand until it is able to do so safely and with the protections needed to manage all of its risks and protect its customers.”²¹

Additionally, while the failure of regional banks in 2023 underscored there is more work to do to strengthen bank supervision,²² the Fed’s imposition of an asset cap on Wells Fargo was followed

¹² National Public Radio, “Former Wells Fargo Employees Describe Toxic Sales Culture, Even At HQ,” Chris Arnold, October 4, 2016, <https://www.npr.org/2016/10/04/496508361/former-wells-fargo-employees-describe-toxic-sales-culture-even-at-hq>.

¹³ CNN Business, “Workers Tell Wells Fargo Horror Stories,” Matt Egan, September 9, 2016, <https://money.cnn.com/2016/09/09/investing/wells-fargo-phony-accounts-culture/index.html>.

¹⁴ Financial Planning, “Wells Fargo ends fight with a whistleblower in fake-accounts scandal,” Ann Marsh, January 20, 2018, <https://www.financial-planning.com/news/wells-ends-fight-with-whistleblower-in-fake-accounts-scandal>.

¹⁵ National Public Radio, “Wells Fargo Admits To Nearly Twice As Many Possible Fake Accounts — 3.5 Million,” Uri Berliner, August 31, 2017, <https://www.npr.org/sections/thetwo-way/2017/08/31/547550804/wells-fargo-admits-to-nearly-twice-as-many-possible-fake-accounts-3-5-million>.

¹⁶ Financial Planning, “Wells Fargo ends fight with a whistleblower in fake-accounts scandal,” Ann Marsh, January 20, 2018, <https://www.financial-planning.com/news/wells-ends-fight-with-whistleblower-in-fake-accounts-scandal>.

¹⁷ New York Times, “Wells Fargo Fined \$185 Million for Fraudulently Opening Accounts,” Michael Corkery, September 8, 2016, <https://www.nytimes.com/2016/09/09/business/dealbook/wells-fargo-fined-for-years-of-harm-to-customers.html>.

¹⁸ U.S. Department of Justice, “Wells Fargo Agrees to Pay \$3 Billion to Resolve Criminal and Civil Investigations into Sales Practices Involving the Opening of Millions of Accounts without Customer Authorization,” press release, February 21, 2020, <https://www.justice.gov/archives/opa/pr/wells-fargo-agrees-pay-3-billion-resolve-criminal-and-civil-investigations-sales-practices>.

¹⁹ See U.S. House Committee on Financial Services, “Waters Releases Staff Report on Pattern of Consumer Abuse from Wells Fargo,” September 29, 2017, <https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=400807>.

²⁰ Board of Governors of the Federal Reserve System, “Responding to widespread consumer abuses and compliance breakdowns by Wells Fargo, Federal Reserve restricts Wells’ growth until firm improves governance and controls. Concurrent with Fed action, Wells to replace three directors by April, one by year end,” press release, February 2, 2018, <https://www.federalreserve.gov/newsevents/pressreleases/enforcement20180202a.htm>.

²¹ *Id.*

²² See Government Accountability Office, “Bank Supervision: More Timely Escalation of Supervisory Action Needed,” May 6, 2024, <https://www.gao.gov/products/gao-24-106974>.

by other agencies, notably the Consumer Financial Protection Bureau (CFPB) and Office of Comptroller of the Currency (OCC), taking steps to improve the use of their authorities to hold bad actors accountable for repeatedly breaking the law,²³ including when the OCC recently imposed an asset cap on TD Bank for egregious violations relating to anti-money laundering compliance.²⁴

Wells Fargo Continues to Harm Consumers and Violate the Law

Despite the asset cap and some modest progress, Wells Fargo has been caught violating many additional laws in the seven years since the asset cap was first imposed. That long list of lawbreaking includes three violations of federal laws and regulations over the past nine months alone—making clear that the bank is still unable to “manage all of its risks and protect its customers.”²⁵ Wells Fargo’s recent violations underscore that the firm has a long way to go to correct course, and its problems extend far beyond its sales practices. Instead of removing the cap, the Fed should have lowered it and forced the company to shrink to a more manageable size.

