BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Licenses and Licensing Rights of

WELLS FARGO BANK, N.A.

and

WELLS FARGO INSURANCE, INC.,

Respondents.

File No. LA201600665-AP

ORDER ADOPTING SETTLEMENT AGREEMENT

The attached Settlement Agreement is hereby adopted as the Order of the Insurance Commissioner of the State of California.

This Order shall be effective immediately.

IN WITNESS THEREOF, I have set my hand and affixed my official seal on January 2, 2019.

By

DAVE JONES
Insurance Commissioner
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SETTLEMENT AGREEMENT

To the California Department of Insurance ("Department"):

Respondents, Wells Fargo Bank, N.A. and Wells Fargo Insurance, Inc.
(collectively "Wells Fargo"), enter into this Settlement Agreement in the above-captioned matter as follows:

PROCEDURAL PROVISIONS

1. Wells Fargo received a copy of the Accusation dated November 30, 2017, Statement to Respondent, and the form for Notice of Defense in the above-captioned matter relating to License Number 0800827 issued by the Department and held by Wells Fargo Bank, N.A., and License Number 0831603 issued by the Department and held by Wells Fargo Insurance, Inc. (each individually a "License" and together, the "Licenses").

3. This Settlement Agreement eliminates the need for an evidentiary hearing and decision in this matter. Wells Fargo hereby waives Notice of Hearing and hearing, and all other rights which may be accorded pursuant to California Government Code §§ 11500-11528, inclusive.

4. The effective date of this Settlement Agreement shall be the date that the Insurance Commissioner issues a written order adopting the Settlement Agreement (the "Effective Date").

**NO ADMISSION OF LIABILITY**

5. Wells Fargo does not admit or deny the allegations in the Accusation, except that it admits the facts necessary to establish the Department's jurisdiction over it and the subject matter of this action. Neither this Settlement Agreement, its execution, nor the performance of any obligation under it, including any payment, nor the fact of settlement, is intended to be, or shall be understood as, an admission of liability or wrongdoing, or other expression reflecting upon the merits of the dispute by Wells Fargo.

**THE LICENSES**

a. Transacting insurance business, as defined by California Insurance Code § 35, includes, but is not limited to, performing any of the following activities: soliciting business as an insurance agent or broker; advertising or holding oneself out to be an insurance agent or broker in any manner; negotiating insurance contracts; executing contracts of insurance; and handling any matter subsequent to the execution of an insurance contract and arising out of it.

7. Wells Fargo may continue to receive commissions and provide appropriate customer service for all contracts of insurance issued or renewed prior to the Effective Date.

8. Upon expiration of the Licenses, Wells Fargo shall not apply for the renewal of either License or apply for the reissuance of any producer license from the Department under the same name for a period of no less than two years following the expiration of the respective Licenses. In no event shall any producer license application by Wells Fargo be approved if Wells Fargo fails to comply with the undertakings set forth in this paragraph.

9. The terms of paragraph 8 shall apply to any application by Wells Fargo for a new California producer license regardless of the name of the proposed licensee, but which Wells Fargo intends to use to transact insurance that is substantially the same as that which was transacted under the licenses at issue in this matter; specifically, the personal insurance products in the Personal Insurance business that Wells Fargo announced it was exiting in its press release on November 28, 2017, namely, automobile, homeowners, renters, simplified issue or instant issue term life, and umbrella insurance ("Personal Insurance Products"). Likewise, no currently licensed affiliate of Wells Fargo may attempt to avoid the requirements of this Settlement Agreement by using such other current California licenses to
engage in the transaction of those Personal Insurance Products. This Settlement Agreement does not, however, impact Wells Fargo’s ongoing insurance businesses operated by its Wealth and Investment Management companies: Wells Fargo Advisors, Wells Fargo Advisors Insurance Agency, LLC, Wells Fargo Brokerage Insurance Agency, LLC, Wells Fargo Clearing Services, and Wells Fargo Wealth Brokerage Insurance Agency, LLC, or any trade name agencies used by these companies.

**PENALTY AND COSTS.**

10. Wells Fargo shall pay a monetary penalty in the aggregate amount of ten million dollars ($10,000,000) (the “Settlement Amount”).

11. Five million dollars ($5,000,000) of the penalty shall be paid within 30 days of the Effective Date, in compliance with the Department’s payment instructions.

12. The remaining five million dollars ($5,000,000) shall be payable by Wells Fargo only if, after a period of no less than two years following the last of the respective expiration dates of its Licenses, Wells Fargo files an application with the Department for the reissuance of either of its Licenses, or applies for any license referred to in paragraph 9, and the Insurance Commissioner grants any such application. In the event the remaining $5,000,000 of the penalty becomes payable, such amount shall be paid within 30 days of the granting of any such application, in compliance with the Department’s payment instructions.

