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ELECTRONICALLY
FILED

Superior Court of California,
County of San Francisco

06/14/2019
Clerk of the Court

BY: JUDITH NUNEZ
Deputy Clerk

10
11 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
12 **COUNTY OF SAN FRANCISCO**

13
14 COORDINATION PROCEEDING SPECIAL
15 TITLE [RULE 3.550]

16 WELLS FARGO DERIVATIVE CASES

17 Included Actions:
18 Superior Court of California
19 County of San Francisco
20 *In re Wells Fargo & Company Derivative
Litigation*
No. CGC-16-554407

21 San Mateo County Superior Court
22 *Herron v. Stumpf, et al.*
23 No. 18-CIV-00466

JUDICIAL COUNCIL COORDINATION
PROCEEDING NO. 4966

CJC-18-004966

**DECLARATION OF PROFESSOR DANIEL
J. MORRISSEY IN SUPPORT OF
PLAINTIFFS' RENEWED MOTION FOR
PRELIMINARY APPROVAL OF
SETTLEMENT**

Date: June 26, 2019

Time: 10:00 a.m.

Dept. 613

Hon. Teri L. Jackson

1 I, Daniel J. Morrissey, declare as follows:

2 1. I submit this declaration in support of Plaintiffs' Renewed Motion for Preliminary Approval
3 of the Proposed Settlement of these coordinated proceedings ("Improper Sales Practices Actions"),
4 captioned above. I am personally familiar with the matters discussed herein and, if called as a witness,
5 could and would testify thereto.

6 **A. PROFESSIONAL BACKGROUND AND QUALIFICATIONS**

7 2. I have been retained in this matter as an expert on corporate law and governance and
8 directors' fiduciary duties.

9 3. I have been a tenured professor at Gonzaga University School of Law since 2001 and
10 was formerly Dean of its faculty. I have taught courses and conducted research in the areas of
11 corporate and securities law and governance throughout my more than 35 years as Dean and Professor
12 at various law schools. My Curriculum Vitae is attached hereto as Exhibit 1.

13 4. I have published more than thirty law review articles about issues of corporate and
14 securities law and jurisprudence on topics including shareholder derivative actions, fiduciary duties of
15 corporate officials, enforcement of the federal securities laws, corporate governance, and investor
16 remedies for fraud. In addition, I have frequently contributed articles to the National Law Journal on
17 topics of corporate law. I am also the co-author of a casebook entitled Securities Litigation recently
18 published by Carolina Academic Press that is used in law school classes.

19 5. I received my undergraduate degree and my law degree from Georgetown University.
20 After graduating from law school, I served as a law clerk to a U.S. District Court Judge in Chicago.
21 My professional focus on corporate and securities law began more than forty years ago when I started
22 working as an attorney in the Division of Enforcement of the Securities and Exchange Commission
23 ("SEC"). Before I became a full time academic, I was also engaged in the private practice of law,
24 specializing in corporate and securities work with a law firm in Los Angeles that is now part of K&L
25 Gates.

26 6. I began my permanent career in legal education teaching courses in corporate and
27 securities law at the University of Tulsa where I achieved tenure. From 1994 until 1999, I was the
28 Dean of St. Thomas University School of Law in Miami, Florida, and continued to teach and publish

1 articles on corporate and securities law until I joined the faculty of Gonzaga University School of Law
2 as its Dean in 2001. I have also taught courses in corporate and securities law as a visiting professor at
3 Seattle University School of Law, New York Law School, DePaul University Law School, Seton Hall
4 University School of Law, the University of Denver, and Pepperdine University Law School.

5 7. I have been retained by counsel representing both plaintiffs and defendants in
6 corporate/securities litigation, and served as an expert witness or consultant in more than fifty cases
7 involving issues of federal and state securities law, general corporate law, the duties of fiduciaries in
8 various business entities, and corporate governance matters.

9 8. I have also been retained to address significant legal and public policy questions in
10 corporate matters and securities law, including issues relevant to shareholder derivative actions, like
11 this case. For example, I appeared before the Washington Supreme Court in March 2009 and
12 successfully argued that Washington State should adopt Delaware’s demand futility pleading standard
13 in shareholder derivative actions. *In re F5 Networks, Inc.*, 166 Wash. 2d 229, 207 P.3d 433 (Wash.
14 2009). I also appeared before the Supreme Court of Minnesota where I successfully argued a case
15 involving that state’s securities laws. *Risdall v. Brown-Wilbert*, 753 N.W. 2d 723 (Minn. 2008). I
16 have also testified before a committee of the U.S. House of Representatives regarding issues of
17 corporate law. In addition to my work in securities and corporate governance, I served as the
18 Supervising Attorney for the Prison Legal Aid Clinic at the Southern Illinois University School of Law.

