

# Gary Hefler et al. v. Wells Fargo & Company et al.

**COURT:** United States District Court for the Northern District of California  
**CASE NUMBER:** 4:16-cv-05479-JST (Previously docketed as 3:16-cv-05479-JST)  
**CLASS PERIOD:** 02/26/2014 - 09/20/2016  
**CASE LEADERS:** Salvatore J. Graziano, Adam H. Wierzbowski, Rebecca E. Boon, Scott R. Foglietta  
**CASE TEAM:** Michael Mathai

This page relates to a securities class action against Wells Fargo that was settled in 2018.

For information about the **current** securities action against Wells Fargo and other defendants in which a proposed settlement for \$1 billion was reached in 2023, please visit: <https://www.blbglaw.com/cases-investigations/wells-fargo>

This action asserted claims pursuant to Sections 10(b), 20A, and 20(a) of the Securities Exchange Act of 1934 against defendants Wells Fargo & Company (“Wells Fargo” or the “Company”) and several of its most senior current and former executives and Board members (collectively with Wells Fargo, the “Defendants”) based on alleged false and misleading statements made in connection with the Company’s scandal of creating fake or unauthorized client accounts from February 26, 2014 through September 20, 2016 (the “Class Period”).

## **Lead Plaintiff Has Settled the Action for \$480 Million**

The Court-appointed Lead Plaintiff Union Asset Management Holding, AG reached a settlement of this action for \$480 million in cash that resolves all claims in the action. The Settlement represents the fourth largest securities settlement ever achieved in the Ninth Circuit.

On December 18, 2018, after a hearing, the Court entered an Order approving the Settlement, the Plan of Allocation for the proceeds of the Settlement, and Lead Counsel’s motion for attorneys’ fees and expenses.

If you are a member of the Settlement Class, your rights will be affected. The Settlement Class consists of:

all persons or entities who purchased Wells Fargo common stock from February 26, 2014 through September 20, 2016, inclusive, except for certain persons and entities who are excluded from the Settlement Class by definition (see paragraph 25 of the [Notice](#)).

Please read the [Notice](#) to fully understand your rights. A copy of the [Notice](#) can be found on the **Case Documents** page. You may also visit the Settlement website, [www.WellsFargoSecuritiesLitigation.com](http://www.WellsFargoSecuritiesLitigation.com), for more information about the Settlement.

The deadline for submission of Claim Forms was January 23, 2019. On April 22, 2020, Lead Plaintiff filed a motion with the Court requesting permission to conduct the initial distribution of settlement funds to eligible claimants, which the Court granted on August 3, 2020. The Claims Administrator conducted an initial distribution of the settlement funds to eligible claimants in September 2020, a second distribution in August 2021, and a third distribution in September 2022. Subsequent distributions will occur on a rolling basis in accordance with the court order until they are no longer cost effective.

## **Background**

Wells Fargo is the world's second largest bank by market capitalization, with \$1.9 trillion in assets and \$1.2 trillion in deposits. It is a diversified financial services company that provides retail, commercial, and corporate banking services, principally in the United States, to over 70 million customers. The action alleges that, throughout the Class Period, and despite the existence of the undisclosed fake account fraud, Wells Fargo and its senior officers made a series of materially misleading statements and omissions about its values, strategies, and results concerning "cross-selling"—the practice of selling multiple services to a single customer of the Company.

Specifically, Lead Plaintiff alleges that, throughout the Class Period, Wells Fargo falsely touted the Company's cross-selling practices by repeatedly representing that its culture was focused around giving customers services that they valued and needed and that its efforts were highly successful and a key driver of strong financial results. However, after years of maintaining these assurances, various regulators and Wells Fargo suddenly revealed on September 8, 2016 that several regulatory investigations had culminated in findings that Wells Fargo employees secretly and illegally had been opening millions of unauthorized accounts for existing Wells Fargo customers in order to hit performance targets. Additional disclosures continued throughout the next two weeks, including admissions by then-CEO John Stumpf in congressional testimony that the Company's highest executives, including himself and the Board, knew about the fake account fraud on a "significant scale" by 2013. As a result of these disclosures, the price of the Company's stock plummeted, causing substantial investor losses.

On January 5, 2017, the Honorable Jon S. Tigar of the Northern District of California appointed Union Asset Management Holding AG as Lead Plaintiff, and on May 27, 2017 appointed Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel. Motion to dismiss briefing was completed on September 25, 2017. On February 27, 2018, the Court issued an opinion upholding the Plaintiff's complaint and refusing to dismiss the bulk of the allegations against the bank and its former and current executives.

On May 4, 2018, the parties announced that they had reached a settlement-in-principle of \$480 million in cash to resolve the case. On July 31, 2018, Lead Plaintiff filed its motion for preliminary approval of the Settlement with the Court. On September 4, 2018, the Court entered its Order Granting Preliminary Approval of Class Action Settlement, which scheduled a final approval hearing for December 18, 2018.

On December 18, 2018, the Court approved the Settlement and the Plan of Allocation and approved Lead Counsel's motion for attorneys' fees and expenses. By Order dated April 20, 2020, the Ninth affirmed the fee award.

## Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses ("Notice")
- August 3, 2020 - Order Approving Distribution Plan
- April 22, 2020 - Lead Plaintiff's Motion for Approval of Distribution Plan
- April 22, 2020 - Declaration of Alexander Villanova in Support of Lead Plaintiff's Motion for Approval of Distribution Plan
- December 20, 2018 - Judgment Approving Class Action Settlement
- December 20, 2018 - Order Approving Plan of Net Settlement Fund

- December 20, 2018 – Order Awarding Attorneys’ Fees and Litigation Expenses
- December 20, 2018 – Order Granting Final Approval of Class Action Settlement and Motion for Attorneys’ Fees and Expenses
- December 18, 2018 – Lead Plaintiff’s and Lead Counsel’s Reply Brief in Further Support of (I) Motion for Final Approval of Settlement and Plan of Allocation, and (II) Motion for an Award of Attorneys’ Fees and Litigation Expenses
- December 10, 2018 - Supplemental Declaration of Salvatore J. Graziano in Further Support of (I) Lead Plaintiff’s Motion for Final Approval of Settlement and Plan of Allocation, and (II) Lead Counsel’s Motion for an Award of Attorneys’ Fees and Litigation Expenses
- November 13, 2018 - Lead Plaintiff’s Motion for Final Approval of Settlement and Plan of Allocation
- November 13, 2018 - Lead Counsel’s Motion for an Award of Attorneys’ Fees and Litigation Expenses
- November 13, 2018 - Declaration of Salvatore J. Graziano in Support of: (I) Lead Plaintiff’s Motion for Final Approval of Settlement and Plan of Allocation; and (II) Lead Counsel’s Motion for an Award of Attorneys’ Fees and Litigation Expenses
- September 4, 2018 - Order Granting Preliminary Approval of Class Action Settlement and Granting Motion to Seal
- July 31, 2018 - Lead Plaintiff’s Notice of Motion for Preliminary Approval of Settlement, and Memorandum of Points and Authorities in Support Thereof
- July 30, 2018 - Stipulation and Agreement of Settlement
- March 15, 2018 - Second Consolidated Class Action Complaint
- February 27, 2018 - Order Granting in Part and Denying in Part Motions to Dismiss