

Wells Fargo Bank Safety Fact Sheet

1. Bailout Amounts and Placement on the FSB List of Too-Big-To-Fail Banks

Wells Fargo received \$25 billion in bailout funds¹ in the 2008-09 financial crisis.

Wells Fargo is listed by the Financial Stability Board as a systematically important financial institution². The Financial Stability Board is an international body that monitors³ the global financial system and is made up of members from the G20 nations.⁴

- ◆ In November 2012, the Financial Stability Board listed Wells Fargo as one of 28 banks whose failure could cause serious systemic financial/economic problems.⁵
- ◆ Wells Fargo's placement on the list is in the third tier used for 2012, which indicates that it is among the 14 most critical financial institutions in the global economy. Banks in this category are required by the FSB to have a level of capitalization that is quite low, at 1.5%.
- ◆ FDIC Vice Chairman Thomas Hoenig, testifying before the House Financial Services Committee on June 26, 2013, said the biggest Wall Street banks are "woefully undercapitalized," while calling the industry underpinnings a "very vulnerable financial system."

2. Derivatives Holdings

- ◆ Wells Fargo holds \$3.928 trillion (notional value) in derivatives, and appears in position 6 of 25 top banks holding derivatives.⁶ During Chapter 11 bankruptcy in the U.S., derivatives counterparties receive "super-priority" status *above all other creditors, including depositors*. This means that derivatives counterparties will get *all* of the bank's assets before *any* other creditors, including depositors, are paid.⁷
- ◆ Due to the contagion effect⁸ of our fractional reserve banking system and Wells Fargo's investments in derivatives, deposits held with Wells Fargo may be vulnerable. Wells Fargo's failure could have a significant impact on our economy in Washington, DC. As noted below Wells Fargo holds a significant share of deposits for the government of DC.

¹ CBS, http://www.cbsnews.com/8301-18563_162-4788018.html

² Financial Stability Board, http://www.financialstabilityboard.org/publications/r_111104bb.pdf

³ Financial Stability Board, <http://www.financialstabilityboard.org/about/mandate.htm>

⁴ Financial Stability Board, <http://www.financialstabilityboard.org/members/links.htm>

⁵ Financial Stability Board, http://www.financialstabilityboard.org/publications/r_121031ac.pdf

⁶ Office of the Comptroller of the Currency, <http://dcpublicbanking.org/wp/wp-content/uploads/2013/08/OCC-1Q13-Top-25-Derivatives-Holders.png>

⁷ Princeton Law Review, Prof. Mark J. Roe, *The Derivatives Market's Payment Priorities as Financial Crisis Accelerator*: http://www.naic.org/documents/committees_e_receivership_110819_comments_mo_doi.pdf

⁸ Chris Martenson Peak Prosperity, <http://www.peakprosperity.com/video/223/playlist/153/chapter-7-money-creation>

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3. DC Market Share

Listed below is market share of some of the banks in the DC area, including Wells Fargo, which has 18.83% of the overall DC deposit share⁹:

30 June 2012, Selected Market:		National Market		DC Market		
State: DISTRICT OF COLUMBIA		No. of Offices	Deposits \$0	No. of Offices	Deposits \$0	Market Share
Institution Name	State/Federal Charter	No. of Offices	Deposits \$0	No. of Offices	Deposits \$0	Market Share
Bank of America, National Association	Federal	5,624	985,318,828	32	6,366,177	19.21%
Wells Fargo Bank, National Association	Federal	6,281	841,486,135	31	6,240,865	18.83%
PNC Bank, National Association	Federal	3,017	198,781,944	27	4,593,219	13.86%
SunTrust Bank	State	1,660	126,495,538	28	3,919,097	11.83%
Citibank, National Association	Federal	1,041	392,237,790	17	2,427,008	7.32%
HSBC Bank USA, National Association	Federal	314	98,034,092	3	2,339,113	7.06%
Branch Banking and Trust Company	State	1,762	130,215,323	12	1,379,175	4.16%
Manufacturers and Traders Trust Company	State	738	61,935,430	7	1,044,139	3.15%
Capital One, National Association	Federal	948	102,155,067	22	946,866	2.86%
EagleBank	State	11	1,685,727	5	830,894	2.51%
TD Bank, National Association	Federal	1,299	158,678,513	10	650,979	1.96%
United Bank	State	49	2,380,050	7	417,577	1.26%
Bank of Georgetown	State	3	188,378	6	408,419	1.23%
The National Capital Bank of Washington	Federal	0	0	2	348,186	1.05%
Industrial Bank	State	2	43,734	6	235,810	0.71%
WashingtonFirst Bank	State	7	245,434	3	203,252	0.61%
Premier Bank, Inc.	State	17	485,434	6	147,830	0.45%
City First Bank of D.C., National Association	Federal	0	0	1	144,217	0.44%
Number of Institutions in the Market: 35	TOTALS	29,034	4,006,758,394	244	33,135,034	100

⁹ FDIC, <http://www2.fdic.gov/sod/sodMarketBank.asp?barItem=2>

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4. DC Government Deposits/Investments

The District of Columbia government has roughly \$108 million in a Wells Fargo money market fund. \$108 million is 5.2% of DC's roughly \$2.1 billion deposit and investment fund.

