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April 3, 2018

Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

Dear Chairman Powell,

I write to follow up on the commitments you made on the implementation of the Wells Fargo consent order during your appearance before the Senate Committee on Banking, Housing, and Urban Affairs on March 1, 2018.

As you know, on February 2, 2018, the Federal Reserve Board of Governors ("Board") entered into a consent order with Wells Fargo that restricts the bank's growth "until it sufficiently improves its governance and controls.[1]" In taking this enforcement action, then-Chair Janet Yellen said "[w]e cannot tolerate pervasive and persistent misconduct at any bank and the consumers harmed by Wells Fargo expect that robust and comprehensive reforms will be put in place to make certain that the abuses do not occur again.[2]" According to the consent order, the growth restrictions will "remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Board of Governors.[3]"

I was glad to see the Board take this action – with your support and a public vote. But the consent order will only serve its purpose if the public can confirm that the Board is strictly enforcing the order.

Under the terms of the consent order, Wells Fargo must submit a plan to make its board of directors more effective and a plan to improve its risk management policies to the Board by mid-April. During the March 1st hearing, you said you intended to delegate the Board's decision about whether to accept Wells Fargo's remediation plans to staff instead of requiring Fed governors – who are appointed by the President and confirmed by the Senate – to take a public

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[1] Federal Reserve, "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," (February 2, 2018) (online at: https://www.federalreserve.gov/newsevents/pressreleases/enforcement20180202a.htm).
[2] *Id.*
[3] *Id.*

vote. I asked you to "consider requiring a vote of the Fed Board before" approving a plan.[4] You said you would.[5]

I hope you will now formally commit to requiring a Board of Governors vote on whether Wells Fargo's plan is satisfactory under the terms of the consent order. Under Chair Yellen's leadership in 2014, the Board began voting publicly on major settlements. As Chair Yellen put it at the time, "it is completely appropriate for the board to be fully involved in important decisions.[6]" Requiring the Senate-confirmed governors to vote on important enforcement decisions allows Congress and the American public to hold them accountable for their actions. Given the breadth of the wrongdoing at Wells Fargo and the enormous number of consumers affected, the Fed's governors – not its staff – should be responsible for determining whether Wells Fargo is complying with the consent order.

At the March 1st hearing, I also asked you to publicly release the third-party review of Wells Fargo's implementation of the plans, which is required by the consent order. You said you would "look at that," and release what you could "if there is a way to do it that is faithful to [y]our obligations and [the Board's] practices.[7]" I hope that you will also commit at this time to releasing as much of this review as possible, so that Congress and the public – including the Wells Fargo customers who were harmed in these consumer scams – can assess how Wells Fargo is trying to correct its conduct.

Wells Fargo scammed more than a million consumers across many of its business lines. The Fed's consent order sent a powerful message to Wells Fargo and other big banks that there could be real consequences, including consequences for senior officials, if they break the law. The public deserves to see that the Board is strictly enforcing its order.

Because the decision about whether to accept Wells Fargo's remedial plan is to be made in the coming weeks, I respectfully request a response no later than April 19, 2018.

Sincerely,

Elizabeth Warren
United States Senator

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[4] The Semiannual Monetary Policy Report to the Congress: Hearing before the Committee on Banking, Housing, and Urban Affairs, Senate, 115th Cong, 2 (2018).
[5] *Id.*
[6] Sarah Lynch, "Fed's Yellen vows to increase board oversight in enforcement actions," *Reuters* (February 27, 2014) (online at: https://www.reuters.com/article/us-usa-fed-enforcement/feds-yellen-vows-to-increase-board-oversight-in-enforcement-actions-idUSBREA1Q1UO20140227).
[7] The Semiannual Monetary Policy Report to the Congress: Hearing before the Committee on Banking, Housing, and Urban Affairs, Senate, 115th Cong, 2 (2018).