

1 **BEFORE THE INSURANCE COMMISSIONER**
2 **OF THE STATE OF CALIFORNIA**

3
4 In the Matter of the Licenses and
5 Licensing Rights of

File No. LA201600665-AP

6 WELLS FARGO BANK, N.A.

7
8 and

9 WELLS FARGO INSURANCE, INC.,
10

11 Respondents.
12

**ORDER ADOPTING
SETTLEMENT AGREEMENT**

13
14 The attached Settlement Agreement is hereby adopted as the Order of the
15 Insurance Commissioner of the State of California.

16 This Order shall be effective immediately.

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



By *Dave Jones*
DAVE JONES
Insurance Commissioner

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**BEFORE THE INSURANCE COMMISSIONER
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In the Matter of the Licenses and
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File No. LA201600665-AP

WELLS FARGO BANK, N.A.

SETTLEMENT AGREEMENT

and

WELLS FARGO INSURANCE, INC.,

Respondents.

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").

1 2. Wells Fargo filed a Notice of Defense with the Department dated February 7,
2 2018.

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

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

12 **NO ADMISSION OF LIABILITY**

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

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21 **THE LICENSES**

22 6. On or before April 2018, Wells Fargo voluntarily ceased transacting new business
23 in California under the Licenses. Wells Fargo agrees that it shall not transact any
24 new insurance business in California under the Licenses until they expire. The
25 License of Respondent Wells Fargo Bank, N.A. shall expire on September 30,
26 2020. The License of Respondent Wells Fargo Insurance, Inc. shall expire on July
27 31, 2020.
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- 1 a. Transacting insurance business, as defined by California Insurance
2 Code § 35, includes, but is not limited to, performing any of the
3 following activities: soliciting business as an insurance agent or broker;
4 advertising or holding oneself out to be an insurance agent or broker in
5 any manner; negotiating insurance contracts; executing contracts of
6 insurance; and handling any matter subsequent to the execution of an
7 insurance contract and arising out of it.
- 8 7. Wells Fargo may continue to receive commissions and provide appropriate
9 customer service for all contracts of insurance issued or renewed prior to the
10 Effective Date.
- 11 8. Upon expiration of the Licenses, Wells Fargo shall not apply for the renewal of
12 either License or apply for the reissuance of any producer license from the
13 Department under the same name for a period of no less than two years following
14 the expiration of the respective Licenses. In no event shall any producer license
15 application by Wells Fargo be approved if Wells Fargo fails to comply with the
16 undertakings set forth in this paragraph.
- 17 9. The terms of paragraph 8 shall apply to any application by Wells Fargo for a new
18 California producer license regardless of the name of the proposed licensee, but
19 which Wells Fargo intends to use to transact insurance that is substantially the
20 same as that which was transacted under the licenses at issue in this matter;
21 specifically, the personal insurance products in the Personal Insurance business
22 that Wells Fargo announced it was exiting in its press release on November 28,
23 2017, namely, automobile, homeowners, renters, simplified issue or instant issue
24 term life, and umbrella insurance ("Personal Insurance Products"). Likewise, no
25 currently licensed affiliate of Wells Fargo may attempt to avoid the requirements
26 of this Settlement Agreement by using such other current California licenses to
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1 engage in the transaction of those Personal Insurance Products. This Settlement
2 Agreement does not, however, impact Wells Fargo's ongoing insurance
3 businesses operated by its Wealth and Investment Management companies:
4 Wells Fargo Advisors, Wells Fargo Advisors Insurance Agency, LLC, Wells Fargo
5 Brokerage Insurance Agency, LLC, Wells Fargo Clearing Services, and Wells
6 Fargo Wealth Brokerage Insurance Agency, LLC, or any trade name agencies
7 used by these companies.
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9 **PENALTY AND COSTS**

- 10 10. Wells Fargo shall pay a monetary penalty in the aggregate amount of ten million
11 dollars (\$10,000,000) (the "Settlement Amount").
12
13 11. Five million dollars (\$5,000,000) of the penalty shall be paid within 30 days of the
14 Effective Date, in compliance with the Department's payment instructions.
15 12. The remaining five million dollars (\$5,000,000) shall be payable by Wells Fargo
16 only if, after a period of no less than two years following the last of the respective
17 expiration dates of its Licenses, Wells Fargo files an application with the
18 Department for the reissuance of either of its Licenses, or applies for any license
19 referred to in paragraph 9, and the Insurance Commissioner grants any such
20 application. In the event the remaining \$5,000,000 of the penalty becomes
21 payable, such amount shall be paid within 30 days of the granting of any such
22 application, in compliance with the Department's payment instructions.
23
24 13. Wells Fargo shall pay \$345,816 in costs to the Department within 30 days of the
25 Effective Date, in compliance with the Department's payment instructions. This
26 cost reimbursement is inclusive of any and all attorneys' fees, costs and/or
27 expenses recoverable by the Department pursuant to any rule, regulation, or
28 statute.