19 9. I was retained to provide an opinion as to the value and benefits to Wells Fargo &
20 Company (“Wells Fargo” or the “Bank”) and its stockholders from the Settlement, including (1) the
21 compensation clawbacks (“Clawbacks”) from Defendants John G. Stumpf (“Stumpf”) and Carrie L.
22 Tolstedt (“Tolstedt”), described at Paragraphs 39-43 of the Settlement, and (2) the corporate
23 governance reforms (“Reforms”), described in Paragraphs 36-38 of the Settlement. The Reforms are
24 also set forth in Exhibit A to the Settlement.

25 **B. OVERVIEW OF ALLEGATIONS**

26 10. These consolidated shareholder derivative actions assert claims brought on behalf of
27 Wells Fargo against certain of its current and former officers and directors, including John D. Baker,
28 Elaine L. Chao, John S. Chen, Lloyd H. Dean, Elizabeth A. Duke, Susan E. Engel, Enrique Hernandez

1 Jr., Donald M. James, Cynthia H. Milligan, Federico F. Pena, James H. Quiqley, Stephen W. Sanger
2 Timothy J. Sloan, John G. Stumpf, Susan G. Swenson, Suzanne M. Vautrinot, John R. Shrewsberry,
3 and Carrie L. Tolstedt (collectively, the “Individual Defendants”), in connection with Wells Fargo’s
4 sales practices. (“Improper Sales Practices”).

5 11. For over a decade, the Bank’s employees created more than 3.5 million fictitious
6 accounts for its customers. In addition to setting up unauthorized checking and savings accounts, this
7 activity included applying for credit and debit cards for the bank’s customers without their knowledge
8 and creating phony email addresses to enroll them in online-banking services.

9 12. Plaintiff William Sarsfield initiated these derivative proceedings by making a formal
10 inspection demand to Wells Fargo on September 13, 2016. Sarsfield then filed a Complaint
11 (“Complaint”) on September 22, 2016. In addition, the Consolidated Shareholder Complaint
12 (“Consolidated Complaint”) was filed on January 12, 2017 and the Amended Consolidated
13 Shareholder Derivative Complaint (“Amended Complaint”) was filed on June 9, 2017. All of these
14 complaints allege that the Improper Sales Practices resulted from one of the largest corporate
15 governance breakdowns in history including the failure of the Bank’s Board and executive officers “to
16 implement adequate controls to prevent, assess, and cease the large-scale fraudulent conduct.”
17 Regulatory settlements and subsequent Congressional inquiries have led to further revelations about
18 other practices at Wells Fargo.

19 13. Thus, the Complaint, Consolidated Complaint, and Amended Complaint all sought
20 various forms of relief, including corporate governance reforms at Wells Fargo to help ensure that
21 similar practices did not continue in the future, as well as disgorgement of improper compensation
22 received by the Individual Defendants, including Stumpf, the Bank’s former Chair and CEO, and
23 Tolstedt, the Bank’s former head of Community Banking.

24 14. The Consolidated Complaint and Amended Complaint also allege that, in connection
25 with this activity, Wells Fargo made false or misleading filings with various regulatory agencies,
26 including the SEC that had the effect of artificially inflating its stock. During the relevant period, Well
27 Fargo allegedly repurchased significant amounts of its shares at inflated values, and executives
28 allegedly sold stock at inflated values. I understand Defendants deny these allegations.

1 15. I have not made a personal investigation of the facts underlying this Action, and express
2 no opinion regarding either the merits of or defenses to the allegations. I have read the Amended
3 Complaint, other documents filed in this and related cases, and relevant portions of Wells Fargo's
4 public filings, including its 2019 proxy statement. I have also consulted with counsel for the
5 Plaintiffs.

6 C. SETTLEMENT NEGOTIATIONS AND TERMS

7 16. I understand that, beginning in October 2018, the Parties initiated negotiations regarding
8 a potential resolution of the Improper Sales Practices Action which were overseen by the Honorable
9 Daniel Weinstein (Ret.). Judge Weinstein also oversaw the mediation of the federal court shareholder
10 derivative action concerning Improper Sales Practices, as well as the mediation of California state
11 court derivative actions alleging wrongdoing occurring at Wells Fargo related to products sold to the
12 Bank's auto and home mortgage customers ("CPI Actions").

