

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-19704

In the Matter of

Wells Fargo & Company

Respondent.

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PROPOSED PLAN OF DISTRIBUTION

I. Introduction

1. The Division of Enforcement submits this proposed plan of distribution (the “Plan”) pursuant to Rule 1101 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1101. As described more specifically below, the Plan provides for the distribution of the collected funds in the above-captioned matter to compensate investors harmed by the securities violations of Wells Fargo & Company (“Wells Fargo” or the “Respondent”) as described in the Order.¹

2. On February 21, 2020, the Commission issued the Order against Wells Fargo. In the Order, the Commission found that from 2012 through 2016, the Respondent violated the federal securities laws by misleading investors regarding the success of the core business strategy of the Community Bank operating segment, its largest business unit. At all relevant times, Wells Fargo was a publicly traded financial services corporation with common stock registered under Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and quoted on the New York Stock Exchange (Ticker: WFC). According to the Order, Wells Fargo, among other things, failed to disclose to investors that the Community Bank’s sales model had caused widespread unlawful and unethical sales practices misconduct that was at odds with its investor disclosures regarding needs-based selling, and that the publicly reported cross-sell metric included significant numbers of unused or unauthorized accounts. The Commission found that Wells Fargo violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

3. Pursuant to the Order, the Respondent paid a \$500 million civil money penalty to the Commission. In the Order, the Commission established a fair fund, pursuant to Section

¹ See Order Instituting Cease-And-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-And-Desist Order, Exchange Act Rel. No. 88257 (Feb. 21, 2020).

308(a) of the Sarbanes-Oxley Act of 2002, so the civil penalties paid by the Respondent can be distributed to harmed investors (the “Fair Fund”).

4. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund is currently deposited in an interest-bearing account at the United States Department of the Treasury’s Bureau of Fiscal Service (“BFS”), where it will be held until a disbursement is ordered. All BFS fees will be paid from the Fair Fund. Interest and any additional funds received pursuant to Commission or Court order, agreement, or otherwise, will be added to the Fair Fund for disbursement to investors in accordance with the Plan.

5. Pursuant to the Order, the Respondent shall pay all reasonable administrative costs and expenses of the distribution, including the fees and expenses of the Tax Administrator and the Fund Administrator. The Tax Administrator and the Fund Administrator will submit invoices directly to the Respondent for payment with copies to the Commission staff.

6. The Plan sets forth the methodology and procedures for distributing the Net Available Fair Fund, as defined below. The Fund Administrator and Commission staff have concluded that distributing the funds pursuant to the Plan, including but not limited to its Eligible Loss Amount calculation and *pro-rata* distribution formula, is a fair and reasonable way to compensate investors harmed as the result of the Respondent’s conduct described in the Order.

7. The Plan is subject to approval by the Commission, and the Commission retains jurisdiction over its implementation.

II. Defined Terms

8. “Claim Form” shall mean the form designed by the Fund Administrator and approved by Commission staff, for the filing of claims in accordance with the Plan. The Claim Form will require, at a minimum, sufficient documentation of transactions in the Security such that eligibility under the Plan can be determined, tax identification and related information from the Potential Claimant as determined necessary by the Fund Administrator in coordination with the Tax Administrator, and a certification that the Potential Claimant is not an Excluded Party.

9. “Claims Bar Date” shall mean the date established in accordance with the Plan by which Claim Forms must be postmarked or submitted electronically by in order to receive consideration under the Plan. Subject to certain extensions provided for in this Plan, the Claims Bar Date will be one hundred twenty (120) days from the commencement of the Claims Packet mailing.

10. “Claims Packet” shall mean the materials relevant to submitting a claim that may be provided to identified Potential Claimants, including Potential Claimants who request such materials through a website or otherwise prior to the Claims Bar Date. The Claims Packet will include, at minimum, a copy of the Plan Notice and a Claim Form (together with instructions for completion of the Claim Form).

11. “Class Action” shall mean *Hefler, et al. v. Wells Fargo & Co., et al.*, 16-cv-5479-JST (N.D. Ca.).

12. “Corrective Disclosures” shall mean corrective information released to the stock market. Corrective Disclosures were made before the opening of trading on the following dates: September 12, 2016, September 13, 2016, and September 15, 2016.

13. “Determination Notice” shall mean the notice sent by the Fund Administrator within one hundred thirty-five (135) days of the Claims Bar Date to all Potential Claimants that submitted a Claim Form. The Determination Notice will set forth the Fund Administrator’s determination of the eligibility of the claim (eligible, partially or wholly deficient, or ineligible). The Determination Notice will provide to each Potential Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency, notify the Potential Claimant of the opportunity to cure such deficiency, and provide instructions regarding further necessary actions. In the event the claim is denied, the Determination Notice will state the reason for such denial and notify the Potential Claimant of their opportunity to request reconsideration of their claim

14. “Distribution Payment” shall mean the payment to an Eligible Claimant in accordance with the Plan.

15. “Eligible Claimant” shall mean a Potential Claimant who is not an Excluded Party and who is determined by the Fund Administrator to be eligible under the Plan for a Distribution Payment.

16. “Eligible Loss Amount” shall be subject to ¶¶ 36 (*Eligible Loss Amount, Market Loss Limitation*) and shall mean for each Eligible Claimant, the sum of all Recognized Losses as defined and calculated in accordance with ¶¶ 35-36.

