

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of

WELLS FARGO & COMPANY
San Francisco, California

Docket No. 22-011-CMP-HC

Order of Assessment of Civil Money
Penalty Issued Upon Consent
Pursuant to the Federal Deposit
Insurance Act, as Amended

WHEREAS, Wells Fargo & Company, San Francisco, California (“WFC”), a registered bank holding company, is a large, complex organization that has a number of separate business lines and legal entities;

WHEREAS, WFC owns and controls Wells Fargo Bank, N.A., Sioux Falls, South Dakota (the “Bank”), a national bank;

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal supervisor of WFC;

WHEREAS, from 2008 until 2015 (the “relevant time period”), the Bank provided a trade finance software platform called Eximbills to a foreign bank, which the foreign bank used to process non-U.S. dollar trade finance instruments outside the U.S. financial system, totaling approximately \$532 million, involving parties in jurisdictions subject at the time of the transactions to sanctions regulations imposed under the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, which are administered by the Office of Foreign Assets Control of the United States Department of the Treasury (“OFAC”);

WHEREAS, the Bank violated OFAC regulations by allowing this foreign bank to use Eximbills to process transactions involving parties in jurisdictions subject to OFAC regulations;

WHEREAS, the Bank has consented to the assessment of a civil money penalty by OFAC for apparent violations of three sanctions programs between December 2010 and December 2015;

WHEREAS, as a large and complex bank holding company, WFC has been required to maintain a firmwide risk-management and oversight framework for identifying and addressing legal and compliance risks;

WHEREAS, during the relevant time period, WFC's risk-management and oversight framework failed to identify and address the legal and compliance risks with respect to the Bank's provision of Eximbills to the foreign bank;

WHEREAS, WFC's failure to identify and address these risks within its risk management and oversight framework constituted an unsafe or unsound practice and enabled the Bank to violate OFAC regulations;

WHEREAS, in December 2015, the Bank self-identified the issue, stopped allowing the foreign bank to process transactions involving parties in jurisdictions subject to OFAC regulations and no longer offers the trading platform to foreign banks, and reported the matter to relevant regulators, including to the Board of Governors and OFAC;

WHEREAS, WFC and the Bank have remediated the violations of OFAC regulations related to Eximbills, strengthened firmwide compliance with OFAC regulations, and have fully cooperated with the Board of Governors;

WHEREAS, the unsafe or unsound practices described above warrant the assessment of a civil money penalty by the Board of Governors against WFC under section 8(i)(2)(B) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818(i)(2)(B)) (the "FDI Act");

WHEREAS, the Board of Governors is issuing this Order of Assessment of a Civil Money Penalty Upon Consent against WFC (the “Order”); and

WHEREAS, pursuant to delegated authority, the undersigned signatories for WFC are authorized to enter into this Order on behalf of WFC, and consent to WFC’s compliance with each and every provision of this Order, and to waive any and all rights that WFC may have with respect to this Order pursuant to section 8 of the FDI Act, as amended (12 U.S.C. § 1818), and 12 C.F.R. Part 263, including, but not limited to: (i) the issuance of a notice of charges on any matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Order; (iii) judicial review of this Order; and (iv) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of the Order or any provision hereof.

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and without WFC admitting or denying any allegation made or implied by the Board of Governors in connection herewith, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ordered, pursuant to sections 8(b)(3) and 8(i)(2)(B) of the FDI Act (12 U.S.C. §§1818(b)(3) and 1818(i)(2)(B)) as follows:

Assessment of Civil Money Penalty

1. The Board of Governors hereby imposes a civil money penalty on WFC in the amount of \$67,762,500 for the unsafe or unsound practices described above. The civil money penalty shall be remitted at the time of the execution of this Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 051000033,

beneficiary, Board of Governors of the Federal Reserve System. The Federal Reserve Bank of Richmond, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of the Treasury, pursuant to section 8(i) of the FDI Act (12 U.S.C. § 1818(i)). This penalty is a penalty paid to a government agency for a violation of law for purposes of 26 U.S.C. § 162(f) and 26 C.F.R. § 1.162-21.

Notices

2. All communications regarding this Order shall be sent to:
 - (a) Richard M. Ashton, Esq.
Deputy General Counsel
Jason A. Gonzalez, Esq.
Assistant General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, N.W.
Washington, DC 20551
 - (b) Jared R. Winnick
Counsel Executive
Wells Fargo & Co.
30 Hudson Yards
61st Floor
New York, NY 10001-2170

With a copy to:

Stephanie Brooker, Esq.
Adam Smith, Esq.
Gibson, Dunn & Crutcher LLP
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5306

Miscellaneous

3. The provisions of this Order shall be binding on WFC and its successors and assigns.
4. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Board of Governors.

5. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, or any other federal or state agency, from taking any other action affecting WFC or any of its current or former institution-affiliated parties and their successors and assigns; provided, however, that the Board of Governors shall not take any further enforcement action against the WFC or any subsidiary thereof, or their successors and assigns, with respect to the conduct described in the WHEREAS clauses of this Order, to the extent known by the Board of Governors as of the effective date of this Order. This release and discharge shall not preclude or affect: (i) any right of the Board of Governors to determine and ensure compliance with this Order, (ii) any proceedings brought by the Board of Governors to enforce the terms of this Order, or (iii) any proceedings brought by the Board of Governors against individuals who are or were institution-affiliated parties of WFC.

By Order of the Board of Governors of the Federal Reserve System effective this 24th day of March, 2023.

WELLS FARGO & CO.

BOARD OF GOVERNORS OF THE FEDERAL
RESERVE SYSTEM

By: /s/ Kyle G. Hranicky
Kyle G. Hranicky
Chief Executive Officer,
Commercial Banking

By: /s/ Ann E. Misback
Ann E. Misback
Secretary of the Board