13 17. The Parties' mediation efforts culminated in separate settlements in the CPI and
14 Improper Sales Practices Actions. They also resulted in agreement on certain common corporate
15 governance reforms meant to address Bank-wide risk management policies applicable to both CPI and
16 Improper Sales Practices Actions, as well as certain provisions unique to either the CPI or the
17 Improper Sales Practices Actions. My opinions here address those Reforms that form the basis of the
18 settlement of this Improper Sales Practices Action in California state court.

19 18. Notably, in the Settlement itself, the Plaintiffs and Well Fargo agreed that the Reforms
20 the Bank is adopting are meant to "improve the Company's compliance with applicable laws and
21 regulations and enhance Board oversight of the Company's compliance function." The parties have
22 also agreed that the Reforms are being made "to address the specific Improper Sales Practices that
23 gave rise to this Action" and "are intended to reform and improve the Company's corporate
24 governance and internal procedures . . . [and] to protect the Company and its shareholders from a future
25 occurrence of the Improper Sales Practices alleged in the complaint filed in this Action, [which is] a
26 principal form of relief sought in the Action."

27 19. The Settlement also describes the parties' agreement and acknowledgment that the "facts
28 alleged in the complaints in the Action and subsequent amendments thereto, as well as certain

1 proposals made by Plaintiffs in connection with the prosecution and proposed resolution of the Action,
2 were significant and contributing factors taken into account by Wells Fargo in implementing corporate
3 governance reforms.” Similarly, the Parties acknowledged in the Settlement that Plaintiffs had sought
4 rescission of compensation agreements with certain of the Individual Defendants and a constructive
5 trust on the compensation they received, and the Action and allegations were “significant factors” in
6 the Clawbacks, including Stumpf’s forfeiture of \$41 million in equity compensation and Tolstedt’s
7 forfeiture of \$19 million in equity compensation. As discussed below, I agree with this assessment.

8 **D. THE CLAWBACKS AND REFORMS ARE VALUABLE TO WELLS FARGO AND ITS**
9 **SHAREHOLDERS, ADDRESSING THE ISSUES RAISED IN THE IMPROPER SALES**
10 **PRACTICES ACTIONS**

11 20. I have written extensively about the important role that derivative suits such as this Action
12 play in our legal system—giving shareholders the ability to redress conduct by their officials and
13 ensuring that corporations are run with integrity. *See* Daniel J. Morrissey, *Shareholder Litigation after*
14 *the Meltdown*, 114 W. Va. L. Rev. 531 (2012); Daniel J. Morrissey, *The Path of Corporate Law in the*
15 *21st Century*, 86 Or. L. Rev. 975 (2008); Daniel J. Morrissey, *New Rulings Threaten the Derivative*
16 *Suit*, 36 S. C. L. Rev. 631 (1985).

17 21. In my opinion, this is an impressive settlement and the plaintiffs and their attorneys have
18 achieve a significant result. The Clawbacks and Reforms will benefit Wells Fargo and its
19 shareholders in a number of ways. As the Settlement states: “Plaintiffs and Wells Fargo agree and
20 acknowledge that these reforms have conferred significant value upon Wells Fargo and will continue
21 to do so in the future.”

22 22. First, the value of the Clawbacks is self-evident. Stumpf and Tolstead forfeited, and
23 Wells Fargo received back, \$60 million in compensation paid by the Bank. In addition to providing
24 value back to the Bank, the Clawbacks serve as an effective deterrent against similar conduct in the
25 future. Both of those individuals were the top officials at Wells Fargo and, as alleged, received
26 compensation during the period in which the conduct occurred.

27 23. Second, the Reforms specifically address the wrongdoing alleged and are geared to
28 making sure it will not recur. The Bank is distributing remediation for the losses suffered by its

1 customers by this wrongdoing. It is also imposing new safeguards to ensure that the issues will not
2 impact other customers, or Bank shareholders, in the future.

3 24. For instance, the Bank has implemented numerous new controls and enhanced many of its
4 customer feedback mechanisms to make sure that all account activity has been authorized. It has
5 ended product sales goals that drove many of its employees to create these fictitious accounts. It has
6 also put in place new compensation and performance management programs that will be based, as they
7 should be, on the experience of the Bank's customers.

8 25. In addition, several of the Reforms that will be implemented in both the CPI and Improper
9 Sales Practices Actions relate to improvements in the Board reporting processes and risk management.
10 These Reforms will substantially improve Wells Fargo's corporate governance and bring added value
11 to the Bank which has suffered a loss of investor and customer confidence by the revelations of the
12 alleged malfeasance.