13. Wells Fargo shall pay $345,816 in costs to the Department within 30 days of the Effective Date, in compliance with the Department’s payment instructions. This cost reimbursement is inclusive of any and all attorneys’ fees, costs and/or expenses recoverable by the Department pursuant to any rule, regulation, or statute.
RESTITUTION

14. Wells Fargo represents that, to the best of its knowledge after reasonable inquiry and investigation, it provided restitution to all California consumers who sustained any direct monetary loss in connection with any unauthorized insurance policies issued while such consumers were Wells Fargo customers. Such restitution includes a full refund of premiums, bank fees, and loss of use of funds calculated based on a standard deposit account interest rate. Wells Fargo shall continue to maintain procedures to review and address consumer accounts for redress relating to the allegations set forth in the Accusation.

15. Providing restitution to any consumer shall not constitute an admission of liability by Wells Fargo.

16. Nothing in this section prevents any consumer from pursuing their legal rights against Wells Fargo in any appropriate forum in connection with any matter subject to this Settlement Agreement.

ENFORCEMENT AND EFFECT OF SETTLEMENT AGREEMENT

17. The Commissioner shall retain jurisdiction to ensure that Wells Fargo complies with the terms of this Settlement Agreement. Nothing contained in this Settlement Agreement shall prevent the Commissioner from taking action at any time to enforce this Settlement Agreement if the Commissioner believes that Wells Fargo is not in compliance with its terms and conditions. Failure to comply with the terms and conditions of the Settlement Agreement shall, at the Commissioner's discretion, be grounds to rescind the adoption of this Settlement Agreement, and suspend or revoke Wells Fargo's licenses and licensing rights pursuant to applicable law.
18. Upon the Effective Date, except as provided in paragraphs 9 and 17 above, this matter shall be fully resolved and neither the Commissioner nor the Department will take any further action, including any future enforcement action, against Wells Fargo based upon the allegations set forth in the Accusation.

19. This Settlement Agreement does not limit or waive the Commissioner's authority to bring further disciplinary action against Wells Fargo for violations not specified in the Accusation or this Settlement Agreement, whether such violations occurred before or after the Effective Date.

20. This Settlement Agreement does not settle, waive, release, limit, or prohibit administrative, civil, or criminal investigations and actions against Wells Fargo involving matters alleged in or arising out of the allegations in the Accusation that have been or may be commenced by any entity other than the Department. By entering into this Settlement Agreement, Wells Fargo does not waive or limit any defense that might otherwise apply in such an investigation or action.

21. Wells Fargo acknowledges that California Insurance Code § 12921(b)(1) requires the Insurance Commissioner to approve the final settlement of this matter. Both the settlement terms and conditions contained herein and the acceptance of those terms and conditions are contingent upon such approval.

22. This Settlement Agreement is made in compliance with Federal Rule of Evidence § 408 and California Evidence Code § 1152. Wells Fargo acknowledges that the Department shall display this Settlement Agreement on its public website in compliance with California Insurance Code § 12968(a).
23. Wells Fargo acknowledges the opportunity to confer with counsel. Wells Fargo freely and voluntarily execute this Settlement Agreement, with a full realization of the legal rights set forth in the Settlement Agreement.

24. Without limiting or reducing any of Wells Fargo's obligations described in this Settlement Agreement or affecting the Department's authority to enforce any of the rights hereunder, this Settlement Agreement shall not constitute or be construed as the basis for any statutory disqualification of Wells Fargo under federal or state securities laws, or the rules and regulations thereunder, including under Rule 506 of Regulation D under the Securities Act of 1933.

25. This Settlement Agreement contains the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Settlement Agreement. This Settlement Agreement supersedes any prior oral or written communications, discussions, or understandings.

26. This Settlement Agreement may be executed in counterparts, all of which may be considered one complete Settlement Agreement. Any signature submitted by fax or scanned and transmitted electronically shall be deemed for all purposes to be an original and valid signature.

Respondents declare the above to be true under penalty of perjury under the laws of the State of California, and execute this Settlement Agreement as follows:
For Wells Fargo Bank, N.A.

Name: Mary T. Mack
Title: Senior Executive Vice President

For Wells Fargo Insurance, Inc.

Name: Mary T. Mack
Title: Senior Executive Vice President

By Counsel for Wells Fargo Bank, N.A. and Wells Fargo Insurance, Inc.

Kurt W. Meyers
Matthew E. Orso
McGuireWoods LLP
201 North Tryon Street
Charlotte, NC 28202

12/27/2018