17. “Excluded Parties” shall mean the following entities or individuals:

- a. The Respondent and any person who, at any point during the Recovery Period, served as: (1) a member of the Operating Committee of Respondent; (2) a member of the Cross Sell Steering Committee of Respondent’s Community Bank operating segment; (3) an Officer or Regional Bank Executive of Respondent’s Community Bank operating segment; (4) an Officer of the Respondent with responsibility for Community Bank audits, its Risk Management function or its filings with the Commission; (5) a member of Respondent’s Board of Directors; and (6) any legal representatives, nominees, assigns, creditors, heirs, distributees, spouses, parents, children, successors-in-interest, assigns, or controlled entities of the foregoing. Notwithstanding the foregoing exclusions, no Investment Vehicle shall be an Excluded Party;
- b. Any Respondent or Defendant in related Commission litigation against whom an Order with Findings or Judgment finding liability has been entered and their legal representatives, nominees, assigns, creditors, heirs,

distributees, spouses, parents, children, successors-in-interest, or controlled entities of the foregoing;

- c. The Fund Administrator, its employees, and those persons assisting the Fund Administrator in its role as Fund Administrator; and
- d. Any purchaser or assignee of another Potential Claimant's right to obtain a recovery from the Fair Fund for value; provided, however, that this provision shall not be construed to exclude those Potential Claimants who obtained such a right by gift, inheritance, devise or operation of law.

18. "Final Determination Notice" shall mean the Fund Administrator's written reply to each Potential Claimant who timely responded to the Determination Notice in an effort to cure a deficiency or seek reconsideration of a rejected claim. The Final Determination Notice will constitute the Fund Administrator's final ruling regarding the status of the claim.

19. "Net Available Fair Fund" shall mean the assets of the Fair Fund, plus accrued interest or earnings, less amounts expended or reserved for tax obligations and any BFS fees.

20. "Plan Notice" shall mean the written notice from the Fund Administrator to Potential Claimants informing them of the Fair Fund, the Plan and its eligibility requirements, explaining how to submit a claim, and how to obtain a copy of the approved Plan and Claim Form by request or from the Fair Fund website.

21. "Plan of Allocation" shall mean the methodology used to determine eligibility and calculate Distribution Payments as set forth at ¶¶ 35-36.

22. "Potential Claimants" shall mean individuals and entities, or their lawful successors, who purchased the Security during the Recovery Period.

23. "Prior Recovery" shall mean the amount confirmed by the Fund Administrator as recovered by an Eligible Claimant on their Eligible Loss Amount prior to the final calculations under the Plan, whether through the Class Action or otherwise.

24. "Recovery Period" shall mean November 8, 2012 through September 14, 2016, inclusive.

25. "Security" shall mean Wells Fargo common stock, traded on the New York Stock Exchange under the trading symbol WFC.

26. "Summary Notice" shall mean the notice published in print or internet media acceptable to the Commission staff within fourteen (14) days of the date of the mailing of Claims Packets to Potential Claimants. Such notice (the text of which shall be approved by the Commission staff) shall include, at a minimum, a statement of the purpose of the Fair Fund and the Plan, the means of obtaining a Claims Packet, and the Claims Bar Date.

27. “Third-Party Filer” means a third-party, including without limitation a nominee, custodian, or an intermediary holding in street name, who is authorized to, and submits, a claim(s) on behalf of one or more Potential Claimants. Third-Party Filer does not include assignees or purchasers of claims, which are excluded from receiving distribution payments. *See* ¶ 17.d. above.

III. Fund Administrator

28. On May 21, 2020, the Commission issued an order appointing Rust Consulting, Inc. (“Rust”) as the fund administrator (the “Fund Administrator”) of the Fair Fund,¹ and pursuant to that order, Rust has obtained a bond in accordance with Rule 1105(c) of the Commission’s Rules, 17 C.F.R. § 201.1105(c), in the amount of \$500,000,000. The amount of the bond premium will be paid by the Respondent.

29. The Fund Administrator shall oversee the administration of the claims, procedures, and distribution of the Fair Fund as provided in the Plan. The Fund Administrator shall review all submitted claims and supporting documentation and make determinations under the criteria established herein as to the eligibility of each Potential Claimant to recover monies and the amount of money to be distributed from the Net Available Fair Fund to Eligible Claimants. This will include, among other things, taking reasonable steps to identify and contact Potential Claimants; obtaining accurate mailing information for Potential Claimants; establishing a website and staffing a call center to address inquiries during the claims process; developing a claims database; preparing accountings; cooperating with the Tax Administrator to ensure compliance with tax laws, rules, and regulations; advising Potential Claimants of claim deficiencies and providing an opportunity to cure any documentary defects; determining and ensuring compliance with all foreign jurisdiction requirements for serving notices and otherwise implementing the Plan; taking antifraud measures, such as identifying false, ineligible and overstated claims; advising Potential Claimants of final claim determinations; and disbursing the Fair Fund in accordance with the Plan.

30. The Fund Administrator may be removed at any time by order of the Commission or hearing officer.

IV. Tax Administration

31. On March 10, 2020, the Commission issued an order appointing Miller Kaplan Arase LLP, as the tax administrator (the “Tax Administrator”) of the Fair Fund.²

32. The Fair Fund constitutes a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. The Tax Administrator is the administrator of such QSF, for

¹ Order Appointing Fund Administrator and Setting Administrator Bond Amount, Exchange Act Rel. No. 88921 (May 21, 2020).

² Exchange Act Rel. No. 88353 (Mar. 10, 2020).

purposes of Treas. Reg. § 1.468B-2(k)(3)(I), and shall satisfy the tax related administrative requirements imposed by Treas. Reg. § 1.468B-2, including but not limited to:

- (a) obtaining a tax payer identification number;
- (b) timely requesting funds necessary for the timely payment of all applicable taxes, the timely payment of taxes for which the Tax Administrator has received funds, and the filing of applicable returns; and
- (c) fulfilling any information reporting or withholding requirements required for distributions from the Net Available Fair Fund, including but not limited to the Foreign Account Tax Compliance Act.

33. The Fund Administrator shall cooperate with the Tax Administrator in providing any information necessary to ensure tax compliance.

34. All taxes will be paid from the Fair Fund, subject to the review and approval of the Commission staff.

V. Plan of Allocation

A. Purpose

35. This plan of allocation is designed to compensate Eligible Claimants based on their losses from purchases of the Security during the Recovery Period due to the conduct of the Respondent. Each Eligible Claimant will receive a Distribution Payment from the Net Available Fair Fund less their Prior Recovery, up to their Eligible Loss Amount, as calculated by the methodology in the following paragraph.

