

1 [Urging Wells Fargo to Compensate Employees Terminated in Retaliation for Whistle-blowing]

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3 **Resolution urging Wells Fargo & Company to remediate the economically damaging**  
4 **effects of defamatory statements made against employees in retaliation for attempting**  
5 **to blow the whistle on past fraudulent practices, conduct a card check of all employees**  
6 **nationwide, and conduct a thorough review of lending practices.**

7  
8 WHEREAS, An arbitration case with the Financial Industry Regulatory Authority  
9 (FINRA) filed in 2010 resulted in Wells Fargo being found liable for the defamation of a former  
10 employee who alleged that he was fired as retaliation for personal animus and received  
11 inaccurate, career damaging marks on his U4 and U5 forms as retribution; and

12 WHEREAS, In a separate case in April 2017, the Occupational Safety and Health  
13 Administration (OSHA) ordered Wells Fargo to pay \$5.4 million in damages to a former  
14 manager who alleged he was fired in 2010 for attempting to blow the whistle on fraudulent  
15 business practices and defamed on his U4 and U5 forms; and

16 WHEREAS, OSHA found that internal reports alleging fraud filed by the employee were  
17 "at least a contributing factor" in his termination; and

18 WHEREAS, U4 and U5 forms are essentially report cards for bankers, proving  
19 prospective employers with comments on an employee's performance; and

20 WHEREAS, Wells Fargo CEO John Stumpf, who served from 2007 until 2016, was  
21 known by employees for his mantra that "eight is great," which referred to the bank's goal of  
22 "cross-selling" eight financial products to every customer; and

23 WHEREAS, Cross-selling is a tactic employed by banks to inflate the number of  
24 accounts they claim their clients hold to shareholders by selling multiple products to the same  
25 individual; and

1           WHEREAS, In 2011 Wells Fargo executive vice president Carrie Tolstedt cited figures  
2 showing that the average number of products held by a customer had risen from 4.35 per  
3 household in 2003 to 6.02 per household in 2010, and over 11 for brokerage customers; and

4           WHEREAS, In 2013 then-CFO and current CEO Timothy Sloan remarked to the Los  
5 Angeles Times that "I'm not aware of any overbearing sales culture," and in Wells Fargo's  
6 October 2013 quarterly report it reported averaging 6.15 financial products per household, the  
7 highest cross-selling number of any bank; and

8           WHEREAS, Numerous reports from former employees have described regional  
9 managers as facing direct pressure from the highest levels of Wells Fargo's management to  
10 meet unrealistic cross-selling quotas, leading employees across the country to create over  
11 two million unauthorized deposit accounts, credit card applications, and other financial  
12 products; and

13           WHEREAS, Employees described being regularly threatened with termination if they  
14 failed to meet unrealistic goals without resorting to opening fraudulent accounts without the  
15 consent of customers, often going as far as to forge customers' signatures; and

16           WHEREAS, Former employees have alleged that these fraudulent practices  
17 disproportionately targeted immigrants who spoke limited English, students opening accounts  
18 for the first time, and elderly customers who didn't fully understand the products they were  
19 purchasing; and

20           WHEREAS, In one case Wells Fargo opened six fraudulent checkings and savings  
21 accounts in the name of an unwitting homeless woman who had intended to set up a single  
22 account to collect her social security deposits; and

23           WHEREAS, Wells Fargo agreed in 2012 to pay a \$175 million settlement for exhibiting  
24 racial bias in its mortgage lending practices during the housing boom, following an  
25 investigation by the Justice Department's civil rights division; and

1           WHEREAS, On September 8, 2016, Wells Fargo announced it would pay \$185 million  
2 in fines to Los Angeles City and Federal regulators to settle allegations that its employees  
3 created millions of fake accounts for customers without their knowledge; and

4           WHEREAS, A National Public Radio (NPR) report aired in October, 2016, found that  
5 numerous former Wells Fargo employees were terminated after attempting to speak out  
6 against fraudulent cross-selling and ended up receiving misleading or false defamatory  
7 statements on their U4 and U5 forms; and

8           WHEREAS, Following the airing of the NPR report the Senate Banking Committee sent  
9 a letter authored by Senator Elizabeth Warren stating that FINRA data on Wells Fargo's U5  
10 filings "paint[s] a disturbing picture;" and