Financial Institution List		Balances as of January 31, 2012
1	AIM -Canter Fitzgerald (Money Market Fund)	\$74,729,626
2	Premier Bank, formerly Adams Bank (CD)	\$6,000,000
3	Bank of America (Sweep Product)	\$33,877,274
4	BOA Global Capital Mgmt. (Money Market Fund)	\$154,615,864
5	Bank of Georgetown (CD)	\$20,000,000
6	Bank of New York (Money Market Fund)	\$564,133
7	BB&T (NOW Account)	\$37,063,750
9	Blackrock Inc. (Money Market Fund)	\$161,142,977
11	City First (CD, NOW Account)	\$5,000,000
12	Colombo (CD)	\$30,000,000
13	Congressional Bank (CD)	\$5,000,000
14	Dreyfus Money Market (Money Market Funds)	\$203,580,425
15	Eagle Bank (CD)	\$20,000,000
16	Evergreen Prime (Money Market Fund)	\$79,384,612
17	US Treasury (Direct Obligations)	\$269,305,018
18	Federated Obligations (Money Market Funds)	\$207,128,769
19	Fidelity Money Market (Money Market Fund)	\$53,141,264
20	Goldman Sachs (Money Market Fund)	\$5,663,917
22	Industrial Bank (CD, Sweep)	\$13,560,322
23	JP Morgan (Money Market Fund)	\$150,777,786
24	Morgan Stanley (Money Market Fund)	\$93,230,231
25	Morgan Stanley - Managed Account	\$2,754,383
26	M&T Bank (Money Market Fund)	\$87,550,120
28	PFM Money Market Fund (Money Market Fund)	\$85,370,613
29	RBC - Managed Account	\$3,907,028
32	TD Bank (NOW Account)	\$25,209,577
33	The Reserve (Money Market Fund)	\$540,547
34	UBS (Money Market Fund)	\$121,366,030
35	US Bank (Money Market Fund)	\$361,393
37	Wells Fargo (Money Market Funds)	\$108,907,013
38	Williams Capital (Money Market Fund)	\$27,328,008
TOTAL		\$2,087,060,681

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5. Criminal Activity List

As of mid October 2012, one report shows Wells Fargo has 74 lawsuits alleging predatory lending and other criminal charges filed against them. Listed below are some of the cases:¹⁰

a. Predatory Lending to Minorities

- ◆ July 31, 2009, State of Illinois Attorney General filed suit against Wells Fargo for steering blacks and latinos into high cost sub-prime mortgage loans^{11 12}
- ◆ April 2012, the Department of Housing and Urban Development will investigate the National Fair Housing Alliance claims that Wells Fargo engages in racial discrimination practices, throughout the country including Washington DC^{13 14}
- ◆ July 2012, Wells Fargo settled with the Justice Department and paid \$125 million to subprime mortgage borrowers and \$50 million to seven areas for assistance, including Washington, DC^{15 16}

b. Other Illicit Activities

- ◆ August 2010, Wells Fargo was fined roughly 203 million dollars by a U.S. District Judge for overdraft practices designed to "gouge" consumers and "profiteer" at their expense, and for misleading consumers about how the bank processed transactions and assessed overdraft fees^{17 18}
- ◆ April 2012, a federal judge order Wells Fargo to pay \$3.1 million in punitive damages over a single loan. The judge stated Wells Fargo preferred to rely on the ignorance of borrowers or their inability to fund a challenge to its demands, rather than voluntarily relinquish gains obtained through improper accounting methods¹⁹

¹⁰ Vaughn's Summaries, <http://www.vaughns-1-pagers.com/economics/wells-fargo-lawsuit-summary.htm>

¹¹ Reuters, <http://www.reuters.com/article/2009/07/31/us-wellsfargo-illinois-lawsuit-idUSTRE56U6Q920090731>

¹² Illinois Attorney General, http://www.illinoisattorneygeneral.gov/pressroom/2009_07/20090731.html

¹³ Huffington Post, http://www.huffingtonpost.com/2012/04/12/wells-fargo-racial-discrimination-hud_n_1416188.html

¹⁴ National Fair Housing Alliance, <http://www.nationalfairhousing.org/Portals/33/HUD%20Complaint%20Combined%202.pdf>

¹⁵ CNN, http://money.cnn.com/2012/07/12/real_estate/wells-fargo-lending-settlement/index.htm

¹⁶ Wells Fargo, https://www.wellsfargo.com/press/2012/20120712_WellsFargoAnnouncesSettlement

¹⁷ New York Times, http://www.nytimes.com/2010/08/11/business/11wells.html?_r=0

¹⁸ New York Times, <http://graphics8.nytimes.com/packages/pdf/business/20100811-wells.pdf>

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- ◆ August 14, 2012, Wells Fargo paid \$6.5 million to the SEC for risky mortgage backed securities it sold in 2007^{20 21}
- ◆ October 9, 2012, the U.S. government sued Wells Fargo for defrauding the Federal Housing Administration (FHA) over the past 10 years by underwriting unqualified FHA loans^{22 23}

¹⁹ Huffington Post, http://www.huffingtonpost.com/2012/04/09/elizabeth-magner-new-orleans-wells-fargo_n_1412412.html

²⁰ Yahoo, <http://finance.yahoo.com/news/wells-fargo-settles-sec-charges-204937739.html>

²¹ SEC, <http://www.sec.gov/news/press/2012/2012-155.htm>

²² NPR, <http://www.npr.org/blogs/thetwo-way/2012/10/09/162593546/u-s-government-sues-wells-fargo-in-mortgage-case>

²³ Department of Justice, <http://www.justice.gov/usao/nys/pressreleases/October12/WellsFargoLawsuitPR.html>