

**HEARING BEFORE THE UNITED STATES HOUSE OF
REPRESENTATIVES COMMITTEE ON FINANCIAL SERVICES**

March 11, 2020

Testimony of James Quigley

Chairwoman Waters, Ranking Member McHenry, and Members of the Committee. I am here to share my perspectives as a former Member of the Board of Wells Fargo on the Bank's commitment to its customers and to restore its brand and realize its aspirational vision and purpose. As the Committee is aware, I decided to resign from the Board to permit the Bank to turn the page and move forward with a focus on its future.

I brought to my role as a Wells Fargo Board member a deep conviction in the values of trust and confidence. I learned those values from my parents, a forest ranger and a school teacher, and I took them with me to Deloitte, where I rose to become the CEO.

Restoring public and customer trust and confidence in Wells Fargo were our most important priorities after we learned of the egregious sales practices. In her written testimony, Ms. Duke has detailed many of the transformational changes that the Board has overseen in our efforts to do everything possible to ensure that similar problems never happen again. While there is more to be done, undeniably, I believe Wells Fargo is making progress.

I would like to highlight two changes that are particularly important to me. *First*, the Board oversaw a huge investment to strengthen the compliance function of Wells Fargo. One of my roles at Deloitte was leading the Manufacturing Group, so I understand the importance of "Zero Defects"; I know why it's critical to do it "Right the First Time." I carried that thinking with me to my governance and oversight role at Wells Fargo. I wanted zero customer harm. If it

ever occurred, I wanted it detected through the Bank's control and monitoring processes, and remediated as quickly as humanly possible.

As Mr. Scharf has testified, the Bank's compliance teams have added more than 3,300 employees since the end of 2017, more than doubling the size of that function in less than three years.

Second, the Board encouraged and supported the changes in the senior management of the Bank, bringing new capability and stimulating cultural change. Since 2016, Wells Fargo has hired a new Chief Operating Officer, Chief Risk Officer, General Counsel, Chief Auditor, Chief Compliance Officer, Head of Human Resources, and Head of Technology. I personally devoted much of 2019 to leading the search for a new CEO, and I am confident that we selected the best candidate to lead the Bank. Because I believe deeply in the critical role of culture in an organization like Wells Fargo, I was especially supportive of the culture Mr. Scharf is working to establish—one with clear priorities, best-in-class standards for operational excellence and integrity, a unified Bank with clear line of sight across the business, accountability of management, and—most important of all—a renewed commitment to completing the work of doing right by our customers and satisfying our regulators.

The cultural and structural changes that are necessary to address the Bank's challenges are far-reaching. We believed that getting those things right, and in a way that will result in lasting change, ultimately serves customers and employees better than doing them quickly. I believe the changes we oversaw will make Wells Fargo stronger, more reliable, and more deserving of customer trust. And, while there is still more to do, I am confident that the company is moving in the right direction. Because I am no longer a member of the company's Board, I cannot speak for the Board today. I have my personal reflections, including the

importance of distinct and separate roles for management and the Board. Blurring those lines does not make the institution more safe or more sound. The Board must oversee the Company's management and business strategies, but it cannot replace or do the job of management, and that principle was critical to me during my tenure at Wells Fargo.

In my testimony today, I must also respect the limits on my ability to disclose confidential bank supervisory information. The regulators have not provided full CSI waivers, and I need to be particularly careful to stay within their limits.

Within those constraints, I look forward to answering the Committee's questions.