B. Methodology

36. For each share of the Security purchased during the Recovery Period (i.e., during the period from November 18, 2012 through and including the close of trading on September 14, 2016), and:

- (a) Sold before September 11, 2016, the Recognized Loss per share will be \$0.00;
- (b) Sold from September 11, 2016 through and including September 14, 2016, the Recognized Loss per share will be the *lesser of*:
 - i. the amount of artificial inflation per share on the date of purchase as stated in the attached Table A minus the amount of artificial inflation per share on the date of sale as stated in Table A; or

- ii. the purchase price minus the sale price.
- (c) Sold from September 15, 2016 through and including the close of trading on December 13, 2016, the Recognized Loss per share will be the least of:
- i. the amount of artificial inflation per share on the date of purchase as stated in Table A;
 - ii. the purchase price minus the average closing price between September 15, 2016 and the date of sale as stated in the attached Table B below; or
 - iii. the purchase price minus the sale price.
- (d) Held as of the close of trading on December 13, 2016, the Recognized Loss per share will be the lesser of:
- i. the amount of artificial inflation per share on the date of purchase as stated in Table A; or
 - ii. the purchase price minus \$48.38, the average closing price over the 90-day period starting on and following September 15, 2016.

C. Additional Provisions

37. *Price.* All prices mentioned in the calculations exclude all fees and commissions. Purchases and sales shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

38. *Artificial Inflation.* Artificial inflation in the price of the Security has been calculated by SEC staff economists, as reflected in Table A.

39. *Eligible Loss Amount:* An Eligible Claimant’s Eligible Loss Amount will be the sum of his, her or its Recognized Loss per share as calculated in accordance with ¶¶ 35-36 for all shares purchased or acquired during the Recovery Period. If the sum is negative, reflecting a gain, the Eligible Loss Amount is zero. The Eligible Loss Amount will be subject to the Market Loss Limitation described below.

40. *FIFO Methodology:* For each Potential Claimant who made multiple purchases and sales of the Security during the Recovery Period, the transactions will be calculated according to the first-in, first-out (“FIFO”) method. The earliest sales during the Recovery Period will be matched first against any holdings at the opening of the Recovery Period. Once the beginning holdings have all been matched, or in the event that the Potential Claimant had no beginning holdings, then any further sales would be matched against the earliest Recovery Period purchases and chronologically thereafter.

41. *Short Sales:* If the sale date for a share falls before the purchase date (“Short Sale”), then the share has a Recognized Loss per Share of \$0.00.

42. *Purchases and Sales through Options:* With respect to purchases or sales through the exercise of an option, the purchase/sale date of the Security is the exercise date of the call and the assignment date of the put, and the purchase/sale price is the price of the call at the time of exercise and the put at the time of assignment. Otherwise, transactions in the Security during the Recovery Period that are pursuant to, or in connection with, a swap, an option or other derivative will not be eligible for a recovery.

43. *Acquisitions:* The receipt or grant to the Potential Claimant by gift, devise, inheritance, or operation of law of the Security during the Recovery Period is not considered an eligible purchase if the original purchase or acquisition did not occur during the Recovery Period. Such shares will be excluded from the Recognized Loss per Share calculations.

44. *Market Loss Limitation:* If an Eligible Claimant’s actual losses in the Security are less than the Eligible Loss Amount, then the Eligible Loss Amount shall be limited to the actual loss amount. Potential Claimants whose total proceeds from sales and holdings of the Security purchased/acquired during the Recovery Period exceeded the total purchase amount for such shares, reflecting an actual gain, shall have an Eligible Loss Amount of \$0.00. A holding value of \$46.15 shall be ascribed to each share of the Security purchased/acquired during the Recovery Period that was held as of the close of trading on September 15, 2016.

45. *Offset for Prior Recovery:* In no instance will an Eligible Claimant receive a Distribution Payment that when combined with his, her or its Prior Recovery exceeds his, her or its Eligible Loss Amount. Any funds remaining after the application of the Offset for Prior Recovery will be distributed to other Eligible Claimants according to their Pro-Rata Shares.

46. *Pro Rata Distribution:* If the Net Available Fair Fund has sufficient funds, each Eligible Claimant will receive a Distribution Payment equal to the amount of his, her or its Eligible Loss Amount less his, her or its Prior Recovery.

If the Net Available Fair Fund is not sufficient to pay the full Eligible Loss Amount for all Eligible Claimants less his, her, or its Prior Recovery, then each Eligible Claimant will receive a Distribution Payment that his, her or its Eligible Loss Amount bears in proportion to the aggregate Eligible Loss Amounts of all Eligible Claimants (“Pro-Rata Share”) less their Prior Recoveries, up to the maximum allowed by the Offset for Prior Recovery.

47. *Distribution Tranches:* Because of the magnitude of this distribution, and subject to the Minimum Distribution Amount of \$10.00, ninety percent (90%) of the Net Available Fair Fund shall be distributed to Eligible Claimants whose Distribution Payment calculates to \$10.00 or more. In addition to the reserve referenced in ¶ 66, the remaining ten percent (10%) of the Net Available Fair Fund will be held as a reserve to address any contingencies that may arise (the “Contingency Reserve”). To the extent the Contingency Reserve is not depleted, the remainder will be distributed in a residual distribution, if and as determined in accordance with ¶ 87, below.

VI. Administration of the Claims Procedure

A. Identification of and Notification to Potential Claimants

48. The Fund Administrator will, as practicable, use its best efforts to identify Potential Claimants from a review of records and information provided by Wells Fargo, the transfer agent for Wells Fargo, registered broker dealers, and any other sources available to it.

