



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

July 31, 2017

Via email and overnight: BoardCommunications@wellsfargo.com

Independent Directors of the Board
Wells Fargo & Company
P.O. Box 63750
San Francisco, California 94163

To the Independent Members of the Board of Directors:

I write regarding last Thursday night's shocking announcement by Wells Fargo & Company ("Wells Fargo") that it may have harmed approximately 570,000 retail customers, in this instance by allegedly charging them for auto loan insurance that they had neither requested nor needed. These deeply troubling allegations have exposed Wells Fargo to further legal and mounting reputational risks, as well as approximately \$80 million in immediate remediation costs, all of which threaten to further undermine customer, investor and regulatory confidence in the company and its Board of Directors.

Therefore, I respectfully call on the independent members of the Board to immediately replace its independent Chairman as a first step toward reconstituting the entire Board, and to take the other actions listed below to try to restore that confidence.

As Comptroller of the City of New York, I am the investment advisor to, and custodian and a trustee of, the New York City Pension Funds (the "NYC Funds"). The NYC Funds have over \$180 billion in assets and are substantial long-term Wells Fargo shareowners, with over 9.9 million of your common shares valued at approximately \$543 million. As long-term shareowners, we believe that skirting consumer protection rules is unacceptable. With Wells Fargo's latest announcement, we are deeply concerned about additional contingent liabilities and negative effects on the company's share price, as well as ongoing reputational harm.

In light of this announcement, we believe that it is incumbent on the independent Board members to take immediate action to ensure investor, customer and regulatory confidence in Wells Fargo's business and compliance practices. Specifically, the Board should immediately:

1. Replace Chairman Stephen Sanger with a new independent Chair. This new Chair must have extensive financial services and financial leadership experience in order to lead the Board's effective oversight of this far-reaching financial institution, and must have the gravitas and respect to directly communicate with the company's primary regulators and significant investors, as appropriate. This person must not only have the necessary time to allocate to this important role, but must be given the internal support and resources to effectively carry out his or her duties as the Independent Chair;

2. Under the leadership of a new independent Chair, begin the search for new independent directors to effectuate a complete Board overhaul, in order to replace all current directors who were on the Board during the actions that led to the most recent, as well as the prior, consumer scandals. This search should be done with the input of significant shareowners. A reconstituted Board needs to set the highest ethical tone at the top of this company, with a diverse mix of attributes to oversee this multi-dimensional company and its long-term strategy going forward;
3. Disclose to investors the full facts and the underlying circumstances of this latest customer scandal, including what the Board knew and when the Board knew it;
4. Determine which of Wells Fargo's management or other employees were aware of, should have been aware of, or engaged in any misconduct in connection with, these most recent allegations. When the full facts are disclosed, we would expect your Board to hold accountable (including, but not limited to, through the use of your compensation "clawback") any Wells Fargo employee, including senior executives, who either committed misconduct or failed in his or her responsibility to manage or monitor any related conduct and risks; and
5. Recommend all appropriate remedial and forward-looking actions.

The gravity of these matters requires immediate independent director action. I look forward to your prompt response and public disclosure to all of your shareowners.

Thank you for your time.

Sincerely,



Scott M. Stringer
New York City Comptroller