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2 **RESTITUTION**

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

11
12 15. Providing restitution to any consumer shall not constitute an admission of liability
13 by Wells Fargo.

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

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18 **ENFORCEMENT AND EFFECT OF SETTLEMENT AGREEMENT**

19 17. The Commissioner shall retain jurisdiction to ensure that Wells Fargo complies
20 with the terms of this Settlement Agreement. Nothing contained in this Settlement
21 Agreement shall prevent the Commissioner from taking action at any time to
22 enforce this Settlement Agreement if the Commissioner believes that Wells Fargo
23 is not in compliance with its terms and conditions. Failure to comply with the terms
24 and conditions of the Settlement Agreement shall, at the Commissioner's
25 discretion, be grounds to rescind the adoption of this Settlement Agreement, and
26 suspend or revoke Wells Fargo's licenses and licensing rights pursuant to
27 applicable law.
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- 1 18. Upon the Effective Date, except as provided in paragraphs 9 and 17 above, this
2 matter shall be fully resolved and neither the Commissioner nor the Department
3 will take any further action, including any future enforcement action, against Wells
4 Fargo based upon the allegations set forth in the Accusation.
5
- 6 19. This Settlement Agreement does not limit or waive the Commissioner's authority
7 to bring further disciplinary action against Wells Fargo for violations not specified
8 in the Accusation or this Settlement Agreement, whether such violations occurred
9 before or after the Effective Date.
10
- 11 20. This Settlement Agreement does not settle, waive, release, limit, or prohibit
12 administrative, civil, or criminal investigations and actions against Wells Fargo
13 involving matters alleged in or arising out of the allegations in the Accusation that
14 have been or may be commenced by any entity other than the Department. By
15 entering into this Settlement Agreement, Wells Fargo does not waive or limit any
16 defense that might otherwise apply in such an investigation or action.
17
- 18 21. Wells Fargo acknowledges that California Insurance Code § 12921(b)(1) requires
19 the Insurance Commissioner to approve the final settlement of this matter. Both
20 the settlement terms and conditions contained herein and the acceptance of
21 those terms and conditions are contingent upon such approval.
22
- 23 22. This Settlement Agreement is made in compliance with Federal Rule of Evidence
24 § 408 and California Evidence Code § 1152. Wells Fargo acknowledges that the
25 Department shall display this Settlement Agreement on its public website in
26 compliance with California Insurance Code § 12968(a).
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1 23. Wells Fargo acknowledges the opportunity to confer with counsel. Wells Fargo
2 freely and voluntarily execute this Settlement Agreement, with a full realization of
3 the legal rights set forth in the Settlement Agreement.


4
5 24. Without limiting or reducing any of Wells Fargo's obligations described in this
6 Settlement Agreement or affecting the Department's authority to enforce any of
7 the rights hereunder, this Settlement Agreement shall not constitute or be
8 construed as the basis for any statutory disqualification of Wells Fargo under
9 federal or state securities laws, or the rules and regulations thereunder, including
10 under Rule 506 of Regulation D under the Securities Act of 1933.

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

16
17 26. This Settlement Agreement may be executed in counterparts, all of which may be
18 considered one complete Settlement Agreement. Any signature submitted by fax
19 or scanned and transmitted electronically shall be deemed for all purposes to be
20 an original and valid signature.

21
22 Respondents declare the above to be true under penalty of perjury under the laws
23 of the State of California, and execute this Settlement Agreement as follows:
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For Wells Fargo Bank, N.A.



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

12/27/2018

Date

For Wells Fargo Insurance, Inc.

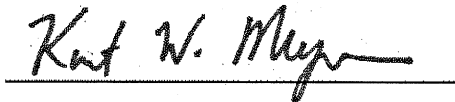


Name: Mary T. Mack
Title: Senior Executive Vice President

12/27/2018

Date

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

Date