49. Within forty-five (45) days of Commission approval of the Plan, the Fund Administrator shall:

- (a) create a mailing and claim database of all Potential Claimants based upon information provided by Wells Fargo or otherwise obtained by the Fund Administrator;
- (b) design and submit a Claims Packet to the Commission staff for review and approval;
- (c) mail a Claims Packet to each Potential Claimant identified in the claim database and to the Fund Administrator's list of banks, brokers, and other nominees;
- (d) establish and maintain a website dedicated to the Fair Fund. The Fair Fund's website, located at www.WellsFargoFairFund.com, will make available in downloadable form the approved Plan, the Claims Packet, a Claim Form and related materials, and such other information that the Fund Administrator believes will be beneficial to investors;
- (e) establish and maintain a traditional mailing address and an email mailing address which will be listed on all correspondence from the Fund Administrator to Potential Claimants as well as on the Fair Fund's website;
- (f) establish and maintain a toll-free telephone number for Potential Claimants to call and speak to a live representative of the Fund Administrator during its regular business hours or, outside of such hours, to hear pre-recorded information about the Fair Fund; and
- (g) publish the Summary Notice approved by Commission staff.

50. The Commission staff retains the right to review and approve any material posted on the Fair Fund's website, any material mailed, and any scripts used in connection with communication with Potential Claimants.

51. The Fund Administrator will promptly provide a Claims Packet to any Potential Claimant upon request made via mail, phone, or email prior to the Claims Bar Date.

52. The Fund Administrator will mail a Claims Packet to the Fund Administrator's list of banks, brokers, and other nominees, as well as any other institutions identified that may have records of Wells Fargo shareholders and holdings at relevant times. The Fund Administrator will request that these entities, to the extent that they were record holders for beneficial owners of the Security:

- (a) notify the respective beneficial owners of receipt of the Claims Packet within fourteen (14) days of receipt of the Plan Notice so that beneficial owners may timely file a claim; and/or
- (b) provide to the Fund Administrator within fourteen (14) days of receipt of the Claims Packet a list of last known names and addresses for all beneficial owners for whom the record holders purchased the Security during the Recovery Period so that the Fund Administrator can communicate with them directly.

53. Before commencing any mailing, the Fund Administrator shall run a National Change of Address search to retrieve updated U.S. addresses for all Potential Claimants recorded in the database.

54. The Fund Administrator shall attempt to locate anyone whose Claims Packet has been returned by the United States Postal Service ("USPS") as undeliverable. The Fund Administrator shall promptly re-mail any returned undelivered mail for which the USPS has provided a forwarding address.

55. The Fund Administrator, with Commission staff approval, may engage a third-party search firm to conduct more rigorous searches for persons whose Claims Packet is returned as undeliverable. The Fund Administrator will utilize all means reasonably available, including LexisNexis, to obtain updated addresses in response to undeliverable notices, and forward any returned mail for which an updated address is provided or obtained. The Fund Administrator will make available, upon request by the Commission staff, a list of all Potential Claimants whose Claims Packets have been returned as "undeliverable" due to incorrect addresses and for which the Fund Administrator has been unable to locate current addresses. All such costs will be paid by the Respondent.

B. Claims Process and Handling of Disputes

56. In all materials that refer to the Claims Bar Date deadline, the filing deadline will be clearly identified with the date, which is one hundred twenty (120) days from the commencement of the Claims Packet mailing.

57. To avoid being barred from asserting a claim, on or before the Claims Bar Date, each Potential Claimant must submit to the Fund Administrator a properly completed Claim

Form reflecting such Potential Claimant's claim, and it must be accompanied by such documentary evidence as the Fund Administrator deems necessary or appropriate to substantiate the claim. Without limitation, this information may include third-party documentary evidence of purchases and dispositions of the Security, as well as holdings of the Security, at relevant dates.

58. The burden to prove timely receipt of a claim by the Fund Administrator will be upon the Potential Claimant; therefore Potential Claimants will be instructed to submit their Claim Forms in a manner that will enable them to prove timely receipt of the Claim Form by the Fund Administrator. A Claim Form that is postmarked, or otherwise received by the Fund Administrator, after the Claims Bar Date will not be accepted unless the deadline is extended by the Fund Administrator for good cause shown, after consultation with the Commission staff.

59. The Fund Administrator shall review each claim and determine the eligibility of each Potential Claimant to participate in the Fair Fund by reviewing claim data and supporting documentation (or lack thereof), verifying the claim, and calculating each Potential Claimant's loss pursuant to the Plan.

60. Each Potential Claimant will have the burden of proof to establish the validity and amount of his or her claim, and that they qualify as an Eligible Claimant, including the burden to certify that they are not an Excluded Party. The Fund Administrator will have the right to request, and the Potential Claimant will have the burden to promptly provide to the Fund Administrator, any additional information and/or documentation deemed relevant by the Fund Administrator.

61. All claims and supporting documentation necessary to determine a Potential Claimant's eligibility to receive a distribution from the Fair Fund under the terms of the Plan must be verified by a declaration executed by the Potential Claimant under penalty of perjury under the laws of the United States. The declaration must be executed by the Potential Claimant, unless the Fund Administrator accepts such declaration from someone authorized to act on the Potential Claimant's behalf, whose authority is supported by such documentary evidence as the Fund Administrator deems necessary.

62. Electronic claims submission is encouraged; the Claims Packet will include directions on how Potential Claimants can submit their claims electronically via the Fair Fund website. If using the web-based claim filing option, a Potential Claimant must submit their claim to the Fund Administrator by 11:59 p.m. Eastern Standard Time on the Claims Bar Date. The Claims Packet will also include directions for submission of claims if the Potential Claimant is unable to submit their claim electronically. All claims must be received by the Fund Administrator on or before the Claims Bar Date.

63. Claims containing (a) one hundred (100) or more transactions or (b) claims submitted by an intermediary on behalf of twenty (20) or more accounts must be submitted electronically using the format provided by the Fund Administrator. The electronic filing template will be made available on the Fair Fund's website. Files that do not comply with the format provided by the Fund Administrator may be rejected.

64. When submitting claims to the Fair Fund on behalf of its clients, all Third-Party Filers must use the electronic filing template provided by the Fund Administrator in this matter. Files that do not comply with the template and format provided by the Fund Administrator may be rejected. Third-Party Filers must also submit a signed master proof of claim and release, as well as proof of authority to file on behalf of the claimant(s) at the time the electronic file of transactions is submitted. Failure to do so may result in rejection of the claim(s).

