

AGREEMENT BY AND BETWEEN

Wells Fargo Bank, N.A.  
Sioux Falls, South Dakota  
And

The Office of the Comptroller of the Currency

Whereas, Wells Fargo Bank, N.A., Sioux Falls, South Dakota successor by merger of Wachovia Bank, N.A. (“Bank”), and the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”) wish to protect the interests of the depositors, customers, and shareholders of the Bank, and toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules, and regulations; and

Whereas, the Comptroller, through his National Bank Examiners, has conducted ongoing examinations of the Bank and reviewed available information indicating that certain employees and agents of the Bank's predecessors in interest engaged in illegal conduct and/or unsafe or unsound practices in connection with the marketing and sale of certain derivative financial products to certain municipalities and other non-profit organizations (“counterparties”) in certain competitively bid transactions, during at least 1997 through 2006; and

Whereas, the Bank, in May 2008, terminated its participation in the marketing and sale of competitively bid derivative financial products to municipalities and certain non-profit organizations known as “Section 501(c)(3) organizations” (*e.g.*, major universities and large non-profit hospitals) related to the investment of bond proceeds and interest rate swaps, but continues to engage in certain competitively bid financial transactions with municipalities and Section 501(c)(3) organizations including municipal debt underwriting and terminations of outstanding derivative contracts, as well as

competitively bid transactions in approximately 30% of the Bank's other business lines;  
and

Whereas, those business units within the Bank, where the illegal conduct and/or unsafe or unsound practices related to the marketing and sale of certain derivative financial products occurred, are now part of the company's Wholesale Banking business segment and are known as the Municipal Derivatives Marketing and Municipal Derivatives Trading groups ("Municipal Derivatives Marketing and Trading"); and

Whereas, the Bank has taken steps to enhance and strengthen its policies, procedures, systems, and controls over Municipal Derivatives Marketing and Trading, which has operated under an enhanced anti-competitive behavior policy since April 2010;  
and

Whereas, the Bank agrees to make payments to the counterparties and in the amounts identified in Exhibit A hereto; and

Whereas, it is the further goal of the Comptroller and the Bank that the Bank shall establish and maintain policies, procedures, systems, and controls to effectively manage all businesses on an enterprise-wide basis that involve competitive bidding; and

Whereas, in consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors ("Board"), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

**ARTICLE I**  
**JURISDICTION**

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1) and (6).

(2) This Agreement shall be construed to be a “written agreement between such depository institution” and the OCC within the meaning of 12 U.S.C. § 1818(e)(1) and (i)(2).

(3) This Agreement shall not be construed to be a “formal written agreement” within the meaning of 12 C.F.R. §§ 5.3(g)(4), 5.51(c)(6), and 24.2(e)(4), unless the OCC informs the Bank otherwise.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Bank or Board has agreed to submit to the Deputy Comptroller, Large Bank Supervision pursuant to this Agreement shall be forwarded to:

Deputy Comptroller, Large Bank Supervision  
Office of the Comptroller of the Currency  
250 E Street, S.W.  
Washington, DC 20219

With a copy to be hand-delivered to:

Examiner-in-Charge, Large Bank Supervision  
Office of the Comptroller of the Currency  
343 Sansome Street, Suite 1150  
MAC A0163-110  
San Francisco, CA 94163-0101

## ARTICLE II

### POLICIES AND PROCEDURES

(1) Within sixty (60) days of the date of this Agreement, the Bank shall provide a detailed written plan (“Plan”) that ensures appropriate control and oversight of competitively bid transactions that are conducted within Municipal Derivatives Marketing and Trading, including, *e.g.*, the termination of existing municipal reinvestment transactions, bidding to replace other dealers as counterparties to municipal derivative transactions, making prices for competitively bid commercial mortgage-backed securities defeasance transactions and Trade Web trading. The Plan will be designed to detect and prevent potential collusion, bid-rigging, price fixing or other improper anticompetitive activity. The Plan shall, at a minimum:

- (a) identify all financial products offered to municipalities and/or Section 501(c) (3) organizations pursuant to a process of competitive bidding;
- (b) identify and describe any internal control and supervision enhancements designed to ensure that all competitively bid transactions are conducted in a safe and sound manner and in compliance with all applicable laws and regulations, including antitrust laws;
- (c) require a supervisor review process, with reporting requirements, for monitoring and ensuring ongoing compliance with the control enhancements of this paragraph; and
- (d) require development and maintenance of appropriate management information systems (“MIS”) to capture, at a minimum, where applicable, the following information:

- (i) Identification of the broker(s) or financial advisors involved in the transaction and description of services performed for which fees are paid by the Bank;
- (ii) Identification of the transaction type and description of the transaction terms including investment amount and other terms;
- (iii) Identification of the trader supporting the transaction, the price established by the trading desk, and explanation of the difference, if any, between the offered price and the trading desk price; and
- (iv) Whether the bid was won or lost; and if won, identification of the final transaction price, the amount recorded on the Bank's books and records, including any anticipated revenue/profit; the amount of sales credit attributed to the marketer(s); and the methodology for determining the sales credit to the marketer(s).

(2) Within sixty (60) days of the date of this Agreement, the Bank shall submit the Plan required by Article II (1) to the Examiner-in-Charge for review. In the event the Examiner-in-Charge recommends changes to the Plan, the Bank shall incorporate those changes. The Bank shall immediately implement and adhere to the Plan following receipt of the Examiner-in-Charge's supervisory non-objection or recommended changes.

(3) As noted above, the Bank terminated its participation in the marketing and sale of certain competitively bid derivative financial products to municipalities and Section 501(c) (3) organizations in May 2008. If the Bank determines to reengage in such marketing and/or sale of such products, prior to doing so, the Bank shall notify the

OCC in writing and provide a detailed description of how it intends to ensure that such transactions comply with all applicable laws and regulations, including policies and procedures designed to ensure that any such transactions will be conducted in compliance with safe and sound banking practices, and applicable laws and regulations. The policies and procedures shall be designed to detect and prevent potential collusion, bid-rigging, price fixing or other improper anticompetitive activity. In the event the Examiner-in-Charge recommends changes to the policies and procedures, the Bank shall incorporate those changes. The Bank shall not engage in any such transactions unless and until the policies and procedures submitted pursuant to this paragraph receive written supervisory non-objection from the Examiner-in-Charge. To receive written supervisory non-objection, the policies and procedures, at a minimum, shall:

- (a) Specify responsibility related to sales/marketing, trading, desk supervision, risk management, trade accounting, reporting, financial control, and training;
- (b) Require development and maintenance of appropriate MIS to capture bid records and information for bids won and bids lost;
- (c) Require a supervisor review process with reporting requirements; and
- (d) Require monitoring and surveillance of telephone and email communications for the marketing and trading desks involved in the marketing, pricing, or sale of all such transactions.

## **ARTICLE III**

### COMPLIANCE, TRAINING AND AUDIT

(1) Within sixty (60) days of the date of this Agreement, the Bank shall provide a written description of its compliance program to test the Bank's compliance with the requirements of Article II (1) of this Agreement. This program shall be designed to test the adequacy of the Plan and policies and procedures intended to detect and prevent potential collusion, bid-rigging, price fixing, or other improper anticompetitive activity. This program shall, at a minimum, include periodic and regular reviews, sample transactions testing, transaction reports, and telephone and email surveillance.

(2) Within sixty (60) days of the date of this Agreement, the Bank shall provide a written description of its training program, which shall be designed to ensure awareness of and compliance with the requirements of all applicable laws and regulations for employees with duties and responsibilities relating to the requirements of Article II (1) of this Agreement.

(3) Within sixty (60) days of the date of this Agreement, the Bank shall provide a written description of its internal audit program, which shall be designed to test the Bank's compliance and training programs required in paragraphs (1) and (2) of this Article.

