WELLS FARGO

Federal taxpayer bailout received:	$36.9 billion
Profits for the years 1998-2008[*]:	$95.8 billion
Profits for the first half of 2009:	$6.22 billion
Change in bank account fees (2003-08):	+35.1%
Bank fees for first half of 2009:	$2.84 billion
Credit card income for first half of 2009:	$1.78 billion
Percent of first half 2009 profit from fees & credit cards:	74%
Median Wells Fargo bank teller wage:	$10.28/hour or $21,392 annually
2007-08 Chairman Richard Kovacevich pay:	$26.6 million (622 times median teller wage)
2008 bonus pool[†]:	$978 million[‡]
First half 2009 bonus and compensation pool:	$13.2 billion
Cash bonuses (top 5 execs) last 10 years[§]:	$254.9 million
Effective tax rate in 2008:	18.5%
Offshore subsidiaries in tax havens[**]:	77
Lobbying fees in 9 months after bailout:	$2.5 million
Campaign contributions in 2008 federal elections:[††]	$4.7 million

Role in subprime crisis:

- Wells was a significant player in the subprime crisis. In 2006, the last year before the subprime bubble started to burst, Wells originated or co-issued $74.2 billion worth of subprime loans, making it one of the top subprime lenders in the country.
- As recently as September 2008, Wells still held $48 billion worth of subprime mortgages in its servicing portfolio, making it the nation's sixth largest subprime servicer.

Bailing out the Bank:

- Wells Fargo put taxpayers on the hook for up to $36.9 billion in bailout funds and programs plus an unknown amount from the Federal Reserve's $8 trillion in emergency programs. This money was supposed to help the banks get the economy going again. But little of this money has gone to relieve struggling homeowners and increase the flow of credit to small businesses.
- Despite its large portfolio of at risk mortgages, Wells Fargo has started trial mortgage modifications for only 11% of its 292,515 borrowers who are eligible for the Obama Administration's Making Home Affordable Program (and are at least 60 days past due). At Wachovia, which Wells Fargo acquired in 2008, the number is even lower, 2% of 74,231 eligible borrowers.

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[*] Includes profits for Wells Fargo for the last ten years ($57.1 billion) and Wachovia for the last nine years ($38.7 billion).
[†] Does not include bonuses at Wachovia that was taken over by Wells Fargo.
[‡] Before Wachovia merger
[§] Includes bonuses at Wells Fargo for the last ten years ($156.8 million) and Wachovia for the last nine years ($98.1 million).
[**] Includes 18 Wells Fargo subsidiaries and 59 Wachovia subsidiaries.
[††] Includes campaign contributions made by both Wells Fargo and by Wachovia during the 2008 federal election cycle. In both cases, the contributions include those made by the banks' political action committee and those made by their employees. Data obtained from Open Secrets

- Wells Fargo[‡‡] lending to American small business fell by $233 million (a 23.9% drop) through the SBA's flagship 7a program, from 2008 to 2009 (measuring each only for the first 11 months of each fiscal year).

Lavish spending:
- Amidst popular outcry, Wells was forced to cancel a Las Vegas junket in February that included 12 nights at the Wynn and Encore Las Vegas (two of the most expensive hotel-casinos on the Strip) for its top mortgage officers.
- In response, the bank took out full page ads in the *New York Times*, *Washington Post*, *USA Today*, and *Wall Street Journal* defending its right to hold such events. Full page ads in these papers can range from $180,000 to $230,000. A company spokeswoman defended the ads, saying "we felt this was a way we could publicly acknowledge [Wells employees'] accomplishments."
- Wells Fargo is paying $40 million for naming rights to the Wachovia Center in Philadelphia, the home of the Philadelphia 76ers and the Philadelphia Flyers. Wells Fargo also has its name on the Wells Fargo Arena in Des Moines and Arizona State University's Wells Fargo Arena in Tempe.
- According to residents of an upscale Malibu neighborhood, a Wells Fargo executive took over a $12-million, beachfront home that the bank had recently foreclosed on, using it as a weekend residence and for extravagant parties.

Back to Bonuses as Usual:
- Wells Chairman Richard Kovacevich was reluctant to partake in Paulson's program to take equity stakes in banks, which nominally placed limits on executive compensation.
- Unlike his colleagues at the other leading banks, Wells Fargo's John Stumpf was the only CEO of a leading bank who had not voluntarily agreed to forego his 2008 bonus before the February 11th, TARP CEO Congressional hearing. His compensation for 2008 was valued at $13.8 million.
- In 2008, Wells Fargo[§§] earned only $2.7 billion in income; and yet it awarded its employees $977.5 million in bonuses, and spent almost $13 billion on total compensation.
- In August 2009, Wells Fargo's board authorized increases in annual base salaries for Stumpf and three other senior executives, a practice already implemented by its peers to get around limits on bonuses for TARP recipients.
- Wells Fargo and Wachovia have made themselves the beneficiaries on $17.8 billion in life insurance policies for its employees and former employees. The bank gets annual tax-free income from investments in the insurance contracts, helping to offset executive compensation expenses, and then receives another tax-free windfall when employees and former employees die