65. Each Third-Party Filer must establish the validity and amount of each claim in its submission. Like all other Potential Claimants, Third-Party Filers must submit such supporting documentary evidence of purchases, dispositions, and holdings of Eligible Securities as the Fund Administrator deems necessary or appropriate to substantiate each individual claim. Without limitation, this includes the complete name of the Potential Claimant (beneficial account owner) and its TIN (for individuals) or EIN (for companies), sufficient contact information to confirm the identity of the beneficial owner, and documentation from the original bank, broker or other institution of purchases and dispositions of Eligible Securities (account statements, confirmations and other documentation of purchases and dispositions), as well as holdings of the Security on pertinent dates. Documentation generated by the Third-Party Filer as well as affidavits in lieu of supporting documentation, will not be accepted unless, for good cause, the Fund Administrator determines it acceptable. The Fund Administrator will have the right to request, and the Third-Party Filer will have the burden of providing to the Fund Administrator, any additional information and/or documentation deemed necessary by the Fund Administrator to substantiate the claim(s) contained in the submission. Documentation from a Third-Party Filer that is not acceptable to the Fund Administrator will result in rejection of the affected claim(s). The determination of the Fund Administrator to reject a claim for insufficient documentation, as reflected on the Final Determination Notice, is final and within the discretion of the Fund Administrator and is not appealable.

66. Distribution Payments must be made by check or electronic payment payable to the Potential Claimant (beneficial account owner). The Third-Party Filer shall not be the payee of any Distribution Payment check or electronic Distribution Payment. Subject to ¶ 79 below (ERISA Plans), any other payment arrangement must be discussed with the Fund Administrator in consultation with the SEC staff and must be authorized by the Potential Claimant. Compensation to the Third-Party Filer for its services may not be paid or deducted from the Distribution Payment.

67. If, after discussion with the Fund Administrator in consultation with the SEC, and authorization by the Potential Claimant(s), a Distribution Payment is to be made to a Third-Party Filer to distribute to the Potential Claimant(s), the Third-Party Filer will be required to complete the certification on the Claim Form, which will require them, at a minimum, to attest that any distribution to the custodian, trustee, or investment professional representing multiple potentially eligible beneficial owners, will be allocated for the benefit of current or former pooled investors and not for the benefit of management. The certification, as part of the Claim Form, will be available on the Fair Fund website and upon request from the Fund Administrator. All such Third-Party Filers must have an auditable mechanism available to the Fund Administrator and the SEC staff to confirm that each Potential Claimant, if determined an Eligible Claimant, received the Distribution Payment directed to them.

68. The receipt of the Security by gift, inheritance, devise, or by operation of law will not be deemed to be a purchase of the Security, nor will it be deemed an assignment of any claim relating to the purchase of the Security unless specifically so provided in the instrument of inheritance. However, the recipient of the Security as a gift, inheritance, devise or by operation of law will be eligible to file a Claim Form and participate in the distribution of the Fair Fund to the extent the original purchaser would have been eligible under the terms of the Plan. Only one claim may be submitted with regard to the same transactions in the Security, and in cases where multiple claims are filed by the donor and donee, the donee claim will be honored, assuming it is supported by proper documentation.

69. The Fund Administrator will provide a Determination Notice within one hundred thirty-five (135) days from the Claims Bar Date to each Potential Claimant who has filed a Claim Form with the Fund Administrator, setting forth the Fund Administrator's conclusions concerning such claim. The Determination Notice will provide to each Potential Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency (*e.g.*, failure to provide required information or documentation). The Determination Notice will also notify the Potential Claimant of the opportunity to cure such deficiency, and provide instructions regarding what is required to do so.

70. Any Potential Claimant with a deficient claim will have forty-five (45) days from the date of the Determination Notice to cure any deficiencies identified in the Determination Notice.

71. In the event the claim is denied, in whole or in part, the Determination Notice will state the reason for such denial. Any Potential Claimant seeking reconsideration of a rejected claim must advise the Fund Administrator in writing within forty-five (45) days of the date of the Determination Notice. All requests for reconsideration must include the necessary documentation to substantiate the basis upon which the Potential Claimant is requesting reconsideration of their claim.

72. The Fund Administrator will send, as appropriate, a Final Determination Notice to all Potential Claimants who responded to the Determination Notice in an effort to cure a deficiency or to seek reconsideration of a rejected claim. The Fund Administrator will send such Final Determination Notices by no later than sixty (60) days following receipt of documentation or information in response to the Determination Notice, or such longer time as the Fund Administrator determines is necessary for a proper determination concerning the claim.

73. The Fund Administrator may consider disputes of any nature presented by Potential Claimants, and will consult Commission staff as appropriate. The Fund Administrator will have the authority to waive technical claim deficiencies and approve claims on a case-by-case basis, or in groups of claims. All determinations made by the Fund Administrator in accordance with the Plan in any dispute, request for reconsideration, or request to cure a deficient claim will be final and not subject to appeal.

74. Any Eligible Claimant who relocates or otherwise changes contact information after receipt of the Claims Packet must promptly communicate any change in address or contact information to the Fund Administrator.

75. After the Fund Administrator has completed the process of analyzing the claims and determining claim amounts in accordance with the Plan, and prior to the distribution of any funds, the Fund Administrator will engage an independent, third-party firm, not unacceptable to Commission staff, to perform a set of agreed upon procedures, review a statistically significant sample of claims and ensure accurate and comprehensive application of the Plan methodology. The Fund Administrator will communicate the results of the review to Commission staff together with any written analysis or reports related to the review, and, upon request, will make the firm available to the Commission staff to respond to questions concerning the review.

C. Procedures for Distribution of the Net Available Fair Fund

76. The Fund Administrator shall distribute the Net Available Fair Fund to all Eligible Claimants only after all timely submitted Proof of Claim Forms have been processed and all Potential Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to cure pursuant to the procedures set forth above.

