

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

October 5, 2016

Mr. John Stumpf
Chief Executive Officer
Wells Fargo
420 Montgomery Street
San Francisco, CA 94140

Dear Mr. Stumpf:

The Committee on Small Business has been closely following the news regarding Wells Fargo's recent Consent Order with the Consumer Financial Protection Bureau regarding "improper sales practices" performed by bank employees, as well as settlements with the Office of the Comptroller of the Currency and the Los Angeles City Attorney. These activities included secretly creating fraudulent deposit and credit card accounts and transferring customer funds into these accounts without their knowledge. All told, 1,534,280 deposit accounts and 565,443 credit card accounts were opened, resulting in nearly \$2.5 million in undeserved fees for customers. The egregious nature of these actions cannot be overstated. When Americans deposit their hard-earned paychecks into their bank, they deserve nothing less than the peace of mind of knowing that their deposits will not be fraudulently manipulated solely for the financial gain of the bank or its employees. By allowing these actions to go on, Wells Fargo failed its customers.

The Committee is concerned about the effect these practices may have had on our nation's small businesses. Small business owners who bank at Wells Fargo, either with a personal account or a separate account established solely for their businesses, may have been forced to pay out fees associated with accounts they never opened. While these fees could be paid back to customers—in fact they must as a condition of the Consent Order—the damage these improper sales practices could have on a person's credit report may be tougher to correct, making it harder to obtain credit in the future.

The Committee on Small Business is especially concerned about the effect of these improper sales practices given Wells Fargo's participation in several of the Small Business Administration's (SBA) loan guarantee programs. Wells Fargo is the largest participant in SBA's 7(a) Program, including the SBA Express Program. Additionally, Wells Fargo provides lending as a part of SBA's Certified Development Company/504 Program, and even serves as a Central Servicing Agent. As a partner with SBA in these programs, Wells Fargo has the ability to help small business owners access necessary capital to start and grow their businesses. This cannot happen, however, if customers are not able to trust their bank to properly manage their accounts.

Given this Committee's interest in ensuring a healthy environment for small business growth and job creation, and given this Committee's duty to ensure SBA lending programs are properly administered and taxpayer funds are not wasted or put at risk, we ask that you provide the Committee information regarding how small businesses may have been affected by the improper sales practices committed by Wells Fargo. We request that Wells Fargo respond to the following questions:

1. How many of the deposit accounts, where funds were transferred out in order to fill the 1,534,280 fraudulent accounts created by Wells Fargo Employees, were business accounts or other accounts associated with a small business?
 - a. What was the dollar amount of funds transferred from these accounts?
2. How many of the 565,443 fraudulent credit card accounts that were created by Wells Fargo Employees were tied to business accounts or other accounts associated with a small business?
3. What was the dollar amount of the fees generated by fraudulent deposit or credit card accounts charged to operators of business accounts or other accounts associated with a small business?
4. Were any of the accounts affected by the creation of fraudulent deposit or credit card accounts associated with individuals participating in SBA's 7(a) Program? If so, how many?
5. Were any of the accounts affected by the creation of fraudulent deposit or credit card accounts associated with individuals participating in SBA's CDC/504 Program? If so, how many?
6. Were there any other ways in which the improper sale practices at Wells Fargo affected its lending practices with SBA's 7(a) Program, CDC/504 Program, or any other program associated with SBA?
7. What plans does Wells Fargo have to assure its small business customers that their accounts will be properly managed, and that the bank's participation with SBA lending programs will continue?

Please provide your responses no later than October 19, 2016 to Gregory Robinson, Counsel to the Committee on Small Business (greg.robinson@mail.house.gov).

Sincerely,



Steve Chabot
Chairman