Unreasonable bank fees
- When often unknowing customers made charges or withdrawals that overdrew an account Wells Fargo charged them up to $35 per transaction. As a result, if a customer incurs a $100 overdraft that remains unpaid for seven days, the APR on what amounts to a consumer loan would be a staggering 1,820%. Also Wells reorders transactions in such a way to maximize

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[‡‡] Combines lending by Wells Fargo and Wachovia.
[§§] Before Wachovia merger

fee revenue. Now, even as its competitors are overhauling their overdraft policies in advance of regulatory reform, Wells refuses to follow suit. With federal legislation to curb overdraft fees imminent, Wells Fargo recently announced that it will not charge customers who exceed their funds by $5 or less, but anything above is still subject to existing terms.

- Wachovia, which is now owned by Wells Fargo, is already facing overdraft fee litigation by irate customers in federal courts in Atlanta, Miami, Camden, N.J., and in the northern district of California -- all of which are seeking class action status.

Reverse redlining

- A recent report by the Center for American Progress (CAP) examining bank lending practices in 2006 (the height of the housing boom) reveals that Wells Fargo was much more likely to steer Black and Latino applicants than White applicants into higher priced subprime mortgages: 47.3% of Black borrowers and 26.0% of Latino borrowers compared to 16.7% of White borrowers.
- The CAP report also shows the racial disparity was even greater for high-income borrowers: 26.2% of Black high-income borrowers and 16.3% of Latino high-income borrowers compared to 6.4% of White borrowers. The extent of the disparity and its continuation among higher income earners raise questions about discrimination in the bank's lending practices. This practice is known as reverse redlining and is prohibited under the federal Fair Housing Act.
- The NAACP brought a lawsuit against Wells Fargo and HSBC in March 2009, alleging "systemic, institutionalized racism" in their subprime lending. According to the lawsuit, the banks gave subprime rates to African-American borrowers even though they qualified for better rates, and they gave better rates to white borrowers with similar credit histories. Wells denies these allegations.
- In January 2008, the City of Baltimore filed a lawsuit against Wells Fargo, alleging that the bank "targeted black neighborhoods for high-risk and unfairly priced loans," according to the *Associated Press,* leading to a concentration of Wells Fargo foreclosures in predominantly African-American communities. In the spring of 2009, two former Wells Fargo employees submitted affidavits detailing the operations and incentives in the practice, which employees referred to as "ghetto loans."
- In July 2009, the Illinois Attorney General filed another lawsuit accusing Wells Fargo of discriminatory and deceptive mortgage lending practices. The lawsuit alleges not only that race was a criteria for loan type, but also that Wells Fargo misrepresented the terms of the loans and refinancing.
- In Los Angeles, a Superior Court judge recently certified a class action lawsuit alleging that the Wells Fargo area manager denied minority applicants access to a special loan discount program, costing them up to $10,000 in lost savings per loan.

Predatory lending

- Wells Fargo is a major funder of the payday loan industry that preys on cash strapped working families by providing short term loans with annual interest rates typically around 400%. Wells Fargo provides credit to six of the seven largest publicly traded payday lenders; this credit is indispensable for the payday lenders' operations.
- Wells Fargo also functions as a payday lender itself, despite the fact that regulatory agencies have ruled against various forms of bank involvement in the industry on several occasions.

Since 1994, Wells Fargo has offered direct deposit cash advances that now have annualized interest rates of 120%.

- Wells Fargo also helps to fund the merchant cash advance industry. Merchant cash advances are a high cost form of financing to small businesses that is increasingly filling the credit void at a time when banks have dramatically reduced their lending to small businesses.

Lobbying against workers and consumer interests

- Wells Fargo CEO John Stumpf sits on the board of directors and executive committee of the Financial Services Roundtable, which lobbied against the Employee Free Choice Act in every quarter of 2008 and has made joining with the U.S. Chamber of Commerce to defeat it a top priority for 2009. The measure would make it easier for workers to bargain with employers for better wages, benefits, and working conditions by ensuring that they can exercise a free choice to join together in a union without management interference or intimidation.
- According to data obtained on Open Secrets, during 2008 and the first half of 2009, together Wells Fargo and Wachovia spent $5.6 million on lobbying, of which $2.5 million was spent during the three quarters since the bailout.
- Over the past two years the bank focused its lobbying on consumer issues like the mortgage reform, foreclosure prevention, and anti-predatory lending (H.R. 3915, H.R.787, H.R. 3609, S. 2636), as well as consumer overdraft and credit card protections (H.R. 946, H.R. 5546, H.R. 1456, H.R.627, H.R.991, H.R.172.