Since last Fall, regulators have taken the following actions against Wells Fargo for breaking the law:

- In September 2024, the OCC issued an enforcement action requiring the bank to take “comprehensive corrective actions” with its financial crimes risk management and anti-money laundering program.²⁶ The OCC found a range of law violations related to Wells Fargo’s Bank Secrecy Act internal controls, suspicious activity reporting, customer due diligence, currency transaction reporting, and other aspects of its anti-money laundering monitoring framework.
- In December 2024, the CFPB sued Wells Fargo, as well as JP Morgan Chase and Bank of America, for failing to protect consumers from rampant fraud on Zelle, violating multiple federal consumer financial laws.²⁷ Despite an overwhelming volume of fraud complaints,

²³ For example, see Consumer Financial Protection Bureau, Remarks by The Honorable Rohit Chopra, “Reining in Repeat Offenders”: 2022 Distinguished Lecture on Regulation, University of Pennsylvania Law School, March 28, 2022, <https://www.consumerfinance.gov/about-us/newsroom/reining-in-repeat-offenders-2022-distinguished-lecture-on-regulation-university-of-pennsylvania-law-school/>; Consumer Financial Protection Bureau, “Prepared Remarks of CFPB Director Rohit Chopra on the Final Rule to Detect and Deter Repeat Offenders,” June 3, 2024, <https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-of-cfpb-director-rohit-chopra-on-the-final-rule-to-detect-and-deter-repeat-offenders/>; Office of the Comptroller of the Currency, “Acting Comptroller Discusses Management of Large Banks,” January 17, 2023, <https://www.occ.gov/news-issuances/news-releases/2023/nr-occ-2023-7.html>; and Office of the Comptroller of the Currency, “OCC Revises Bank Enforcement Manual to Address Actions Against Banks with Persistent Weaknesses,” May 25, 2023, <https://www.occ.gov/news-issuances/news-releases/2023/nr-occ-2023-49.html>.

²⁴ Office of the Comptroller of the Currency, “OCC Issues Cease and Desist Order, Assesses \$450 Million Civil Money Penalty, and Imposes Growth Restriction Upon TD Bank, N.A. for BSA/AML Deficiencies,” October 10, 2024, <https://www.occ.treas.gov/news-issuances/news-releases/2024/nr-occ-2024-116.html>.

²⁵ *Id.*

²⁶ Office of the Comptroller of the Currency, “OCC Issues Enforcement Action Against Wells Fargo Bank,” press release, September 12, 2024, <https://www.occ.gov/news-issuances/news-releases/2024/nr-occ-2024-99.html>.

²⁷ Consumer Financial Protection Bureau, “CFPB Sues JPMorgan Chase, Bank of America, and Wells Fargo for Allowing Fraud to Fester on Zelle,” press release, December 20, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-sues-jpmorgan-chase-bank-of-america-and-wells-fargo->

Wells Fargo failed to use that information to reduce fraud and failed to share the information with other banks on the network to prevent fraudsters from hopping bank to bank to perpetuate the schemes. Wells Fargo also failed to meet its legal obligation to adequately investigate consumers' fraud complaints and remediate fraud and errors.

- In January 2025, the SEC slapped Wells Fargo Advisors with a \$35 million fine for failing to act in the best interest of their clients enrolled in their cash sweeps program.²⁸ In the settlement, the firm admitted to directing clients' money to low-yield bank deposit sweep programs, from which it benefited handsomely while shutting its customers out from more competitive alternatives. According to the order, Wells Fargo, "failed to adopt and implement reasonably designed policies and procedures (1) to consider the best interests of clients when evaluating and selecting which cash sweep program options to make available to clients, including during periods of rising interest rates, and (2) concerning the duties of financial advisors in managing client cash in advisory accounts."²⁹

Not only has Wells Fargo failed to fully remediate its underlying governance and risk management issues, but it also appears to be backsliding on its progress, perhaps because removal of the asset cap looked within reach given President Trump's election. The Committee for Better Banks ("CBB"), a coalition of current and former bank employees established by the Communication Workers of America to advance better working conditions in the banking industry, published a report in April 2025, based on member interviews, surveys, and regulatory filings.³⁰ The report details evidence that the firm is reinstating unrealistic sales pressure, undermining the conduct management controls put in place in recent years. It also suggests that Wells Fargo management has retaliated against employees exercising their legal right to unionize.

