

March 11, 2019

House Financial Services Committee
United States House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear House Financial Services Committee Member:

At the beginning of the 116th Congress, Restore Public Trust, an organization dedicated to government accountability and rooting out malfeasance, wrote to then-incoming House Financial Services Committee Chair Waters to commend her for her commitment to investigating the corrupt and predatory actions of Wells Fargo Bank. We also urged Chairwoman Waters and the Committee to look into Transportation Secretary Elaine Chao's role in these scandals while she served on the Wells Fargo Board of Directors. We applaud the Committee for bringing in Wells Fargo CEO Tim Sloan to testify this week, and urge you again to, as part of your investigation, scrutinize Secretary Chao's role in Wells Fargo scandals and hold her accountable.

Secretary Chao served as a Director on Wells Fargo's Corporate Responsibility Committee, Credit Committee, and Finance Committee from 2011 through 2017 while the company preyed on vulnerable customers. Despite evidence of the company's malpractice during her tenure, Chao made over \$2.2 million from Wells Fargo, and still receives compensation for her time as a board member. In fact, Chao is expected to receive 30 percent of up to \$5 million buyout this month - all while consumers are still struggling to recover their lost income.

Wells Fargo is still dealing with the fallout. Just last week, insurers agreed to pay out [\\$240 million](#) to shareholders who sued Wells Fargo representatives, including Secretary Chao, for shirking their responsibilities. In order to fully grasp the wrongdoing of Wells Fargo and to understand Secretary Chao's role in the failure of one of America's biggest financial institutions to protect consumers, Secretary Chao must be brought before Congress to explain her role in the fraud. Mr. Sloan has admitted that the Wells Fargo organization has "fundamentally changed" since the scandal, including a "transformation" to the board, which leaves serious questions about potential negligence on behalf of the board during Chao's tenure.

Below are some questions we encourage you to ask Mr. Sloan at tomorrow's hearing regarding Secretary Chao's possible involvement in Wells Fargo's scandals:

- Would you say the Board of Directors practiced a responsible level of oversight during these incidents?
- Do any documents exist that would show that the Board of Directors and various committees took the necessary steps to prevent these incidents from occurring? If so, would you be able to provide those to the committee?

- Did Secretary Chao or any member of the Board have a financial incentive or benefit from the creation of the 3.5 million accounts that were set up without consumer knowledge or permission?
- What is the status of all payouts to former Wells Fargo board members, including Secretary Chao? How much in payouts have these board members received compared to the victims of Wells Fargo's fraudulent schemes?
- Would Secretary Chao or any board member have been aware that - between 2012 and 2017 - the company [charged](#) 570,000 auto loan borrowers for insurance they did not ask for or need?
- In her various roles with the Wells Fargo Board, would Secretary Chao have been aware of [kickbacks](#) loan officers from the company received in exchange for steering mortgages to a Maryland title company, Genuine Title, resulting in the bank [paying](#) \$24 million in civil penalties and \$10.8 million to consumers affected?
- In her various roles with the Wells Fargo Board, would Secretary Chao have been aware that between 2006 and 2016 Wells Fargo improperly [repossessed](#) the cars of military servicemembers, a practice that eventually led to a \$20 million fine issued by the OCC?
- What rationale did Secretary Chao and her fellow board members give for ignoring employee whistleblowers who pointed to employee practices of creating illegal accounts to meet sales goals from 2005-2016?

Attached you will find an [updated](#) report from Restore Public Trust, which details the numerous instances where Wells Fargo took advantage of its customers during Secretary Chao's time on the Board. Recent [polling](#) from Restore Public Trust found that Americans overwhelmingly believe that it is Congress' job to find out if Trump or senior administration officials have committed any crimes. More specifically, the polling found that [76 percent support Congressional efforts](#) to investigate whether Chao knew about the large-scale fraud committed by Wells Fargo while she made millions of dollars serving on its board of directors.

The Committee is right to investigate Wells Fargo, but to understand the extent of the fraud that was perpetrated on thousands of Wells Fargo customers, Secretary Chao and other members of the board must answer for how this fraud happened on their watch -- a position for which she is still receiving compensation. Scandal after scandal unfolded during her tenure on the board, and it's time for Secretary Chao to answer pressing questions about how this corporate malfeasance was allowed to occur.

Sincerely,

Caroline Ciccone
Executive Director
Restore Public Trust