77. The Fund Administrator, in consultation with the Tax Administrator and the Commission staff, shall determine the Net Available Fair Fund by retaining a prudent reserve to pay tax obligations and any BFS fees. After all distributions and payment of all tax obligations, any remaining amounts in the reserve will become part of the residual described in ¶ 86.

78. Within seventy-five (75) days following the date of the Final Determination Notices described above, ¶ 61, the Fund Administrator shall compile the payee information, including the names, addresses, and Distribution Payments of all Eligible Claimants (“Payee List”). The Fund Administrator will also provide a “Reasonable Assurances Letter” to the Commission staff, representing that the Payee List: (a) was compiled in accordance with the Plan; (b) is accurate as to Eligible Claimants’ names, address, and Eligible Loss Amount; and (c) provides all information necessary to make a payment equal to the amount of the applicable Distribution Payment for such Eligible Claimant.

79. Upon receipt and review of the validated Payee List and Reasonable Assurances Letter, pursuant to Rule 1101(b)(6) of the Commission’s Rules, 17 C.F.R. § 201.1101(b)(6), the Commission staff will seek to obtain an order from the Commission to disburse the Net Available Fair Fund.

80. Upon issuance of an order to disburse by the Commission, Commission staff will direct the transfer of funds to the Escrow Account (defined below). The Fund Administrator shall then use its best efforts to commence mailing Distribution Payment checks or effect wire transfers within twenty (20) business days of the transfer of the funds into the Escrow Account. All efforts will be coordinated to limit the time between the Escrow Account’s receipt of the funds and the issuance of Distribution Payments.

81. Prior to the disbursement of the Net Available Fair Fund, the Fund Administrator will establish account(s) described in the following paragraph at a United States commercial bank (the “Bank”), not unacceptable to the Commission staff.

82. The Fund Administrator shall establish an escrow account (“Escrow Account”) pursuant to an escrow agreement (the “Escrow Agreement”) to be provided by Commission staff, in the name of and bearing the Employer Identification Number of the QSF. The Fund Administrator shall also establish with the Bank a separate deposit account (the “Deposit Account”) (e.g. controlled distribution account, managed distribution account, linked checking and investment account) for the purpose of funding Distribution Payments to be distributed to Eligible Claimants by the Fund Administrator pursuant to the Plan. The name of each account shall be in the following form: Wells Fargo Fair Fund (EIN XX-XXXXXXX), as custodian for the benefit of investors allocated a distribution pursuant to the Plan in *Wells Fargo & Company*, Administrative Proceeding File No. 3-19704.

83. During the term of the Escrow Agreement, if invested, the Escrow Account shall be invested and reinvested in short-term U.S. Treasury securities backed by the full faith and credit of the United States Government or an agency thereof, of a type and term necessary to meet the cash liquidity requirements for payments to Eligible Claimants and tax obligations, including investment or reinvestment in a bank account insured by the Federal Deposit Insurance Corporation (“FDIC”) up to the guaranteed FDIC limit, or in money market mutual funds registered under the Investment Company Act of 1940 that invest 100% of their assets in direct obligations of the United States Government.

84. The Fund Administrator shall provide duplicate original bank and/or investment statements on any accounts established by the Fund Administrator to the Tax Administrator on a monthly basis and shall assist the Tax Administrator in obtaining mid-cycle statements, as necessary.

85. The Fund Administrator shall deposit or invest funds in the Escrow and Deposit Accounts so as to result in the maximum reasonable net return, taking into account the safety of such deposits or investments. In consultation with Commission staff, the Fund Administrator shall work with the Bank on an ongoing basis to determine an allocation of funds between the Escrow and the Deposit Accounts.

86. All interest earned will accrue for the benefit of the Fair Fund and all costs associated with the Escrow and Distribution Accounts will be paid by the Respondent.

87. All funds shall remain in the Escrow Account, separate from bank assets, pursuant to the Escrow Agreement until needed to satisfy a presented check. All Distribution Payment checks presented for payment or electronic transfer will be subject to “positive pay” controls before being honored by the Bank, at which time funds will be transferred from the Escrow Account to the Deposit Account to pay the approved checks.

88. All checks issued to Eligible Claimants by the Fund Administrator shall bear a stale date of ninety (90) days. Checks that are not negotiated before the stale date shall be

voided and the issuing financial institution shall be instructed to stop payment on those checks. Such Eligible Claimant's claim is extinguished as of the stale date and the funds will remain in the Net Available Fair Fund. If a check reissue has been requested before the stale date, such request is governed by the following section.

89. Electronic or wire transfers may be utilized at the discretion of the Fund Administrator to transfer approved Distribution Payments, including through PayPal or Zelle if acceptable to the Eligible Investor. For any electronic payment, the exact amount necessary to make a payment shall be transferred from the Escrow Account directly to the payee bank account in accordance with written instruction provided to the Escrow Bank by the Fund Administrator. All wire transfers will be initiated by the Fund Administrator using a two-party check and balance system, whereby completion of a wire transfer will require authorization by two members of the Fund Administrator's senior staff.

90. Claims on behalf of a retirement plan covered by Section 3(3) of ERISA, 29 U.S.C. § 1002(3), which do not include individual retirement accounts, and such plan's participants, are properly made by the administrator, custodian or fiduciary of the plan and not by the plan's participants. The Fund Administrator will issue any payments on such claims directly to the administrator, custodian or fiduciary of the retirement plan. The custodian or fiduciary of the retirement plan will distribute any payments received in a manner consistent with its fiduciary duties and the governing account or plan provisions. With respect to any retirement plan that has been closed prior to the Fund Administrator's identification of Potential Claimants, the Fund Administrator will endeavor to distribute funds directly to the beneficial account holders of such retirement plans if the information required for such a distribution is known to or provided to the Fund Administrator.

