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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

September 26, 2014

GABRIELLE A. BATKIN, STAFF DIRECTOR  
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VIA U.S. MAIL & EMAIL (jim.strother@wellsfargo.com)

Mr. John Stumpf  
Chief Executive Officer  
Wells Fargo  
420 Montgomery Street  
San Francisco, CA 94104

Dear Mr. Stumpf:

I write to seek information regarding Wells Fargo's banking operations in communities near the U.S.-Mexico border. Over the past year, large financial institutions, including Wells Fargo, have scaled back their services along the border by closing local branches and instituting a number of cross-border banking restrictions. These actions have not only made it more difficult for certain Arizonan entrepreneurs, who own or manage cash-intensive businesses, to obtain the necessary capital to run those businesses, but have also presented new obstacles for companies that do business in both the United States and Mexico.

Branch closures in U.S. border towns have forced local business owners to end long-standing relationships with financial institutions in their communities. According to recent media reports, four branches representing several major banks have closed over the past year in Nogales, Arizona alone. Those branch closures have resulted in higher transaction costs and substantial difficulties for local businesses.

Recent regulatory actions may explain the sudden closing of financial institutions near the border. In August, the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) teamed up with its Mexican counterpart to institute new reporting initiatives on cross-border movements of cash. The goal of these regulatory efforts has been to target drug trafficking organizations and hinder money laundering.

Although those financial regulators seek to address an important issue, their actions have created hardships for small business owners. Despite the increased compliance costs resulting from burdensome regulation, Wells Fargo has continued to offer its "ExpressSend" global remittance service to its customers. As you may know, "ExpressSend" gives customers the ability to send money out of the United States at competitive exchange rates and is an important service for border communities.

I understand the difficult task that financial institutions like Wells Fargo face in keeping illicit funds out of our financial system. However, as regulatory pressures increase and

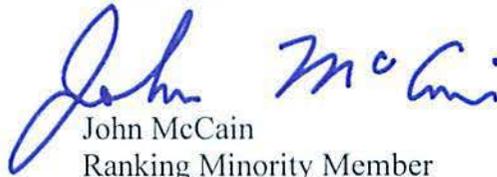
compliance costs continue to rise, it is crucial for the economic vitality of border communities that local businesses continue to have access to necessary banking services.

In order to address this issue, please provide responses to the following questions:

1. How many branches has Wells Fargo closed in states bordering Mexico since 2012? Please note the locations of closed branches and the reason for closing each.
2. What are the primary reasons why your company decided to close its branches in Arizona border communities?
3. To what extent are branch closures in border communities due to regulatory or statutory requirements or compliance costs? Please detail the applicable regulations or statutes driving such costs.
4. Have Wells Fargo's compliance costs associated with "ExpressSend" increased considerably within the past two years? If so, please explain which regulations or statutes have significantly contributed to the higher compliance costs.
5. Has Wells Fargo faced increased scrutiny from financial regulators regarding "ExpressSend" or any other of its cross-border banking services since 2012?
6. Does Wells Fargo have different banking procedures in place for cross-border transactions with Canada from cross-border transactions with Mexico? If so, how do they differ?

Thank you for your attention to this important matter. If you have any questions or concerns, please have your staff contact Jack Thorlin, Counsel to the Minority, Permanent Subcommittee on Investigations, at 202/224-2224.

Sincerely,

A handwritten signature in blue ink that reads "John McCain". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "McCain".

John McCain  
Ranking Minority Member  
Permanent Subcommittee on Investigations