(4) The Bank shall provide the descriptions required by this Article to the Examiner-in-Charge for review. In the event that the Examiner-in-Charge recommends changes to any of the programs identified by this Article, the Bank shall incorporate those changes. The Bank shall immediately implement and adhere to the programs following receipt of the Examiner-in-Charge's no objection or recommended changes.

## **ARTICLE IV**

### **POLICIES, PROCEDURES AND INTERNAL CONTROLS FOR ALL COMPETITIVELY BID TRANSACTIONS**

(1) Within sixty (60) days of the date of this Agreement, the Bank shall complete a formal assessment that identifies all business lines within the Bank that engage in business activities that involve competitively bid transactions. For the purposes of this Agreement, a “competitively bid transaction” means a transaction in which the Bank submits a binding bid to provide or purchase a financial product in a competitive process that is intended to result in the selection of one or more winning bids, free from any collusion. The assessment shall identify the business unit and describe the type of financial products and services provided in competitively bid transactions. The Bank shall report the findings of the assessment to the Board and the Examiner-in-Charge.

(2) Within one hundred and twenty (120) days of the date of this Agreement, the Bank shall complete a formal evaluation of the operational policies and procedures applicable to each business unit that engages in competitively bid transactions. The Bank shall ensure that written policies and procedures exist to ensure compliance with safe and sound banking practices, laws, and regulations related to competitively bid transactions. Upon completion, the Bank shall submit the formal evaluation to the Board and the Examiner-in-Charge. In the event the Examiner-in-Charge recommends changes to the policies and procedures, the Bank shall incorporate those changes, and the Bank shall immediately implement and adhere to the amended policies and procedures.

(3) Within one hundred twenty (120) days of the date of this Agreement, the Bank shall provide a written description of the comprehensive enterprise wide internal

training program the Bank has developed to ensure compliance with all laws and regulations related to competitively bid transactions. At a minimum, the training program shall require annual training for all employees participating in competitively bid transactions. Upon request of the Examiner-in-Charge, the Bank shall provide a list of such employees.

(4) Upon development and finalization of the training program, the Bank shall submit the training program to the Examiner-in-Charge for review. In the event the Examiner-in-Charge recommends changes to the training program, the Bank shall incorporate those changes into the program. The Bank shall immediately implement and adhere to the training program upon receipt of the Examiner-in-Charge's no objection or recommended changes.

(5) The Bank shall provide training materials including a list of all staff that received training and the date of the most recent session attended to the Examiner-in-Charge at least annually.

## **ARTICLE V**

### **REPORTING**

(1) Prior to June 30, 2012, and annually thereafter as long as this Agreement remains in effect, the Bank shall prepare and submit an annual report to senior management, the Board and the OCC that details its supervisory control policies and procedures, identifies significant weaknesses, summarizes the results of testing, and discusses additional or amended procedures implemented in response to such testing pursuant to this Agreement. Following the submission of each annual report, the Bank will have the opportunity to review with the Examiner-in-Charge any changes that may

be appropriate as a result of developments in the law or business circumstances that would affect the Bank's obligations under this Agreement.

## ARTICLE VI

### PAYMENT OF UNJUST ENRICHMENT TO HARMED MUNICIPALITIES AND OTHER NON-PROFIT ORGANIZATIONS

(1) Within ten (10) days of the date of this Agreement, the Bank shall deposit into a segregated deposit account at the Bank an amount not less than fourteen million five hundred eighteen thousand thirteen dollars (\$14,518,013), which includes prejudgment interest calculated from the date of each transaction to November 30, 2009, and represents the amount to be paid by the Bank related to certain derivative financial products sold to the counterparties in **Exhibit A** of this Agreement.

(2) Within thirty (30) days, the Bank shall pay each listed counterparty the amount identified in **Exhibit A**.