91. All Distribution Payments shall be preceded or accompanied by a communication that will include, as appropriate: (a) a statement characterizing the distribution; (b) a statement from the Tax Administrator regarding the tax consequences of Distribution Payments and informing Eligible Claimants that the tax treatment of the distribution is the responsibility of each recipient and that the recipient should consult their tax advisor for advice regarding the tax treatment of the distribution; (c) a statement that checks will be void after ninety days (90) days; and (d) providing contact information for the Fund Administrator, to be used in the event of any questions regarding the distribution. All such communications shall be submitted to the Commission staff and the Tax Administrator for review and approval. Distribution Payments on their face or the accompanying mailbag, shall clearly indicate that the money is being distributed from a Fair Fund established by the Commission for the benefit of investors for harm as a result of securities law violations.

D. Uncashed Checks and Reissues

92. The Fund Administrator will work with the Bank and maintain information about uncashed checks, returned payments, any returned items due to non-delivery, insufficient addresses, and/or other deficiencies. The Fund Administrator is responsible for researching and reconciling errors and reissuing payments when possible and for maintaining a record of such

efforts. The Fund Administrator is also responsible for accounting for all payments. The amount of all uncashed payments will continue to be held in the Fair Fund.

93. The Fund Administrator shall use its best efforts to make use of reasonable commercially available resources and other reasonably appropriate means to locate all Eligible Claimants whose checks are returned to the Fund Administrator as undeliverable by the USPS.

94. Where new address information becomes available, the Fund Administrator shall reissue the Distribution Payment check and send it to the new address. Where new address information is not available after a diligent search (and in no event later than ninety (90) days after the initial mailing of the original check) or if the Distribution Payment check is returned again, the check shall be voided and the Fund Administrator shall instruct the issuing financial institution to stop payment on such check. If the Fund Administrator, despite best practicable efforts, is unable to find an Eligible Claimant's correct address, the Fund Administrator, in its discretion, may remove such Eligible Claimant from the distribution and the allocated Distribution Payment will remain in the Fair Fund for distribution, if practicable, to the remaining Eligible Claimants.

95. The Fund Administrator will re-issue new checks to Eligible Claimants upon the receipt of a valid, written request from the Eligible Claimants prior to the initial stale date. Such reissued checks will be void if not negotiated by the later of ninety (90) days from issuance of the original check or sixty (60) days from the reissuance.

96. In cases where an Eligible Claimant is unable to endorse a Distribution Payment (*e.g.*, as the result of a name change because of marriage or divorce, or as the result of death), any request by an Eligible Claimant or a lawful representative for reissuance of a Distribution Payment in a different name must be documented to the satisfaction of the Fund Administrator. If, in the sole discretion of the Fund Administrator, such change is properly documented, the Fund Administrator will issue an appropriately redrawn Distribution Payment, subject to the time limits detailed herein.

E. Residual and Disposition of Undistributed Funds

97. A residual within the Fair Fund will be established for any amounts remaining after all assets have been disbursed. The residual may include, among other things, funds reserved for future taxes and for post-distribution contingencies, amounts from Distribution Payment checks that have not been cashed, amounts from Distribution Payment checks that were not delivered or accepted upon delivery, or that were returned, any amount remaining in the Contingency Reserve, and tax refunds.

98. The Fund Administrator, in consultation with Commission staff, may distribute any residual funds to Eligible Claimants, if any, who filed claims with the Fund Administrator after the Claims Bar Date or who were late in curing a rejected claim, with Commission approval if and as appropriate under the Commission's Rules. Subject to the Minimum Distribution Amount of \$10.00, the otherwise Eligible Claimants will receive a Distribution Payment up to the Eligible Loss Amount that would have been received if their claim had been filed on time.

If any funds remain after the payment of claims that were filed late or cured after the Claims Bar Date, or if no such claims exist, the Fund Administrator, in consultation with Commission staff, and with Commission approval if and as appropriate under the Commission's Rules, may distribute the remaining residual funds on a *pro rata* basis to all Eligible Claimants that negotiated the checks issued in the immediately preceding distribution or that received electronic payments, subject to the Minimum Distribution Amount of \$10.00, and provided that their aggregate Distribution Payments combined with their Prior Recovery do not exceed their Eligible Loss Amount.

99. If any funds remain in the residual account after completion of all distributions and the payment of all taxes and BFS fees under the Plan, the Fund Administrator shall remit the residual to the Commission for transfer to United States Treasury ("Treasury") subject to Section 21F(g)(3) of the Exchange Act after the Commission approves the final fund accounting.

F. Accountings and Termination of the Fair Fund

100. Pursuant to Rule 1105(f) of the Commission's Rules, 17 C.F.R. § 201.1105(f), once the Fair Fund has been transferred from BFS to the Bank, the Fund Administrator will provide an accounting to the Commission during the first twenty (20) days of each calendar quarter in a format acceptable to the Commission staff. Each accounting shall detail all monies earned or received and all monies spent in connection with the administration of the Plan during the reporting period.

101. Upon completion of all distributions pursuant to the Plan, the Fund Administrator shall make arrangements for the payment of taxes and any BFS fees, transfer all remaining funds to the Commission and submit to the Commission staff a final fund accounting for Commission approval on the standardized accounting form provided by the Commission staff. The Fund Administrator also shall submit a final report to the Commission staff summarizing the distribution, including disbursed amounts, returned or un-negotiated payments, outreach efforts and costs, final distributions statistics regarding distributions to individuals and entities, and such other information requested by the Commission staff.

102. The Fund Administrator will shut down the toll-free number, website, P.O. Box, and any electronic mail address established specifically for the administration of the Fair Fund upon the transfer of any remaining monies to the Commission.

103. The Fair Fund will be eligible for termination and the Fund Administrator will be eligible for discharge after all of the following have occurred: (a) a final accounting, in a standard accounting format provided by Commission staff, has been submitted by the Fund Administrator, and has been approved by the Commission; (b) all taxes and BFS fees have been paid by the Fair Fund; and (c) any amount remaining in the Fair Fund has been received by the Commission for transfer to Treasury. Once the Commission has approved the final accounting, the Commission staff shall seek an order from the Commission terminating the Fair Fund, canceling the Fund Administrator's bond, discharging the Fund Administrator, and transferring of any amount remaining in the Fair Fund, and any amounts returned to it in the future, to the general fund of the Treasury, subject to Section 21F(g)(3) of the Exchange Act.