A major finding of the report, supported by numerous employee testimonials, shows that unrealistic goal-setting and sales expectations are once again the norm. According to CBB, Wells Fargo's head of Talent Management Mia Nicholls confirmed in a 2025 email to certain employees, "Since you are in a sales activity role, your goals will be preset for you. Given the importance of sales activities to the company, your goals and your manager's goals will be carefully assessed for risk, then approved."³¹ While it is unclear what criteria managers will use when "assess[ing] for risk," the survey found that 84% of branch workers and 66% of respondents overall indicated they are worried about sales goal pressure.³² The report also notes that the bank is increasingly reliant on incentive pay, which may contribute to, as one employee described, a "sales-at-any-cost mentality."³³ Additionally, the report suggests that the firm's

[for-allowing-fraud-to-fester-on-zelle/](#).

²⁸ U.S. Securities and Exchange Commission, "SEC Charges Pair of Wells Fargo Advisory Firms and Merrill Lynch with Compliance Failures Relating to Cash Sweep Programs," press release, January 17, 2025, <https://www.sec.gov/newsroom/press-releases/2025-16>.

²⁹ *Id.*

³⁰ Committee for Better Banks, "Sales Pressure Returns to Wells Fargo: Employees sound alarm on sales pressure, staffing, and silencing their voices," April 2025, <https://bankaccountability.org/report-sales-pressure-returns-wells-fargo-employees-sound-alarm>.

³¹ *Id.*

³² *Id.*

³³ *Id.*

internal Conduct Management Intake Department, which was established after the cross-selling scandal, is being undermined even as it continues to receive complaints regarding “misconduct, unauthorized accounts, and sales pressure.”³⁴ Employees have been allegedly laid off or encouraged to downgrade allegations, so they are not investigated thoroughly.³⁵ Moreover, Wells Fargo was sued by employees of its bilingual mortgage sales team who alleged they were discriminated against by the bank and were directed to inappropriately push certain Latino borrowers into high-cost, predatory loan products.³⁶ The bank reached a settlement with the workers last October.³⁷

Conclusion

The Fed’s decision to lift Wells Fargo’s asset cap despite mounting evidence that the firms’ systemic management failures persist is a direct giveaway to Wall Street at consumers’ expense. It sets a dangerous precedent that a firm can defraud millions of customers and get away with it.

Again, we request the Fed send all Wells Fargo exam reports for the past five calendar years and other relevant materials that were utilized to inform the Fed’s decision to the Senate Committee on Banking, Housing, and Urban Affairs and House Financial Services Committee by June 25, 2025. This information will allow Congress to better understand why you chose to reward the bank despite overwhelming public evidence that it has not remedied its systemic issues.

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Maxine Waters
Ranking Member
Committee on Financial
Services

CC:
The Honorable Rodney Hood
Acting Comptroller
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400 7th St SW
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³⁴ *Id.*

³⁵ *Id.*

³⁶ Bloomberg, “Wells Fargo Staffers Claim Anti-Latino Bias in Predatory Lending Scheme,” Teresa Xie, June 30, 2023, <https://www.bloomberg.com/news/articles/2023-06-30/wells-fargo-staffers-claim-anti-latino-bias-fed-predatory-loans>.

³⁷ Bloomberg Law, “Wells Fargo Reaches Agreement in Bilingual Mortgage Workers Suit,” Evan Weinberger, October 16, 2024, <https://news.bloomberglaw.com/banking-law/wells-fargo-reaches-agreement-in-bilingual-mortgage-workers-suit>.