(3) Within ninety (90) days, the Bank shall submit a written report to the Examiner-in-Charge confirming that all payments required by this Article have been made consistent with **Exhibit A**. If any payments are still outstanding, the report shall detail the reasons, the amount of funds still to be paid, and the expected time frame in which the required payments will be made to the remaining recipients.

## ARTICLE VII

### OTHER PROVISIONS

(1) Although the Board has agreed that the Bank shall submit certain programs and reports to the Deputy Comptroller or Examiner-in-Charge for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Deputy Comptroller.

(5) In such instance in this Agreement in which the Board is required to ensure adherence to, and undertake to have the Bank perform certain obligations, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of the Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and

(d) require corrective action of any non-compliance with such actions be taken in a timely manner.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his/her supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

//signed//  
Michael L. Brosnan  
Senior Deputy Comptroller for Large Bank Supervision  
Office of the Comptroller of the Currency

December 8, 2011  
Date



## Exhibit A

Transaction Date	Counterparty Name	Total Payments
04/14/2000	HealthEast Project	\$5,636,236
06/15/2000	Hickory Pointe Apartments/Health, Educational, and Housing Facility Board of the City of Memphis, TN	\$44,845
10/24/2000	Deaconess Health Care Corp/Okla Development Finance Authority and Oklahoma Industries	\$240,303
10/17/2001	Atlanta Development Authority/Clark Atlanta University Partners, Inc. (ADA/CAU Partners, Inc.)	\$136,794
11/14/2001	City of Philadelphia (PA) Collateralized CD	\$137,923
12/11/2001	Winston-Salem State University/Housing Foundation, LLC	\$111,228
01/30/2002	School District of the Township of Upper St. Clair (PA) Collateralized CD	\$351,479
02/07/2002	Mountain View School District (PA) Collateralized CD	\$221,832
02/21/2002	Titusville Area School District (PA) Collateralized CD	\$470,409
04/25/2002	Macon Water Authority (GA)	\$426,041
06/04/2002	City of Bessemer	\$342,619
08/08/2002	Episcopal Retirement Homes, Inc.	\$209,215
09/19/2002	Jefferson County	\$244,611
10/08/2002	North Wales	\$583,645

12/04/2002	Jefferson County	\$74,855
02/05/2003	Monrow Newpower Corp.	\$237,560
02/12/2003	Cumberland County	\$136,597
02/25/2003	Penn Higher Ed	\$178,170
02/25/2003	Shepherd College	\$99,478
04/22/2003	Kendall on Hudson County of W. Chester (NY)	\$113,383
05/01/2003	Jefferson County	\$368,127
05/01/2003	SW VA Jail	\$248,559
05/02/2003	SW VA Jail	\$240,493
06/06/2003	Port Orange, FL	\$243,881
07/24/2003	Penn Higher Ed	\$614,017
08/14/2003	Spotsylvania Water & Sewer	\$40,553
08/18/2003	California Fairs	\$82,554
10/08/2003	IDA of County of Henrico, VA	\$369,452
10/30/2003	Penn Higher Ed	\$299,012
11/19/2003	City of Madisonville, Kentucky	\$108,893
01/21/2004	Dekalb County, GA Hospital Authority	\$624,128
02/25/2004	Edgewood Summit	\$190,094
03/24/2004	Butler County Authority	\$609,397
05/03/2004	City of Erie Higher Education	\$103,486
09/17/2004	City of Bowling Green (KY) [Water]	\$136,881
09/17/2004	City of Bowling Green (KY) [Electric]	\$44,936

12/21/2004	AICUP Lycoming Project Series 2004CC	\$42,332
03/01/2006	John Carroll University	\$10,175
03/02/2006	Pine-Richland School	\$9,484
03/22/2006	Bowling Green Municipal Utilities	\$42,993
04/25/2006	Birmingham, AL Water Works	\$49,031
08/29/2006	CROZER-CHESTER MEDIC	\$42,312
Total		\$14,518,013