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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

October 4, 2023

The Honorable Michael S. Barr
Vice Chair for Supervision
Board of Governors of the Federal Reserve System
20th Street and Constitutive Avenue NW
Washington, DC 20551

Mr. Michael J. Hsu
Acting Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Dear Vice Chair Barr and Acting Comptroller Hsu:

Workers are the engine of a strong financial system and economy. Across the country, workers – including bank employees – are organizing for better pay and working conditions and demanding that companies respect the work they do to make them successful. Unionized workers lead to increased productivity and a better standard of living for workers and their families, yet many workers’ efforts to organize are met with resistance. Over the past year, employees located at several different Wells Fargo offices have filed Unfair Labor Practice charges with the National Labor Relations Board (NLRB) alleging 8(a)(1) violations to the National Labor Relations Act (NLRA).¹ Potential violations of federal labor law raise additional concerns about Wells Fargo’s continued inability to fix its longstanding problems and do right by its customers, investors, and workers.

On May 3, 2023, Wells Fargo agreed to an informal settlement with the NLRB in a case involving a manager threatening a senior financial relationship advisor who was distributing pro-union literature to coworkers at the bank’s Salt Lake City call center.² The settlement required Wells Fargo to publicly display a Notice to Employees informing them of their rights under the NLRA and that Wells Fargo committed to not violate those rights. The NLRB also investigated three Unfair Labor Practice (ULP) cases at its Beaverton, Oregon call center involving similar

¹ See *infra*, notes 2-4.

² [27-CA-306669; Wells Fargo Reaches Settlement in Union Retaliation Case, Bloomberg Law, Evan Weinberger, May 3, 2023.](#)

allegations, two of which were filed after Wells Fargo settled the Salt Lake City case.³ A NLRB regional director found that Wells Fargo illegally restricted union activism by requiring prior approval before distributing union literature and removing union literature from non-work areas.⁴ In September, workers filed additional ULP charges against the company alleging that managers interfered with employees' right to join a union and retaliated against those actively organizing in Des Moines, Iowa and Chandler, Arizona.⁵ There are also open NLRB investigations into ULP charges of threats of retaliation against employees at a branch in Lake Havasu, Arizona and at a call center in San Antonio, Texas.⁶

These filings are concerning because this is not the first time Wells Fargo has retaliated against its employees who raise concerns about their working conditions. In November 2022, the U.S. Department of Labor's Occupational Safety and Health Administration found Wells Fargo violated the whistleblower protection provisions of the Sarbanes-Oxley Act for improperly terminating a Chicago area-based senior manager in the company's commercial banking segment. The bank was ordered to pay the employee more than \$22 million which includes back wages, interest, lost bonuses and benefits, front pay and compensatory damages.⁷ But more importantly, Wells Fargo's fake account scandal involved threats and retaliation against thousands of Wells Fargo workers that helped keep the misconduct unabated for years, resulting in billions of dollars in fines and an unprecedented asset cap restricting Wells Fargo's growth.

Last year in a hearing before the Senate Banking, Housing, and Urban Affairs committee, CEO Charlie Scharf testified that he would not remain neutral if Wells Fargo employees try to unionize.⁸ Wells Fargo must respect its workers' right to freedom of association and collective bargaining by adopting a policy of genuine neutrality and non-interference towards its workers union organizing efforts. Wells Fargo's actions towards its employees demonstrate not only a disregard for their workers, but also for corporate governance and risk management.

An effective corporate governance and risk management framework is essential to maintaining the safe and sound operation of the bank and helping to promote public confidence in the financial system, which is evaluated as part of the bank's "management" rating.⁹ Among other things, corporate governance includes how the board and senior management supervise and manage the bank's business, protect the interests of depositors, shareholders, and other stakeholders, and align corporate culture, activities, and behaviors with the expectation that the

³ See NLRB Cases: [19-CA-321032](#), [19-CA-317456](#), and [19-CA-306661](#); [Wells Fargo Illegally Restricted Union Activism, US Labor Board Officials Allege](#), Bloomberg, Josh Eidelson, August 10, 2023; [Hillsboro Wells Fargo call center employees call foul on 'union-busting'](#), Beaverton Valley Times, Lauren Bishop, June 12, 2023; [Wells Fargo employees in Oregon allege anti-union behavior by managers](#), American Banker, Frank Gargano, May 24, 2023; [Wells Fargo faces third claim of intimidating union organizers](#), Bloomberg Law, Evan Weinberger, May 23, 2023.

⁴ [Wells Fargo Illegally Restricted Union Activism, US Labor Board Officials Allege](#), Bloomberg, Josh Eidelson, August 10, 2023.

⁵ See NLRB Case [18-CA-325706](#), Inquiry Number 1-3365501681, and Inquiry Number 1-3365474351; [Why Wells Fargo is the only big bank where workers are trying to unionize](#), Axios, Emily Peck, September 18, 2023.

⁶ See NLRB Cases: [28-CA-317008](#); [28-CA-313684](#); [16-CA-308560](#).

⁷ See OSHA Press Release, "[US Department of Labor orders Wells Fargo to pay more than \\$22M for retaliating against executive that alleged financial misconduct](#)", September 1, 2022.

⁸ Scharf Testimony, U.S. Cmte on Banking, Hous., & Urban Affairs, Sept. 22, 2022 (117).

⁹ Comptroller's Handbook, Corporate and Risk Governance, at 1-2.

bank will operate in a safe and sound manner, operate with integrity, and comply with applicable laws and regulations.¹⁰

It is important that bank regulators consider allegations of unfair labor practices, including threats and retaliation by Wells Fargo against frontline employees, in their assessment of the bank's safety and soundness. Not only are violations of federal labor laws illegal, but they are also indicative of poor corporate governance and risk management. Abusive labor conditions and retaliation against workers who attempt to communicate concerns raise red flags about management quality and can be indicators of greater risk to the institution and consumers.

Recent allegations of unfair labor practices against Wells Fargo are yet another example of the bank's pattern of repeatedly violating a range of federal and state laws. Existing monetary penalties and growth restrictions have not been sufficient to prevent Wells Fargo from repeated consumer abuses, compliance failures, and gross mismanagement. Regulators should take stronger actions to change Wells Fargo's culture of noncompliance and account for the troubling unfair labor practice allegations that could be the bellwether for broader safety and soundness and consumer compliance risks.

Thank you for your attention to this important matter.

Sincerely,



Sherrod Brown

United States Senator

¹⁰ Comptroller's Handbook, Corporate and Risk Governance, at 3.