Key Findings

FINDING 1:

Documents and testimony show Sloan undermined the company's efforts to comply with the terms of the consent orders by failing to create a culture of accountability, resisting recommendations from risk management experts, and focusing on the company's growth and business reputation at the expense of regulatory compliance.

FINDING 2:

The OCC downgraded Wells Fargo's CAMELS score for management in 2017 in part because of Tim Sloan's unwillingness to hold managers accountable and an overall lack of urgency with respect to regulatory compliance.

FINDING 3:

Tim Sloan made a series of false and misleading public statements about the bank's progress toward complying with the CFPB and OCC consent orders, and the FRB's asset cap. Sloan's predictions related to the timeline for satisfying regulatory requirements were overly optimistic and were unsupported by the facts on the ground.

FINDING 4:

Wells Fargo's risk management program is deficient because it largely pre-dates the financial crisis. The company's Chief Risk Officer from 2008 – 2018 was a credit risk expert but lacked experience and expertise to overhaul the company's nonfinancial risk management program, which remains immature compared to other large banks that developed new risk frameworks after the financial crisis.

FINDING 5:

Documents and testimony show the company's federated structure also undermined the effort to create an enterprise-wide risk management system and otherwise comply with requirements in the consent orders to make systemic changes. The evidence also shows Wells Fargo's structure was unusual among large banks.

FINDING 6:

In 2016, the company's individual lines of business were responsible for creating their respective risk management plans. The Wells Fargo consent order response team was relegated to a support role. This arrangement undermined the company's effort to create an enterprise-wide risk management program like those at other large banks.

FINDING 7:

Wells Fargo relied extensively on consultants and contractors, including to draft the plans the bank submitted to the CFPB and OCC under the consent orders. The bank's over-reliance on consultants reflected a lack of in-house expertise.

FINDING 8:

The CFPB objected that Wells Fargo routinely submits "a plan for a plan," rather than fully developed strategies as required by the consent orders.

FINDING 9:

Wells Fargo expected its regulators to effectively create a redress plan for the company. This fundamental misunderstanding of the supervisory relationship revealed that the bank lacked the expertise to develop a complete plan to remediate customers who were harmed. To date, the bank has not received a supervisory non-objection for a complete redress plan.

FINDING 10:

The Federal Reserve Board had concerns about the "safety and soundness" of Wells Fargo after the company submitted its initial plan in response to the February 2, 2018 Consent Order. The plans were so inadequate as to raise concerns about the company's leadership.

FINDING 11:

Wells Fargo routinely requests extensions to deadlines for submitting remediation and reform plans. The bank's regulators typically grant those requests, but the company's plans remain deficient, even with the extra time. Wells Fargo's inability to submit plans that meet regulatory standards exposes the bank's customers to additional harm, according to the bank's regulators.

FINDING 12:

The OCC and CFPB expect a bank's board to ensure compliance with bank enforcement actions within required time frames by holding management accountable, among other things. The documents show the Board continued to support the company's management despite overwhelming evidence that the consent order compliance program was inadequate.