



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

JEROME H. POWELL
CHAIRMAN

May 10, 2018

The Honorable Elizabeth Warren
United States Senate
Washington, D.C. 20510

Dear Senator:

This is in response to your letter dated April 3, 2018, regarding the recent Federal Reserve Consent Order (the Order) issued against Wells Fargo & Company (Wells Fargo) on February 2, 2018.

As indicated in your letter, the Order limits Wells Fargo's asset growth until the firm is notified in writing by the Federal Reserve that the firm has met specified conditions designed to address serious compliance and risk management deficiencies. To meet these conditions, Wells Fargo must submit detailed plans, acceptable to the Federal Reserve, to improve the effectiveness of the firm's board of directors in overseeing the firm and to improve the firm's compliance and operational risk management program, must adopt and implement the plans, and must conduct and complete an initial independent review by an acceptable third party of the improvements in board of directors' oversight of the firm and in the compliance and operational risk management program.

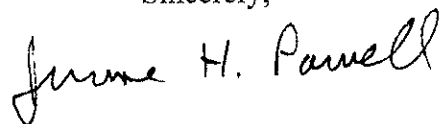
In response to your questioning at my recent testimony on March 1 before the Senate Committee on Banking, Housing, and Urban Affairs, I noted that the Order provides that the decision as to whether to terminate the asset growth restriction is to be made by the Federal Reserve Bank of San Francisco with the concurrence of the Board's Director of the Division of Supervision and Regulation. After further consideration, the decision about terminating the asset growth restriction will be made by a vote of the Board of Governors. As the terms of the Order make clear, the firm must make significant progress in remedying its oversight and compliance and operational risk management deficiencies before relief from the asset growth restriction would be forthcoming.

The Honorable Elizabeth Warren
Page Two

Your letter also notes that at the March 1 hearing you requested the public release of the third-party review required by the Order of the improvements to the firm's board of directors' oversight and risk management programs. Your letter asks for a commitment to release as much as possible of this review. Typically, these kinds of third-party evaluations required under our enforcement actions primarily consist of confidential supervisory information of the Federal Reserve, proprietary confidential financial information of the firm involved, and in some cases confidential personal information on individuals. The disclosure of these kinds of information would likely impair the effectiveness of the supervisory process, damage the firm financially, and invade personal privacy interests. Public information in these reports often is isolated and cannot be meaningfully redacted from confidential materials. For these reasons, the Federal Reserve's general practice has been not to make such reports public. However, when the initial third-party review of Wells Fargo's remedial actions required by the Order is completed, we will review that report to determine whether and to what extent the report can be publicly disclosed without impairing protected interests.

I hope this has been helpful.

Sincerely,

A handwritten signature in cursive script that reads "Jerome H. Powell". The signature is written in dark ink and is positioned below the typed name "Jerome H. Powell".