104. Once the Fair Fund has been terminated, no further claims will be allowed and no additional payments will be made whatsoever.

G. Miscellaneous

105. All reasonable administrative costs and expenses, including the Fund Administrator's bond premium and the fees and expenses of the Fund Administrator and Tax Administrator, will be paid by the Respondent.

106. The Fund Administrator is authorized to enter into agreements with financial institutions, ("Institutions") as may be appropriate or necessary in the administration of the Fair Fund, provided such Institutions are not excluded pursuant to other provisions of this Plan. In connection with such agreements, the Institutions shall be deemed to be agents of the Fund Administrator under this Plan.

107. The Fund Administrator, and/or each of its designees, agents and assistants, shall be entitled to rely on all outstanding rules of law; and any orders issued by the Commission, the Secretary by delegated authority or an Administrative Law Judge; and/or any investor information provided by Commission staff.

108. The Fund Administrator will retain all documents in any media for a period of six (6) years after approval of the final accounting. Pursuant to Commission staff's direction, the Fund Administrator will either turn over to the Commission or destroy all documents six (6) years after approval of the final accounting.

109. The Fund Administrator shall take reasonable and appropriate steps to distribute the Net Available Fair Fund according to the Plan. The Fund Administrator will inform Commission staff of any changes needed to the Plan. Upon approval by the Commission staff, the Fund Administrator may implement immaterial changes to this Plan to effectuate its general purposes. If a change is deemed to be material by Commission staff, Commission approval is required prior to implementation by amending the Plan.

110. The Fund Administrator may extend any of the procedural deadlines set forth in the Plan for good cause shown, if agreed upon by the Commission staff.

VII. Notice and Comment Period

111. The Notice of the Proposed Plan of Distribution and Opportunity for Comment (the "Notice") shall be published on the Commission's website <http://www.sec.gov/litigation/fairfundlist.htm>. Any person wishing to comment on the Plan must do so in writing by submitting their comments within thirty (30) days of the date of the Notice (a) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-1090; (b) by using the Commission's Internet comment form (www.sec.gov/litigation/admin.shtml); or (c) by sending an e-mail to rule-comments@sec.gov. Comments submitted by e-mail or via the Commission's website should include "Administrative Proceeding File No. 3-19704" in the subject line. Comments received

will be publicly available. Persons should only submit comments that they wish to make publicly available.

TABLE A

Table A: Estimated Artificial Inflation in Wells Fargo Common Stock from November 18, 2012 through and including September 14, 2016	
Date Range	Artificial Inflation per Share
November 18, 2012 - September 11, 2016	\$2.25
September 12, 2016	\$1.56
September 13, 2016 - September 14, 2016	\$0.69
September 15, 2016 forward	\$0.00

TABLE B

Table B: Closing Price and Average Closing Price for Wells Fargo Common Stock					
from September 15, 2016 through December 13, 2016					
Date	Closing Price	Average Closing Price Between September 15, 2016 and Date Shown	Date	Closing Price	Average Closing Price Between September 15, 2016 and Date Shown
9/15/2016	\$46.15	\$46.15	10/31/2016	\$46.01	\$45.31
9/16/2016	\$45.43	\$45.79	11/1/2016	\$45.99	\$45.33
9/19/2016	\$46.01	\$45.86	11/2/2016	\$45.24	\$45.32
9/20/2016	\$46.56	\$46.04	11/3/2016	\$45.34	\$45.32
9/21/2016	\$45.83	\$46.00	11/4/2016	\$44.60	\$45.30
9/22/2016	\$45.72	\$45.95	11/7/2016	\$45.40	\$45.31
9/23/2016	\$45.74	\$45.92	11/8/2016	\$45.54	\$45.31
9/26/2016	\$44.88	\$45.79	11/9/2016	\$47.99	\$45.38
9/27/2016	\$45.09	\$45.71	11/10/2016	\$51.63	\$45.53
9/28/2016	\$45.31	\$45.67	11/11/2016	\$51.73	\$45.68
9/29/2016	\$44.37	\$45.55	11/14/2016	\$53.22	\$45.86
9/30/2016	\$44.28	\$45.45	11/15/2016	\$52.59	\$46.01
10/3/2016	\$43.83	\$45.32	11/16/2016	\$51.68	\$46.13
10/4/2016	\$43.75	\$45.21	11/17/2016	\$52.49	\$46.27
10/5/2016	\$44.99	\$45.20	11/18/2016	\$52.82	\$46.41
10/6/2016	\$45.18	\$45.20	11/21/2016	\$52.12	\$46.53
10/7/2016	\$45.33	\$45.20	11/22/2016	\$52.22	\$46.65
10/10/2016	\$45.65	\$45.23	11/23/2016	\$52.16	\$46.76
10/11/2016	\$45.45	\$45.24	11/25/2016	\$52.62	\$46.87
10/12/2016	\$45.32	\$45.24	11/28/2016	\$51.58	\$46.96
10/13/2016	\$44.75	\$45.22	11/29/2016	\$51.86	\$47.06
10/14/2016	\$44.71	\$45.20	11/30/2016	\$52.92	\$47.16
10/17/2016	\$44.50	\$45.17	12/1/2016	\$54.34	\$47.29
10/18/2016	\$44.95	\$45.16	12/2/2016	\$53.58	\$47.41
10/19/2016	\$45.26	\$45.16	12/5/2016	\$54.35	\$47.53
10/20/2016	\$44.93	\$45.15	12/6/2016	\$55.55	\$47.67
10/21/2016	\$45.09	\$45.15	12/7/2016	\$57.28	\$47.83
10/24/2016	\$45.52	\$45.16	12/8/2016	\$57.29	\$47.99
10/25/2016	\$45.72	\$45.18	12/9/2016	\$57.14	\$48.14
10/26/2016	\$46.15	\$45.22	12/12/2016	\$55.78	\$48.26
10/27/2016	\$46.41	\$45.25	12/13/2016	\$55.84	\$48.38
10/28/2016	\$46.23	\$45.28			