11           WHEREAS, The Senate Banking Committee has yet to receive a response to its letter  
12 containing fifty-eight questions for the bank to answer about its fraudulent practices, including  
13 one question asking for data on what proportion of harmed customers are elderly, members of  
14 ethnic minorities, or military veterans; and

15           WHEREAS, The widespread fraudulent practices made possible by Wells Fargo's  
16 corporate culture irreparably damaged the careers of numerous employees who were  
17 defamed as retribution for attempting to blow the whistle; and

18           WHEREAS, Wells Fargo employees would have more negotiating and whistleblowing  
19 power if they were unionized, allowing them to collectively bargain with the bank's leadership;  
20 and

21           WHEREAS, Wells Fargo's fraudulent practices contributed to a misleading perspective  
22 of the bank for shareholders as an exceptionally good investment in light of the 2007 financial  
23 crisis by artificially inflating their sales numbers; and

24           WHEREAS, Numerous other actions taken by Wells Fargo in recent decades highlight  
25 their lack of corporate values, such as their racially discriminatory lending practices during the

1 housing boom and their marketing of reverse mortgages, a practice abandoned other industry  
2 leaders who have deemed it predatory against the elderly; and

3 WHEREAS, On June 29, 2017, Wells Fargo executive vice president for the Pacific  
4 North Region Jim Foley sent a letter to the Board of Supervisors, the City Treasurer, and  
5 Controller, in response to a previous requests from the Board made in a resolution passed  
6 last December; and

7 WHEREAS, The letter described Wells Fargo's past practices as "unacceptable" and  
8 emphasized that the bank takes full responsibility for not taking their fraudulent practices and  
9 behavior seriously sooner; and

10 WHEREAS, The letter states that the bank "failed to be guided by the values that Wells  
11 Fargo has long espoused;" now, therefore, be it

12 RESOLVED, That the San Francisco Board of Supervisors hereby agrees with Wells  
13 Fargo's conclusion that they have failed to employ business practices guided by the values  
14 they espouse; and, be it

15 FURTHER RESOLVED, That the San Francisco Board of Supervisors urges Wells  
16 Fargo to establish a whistleblower fund dedicated to compensating former employees who  
17 spoke out about fraudulent practices for lost wages, loss of career, and punitive damages;  
18 and, be it

19 FURTHER RESOLVED, That the Board of Supervisors urges Wells Fargo to conduct a  
20 card check of all employees nationwide, providing them with the opportunity to form a union  
21 and collectively negotiate salaries, benefits, and other aspects of employment contracts; and,  
22 be it

23 FURTHER RESOLVED, That the Board of Supervisors urges Wells Fargo to conduct a  
24 thorough review of its reverse mortgage lending practices, and make any amendments to  
25 practices necessary to ensure that clients are educated about all federal, state, and local

1 financial assistance programs they may be eligible for before being offered a reverse  
2 mortgage; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors urges Wells Fargo to conduct a  
4 thorough review of its lending practices and make any amendments to practices necessary to  
5 ensure that no racial bias is employed in the distribution of any financial products it markets.  
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City and County of San Francisco

Tails  
Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

File Number: 170826

Date Passed: July 18, 2017

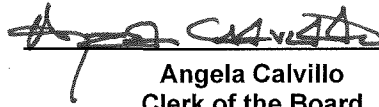
Resolution urging Wells Fargo & Company to remediate the economically damaging effects of defamatory statements made against employees in retaliation for attempting to blow the whistle on past fraudulent practices, conduct a card check of all employees nationwide, and conduct a thorough review of lending practices.

July 18, 2017 Board of Supervisors - ADOPTED

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

File No. 170826

I hereby certify that the foregoing Resolution was ADOPTED on 7/18/2017 by the Board of Supervisors of the City and County of San Francisco.

  
Angela Calvillo  
Clerk of the Board


\_\_\_\_\_  
Unsigned

Mayor

\_\_\_\_\_  
7/28/2017

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

  
\_\_\_\_\_  
for Angela Calvillo  
Clerk of the Board

\_\_\_\_\_  
7/28/2017  
Date