13 26. Risk management will also be improved by required restructuring to Wells Fargo's Board.
14 Directors now are expected take a more active role in managing their firm's affairs and as part of these
15 Reforms the Bank has adopted a detailed charter for its Risk Committee. The Risk Committee is
16 tasked with responsibility for overseeing a host of matters that may jeopardize the firm's prospects,
17 and its composition has been expanded to include a majority of members (four) with experience in
18 identifying, assessing, and managing risk exposures of large, financial firms. In addition, the Bank
19 now has new directors serving on this committee as well as its Human Resources and Governance and
20 Nominating committees, which should serve to tighten up Well Fargo's governance, contribute to the
21 integrity of its operations, and make sure that the types of harmful activity alleged in the Action do not
22 happen again.

23 27. As part of these Reforms, the Board can periodically bring in a third party to review its
24 performance. Most recently, Wells Fargo's Board engaged Mary Jo White, the recent chair of the
25 SEC, the federal agency responsible for administration and enforcement of the securities laws. This
26 independent review should serve as another mechanism to keep the Board accountable to its fiduciary
27 duties to the corporation and its shareholders.

28 28. Wells Fargo's directors are now limited in the number of other boards they may serve on.

1 No directors currently serve on more than three boards of other public companies and the Wells
2 Fargo's CEO does not serve on the board of any other company. This provision will help ensure that
3 directors will not be distracted by other responsibilities and unable to focus their attention on Wells
4 Fargo's concerns.

5 29. The Reforms also reduce the percentage of outstanding shares needed to call a special
6 stockholders' meeting from 25% to 20%. This strengthens the power of major investors in the Bank to
7 call a meeting where they may hold the directors accountable by removing them if necessary from
8 office.

9 30. Wells Fargo has also agreed to amend its Corporate Governance Guidelines. As two
10 noted commentators have written, "...corporate governance is about making sure that the right
11 questions get asked and the right checks and balances are in place..." Robert A.G. Monks & Nell
12 Minnow, *Corporate Governance*, 5th ed. (2011) at xxiv. The Guidelines also describe in detail the
13 directors' various responsibilities to manage and exercise oversight over the Bank's affairs, and lay out
14 a host of rules applicable to the Board such as the directors' qualifications, the composition of board
15 committees, and the expectation that directors are to attend the Bank's annual shareholder meetings,
16 board meetings and meetings of committees upon which they serve.

17 31. The Guidelines also memorialize and require that each new director participate in an
18 orientation and encourage their continued training and education in their duties. I have personally
19 participated in one such continuing education program held at Seattle University School of Law,
20 where current and incoming directors learned about their duties to faithfully manage their companies,
21 relevant legal requirements, and best practices relating to those responsibilities. In addition, these
22 amended guidelines contain provisions requiring directors to own stock in the Bank and also spell out
23 with specificity the standards for director independence. They also mandate an annual evaluation of
24 the CEO and annual planning regarding the succession of that individual.

25 32. The Bank will also benefit from revisions to its Audit & Examination Committee Charter.
26 Audit committees are comprised of independent directors. They assist the full board in assuring the
27 integrity of the financial statements of the company, making compliance with regulatory requirements,
28 and overseeing the performance of the company's independent auditor and internal audit function.

1 Well Fargo’s revised charter follows that practice laying out those duties for the committee as well as
2 overseeing any related party transactions which may raise potential problems of conflicts between the
3 Bank and its officials.

4 33. The Reforms also include improvements to the Bank’s policies and practices to make sure
5 its officials are made aware of any questionable activities. Those involve risk assessment and
6 regulatory oversight compliance committees that are required to have frequent meetings. This
7 additional, proactive review and supervision should help deter the types of consumer practices that are
8 the subject matter of the Action. In that regard, this Action has satisfied its intended purpose, to
9 reform Wells Fargo’s practices so that its customers will not be treated unfairly in the future.

10 34. In addition, the Reforms note that the Company has expanded the oversight role of its
11 Risk Committee to include human capital management, culture, and the Bank’s Code of Ethics and
12 Business Conduct. Along those lines the Human Rights Committee (“HRC”) is also being charged
13 with similar responsibilities and the HRC and the full board are now receiving reporting on cultural
14 and ethical issues. These and other similar changes should help promote a climate of fairness and full
15 disclosure in the Bank’s relations with its customers.

16 35. In addition, improvements to the Board’s ability to monitor and manage risk are
17 particularly important given the Bank’s extensive line of businesses, impacting millions of customers
18 across the country and their personal financial well-being. Thus, the Settlement will not only benefit
19 Wells Fargo and its shareholders, but will also lead in creating a more socially responsible
20 environment for all American corporations.

21 **E. THE RECOGNIZED VALUE OF GOVERNANCE REFORMS**

22 36. It is well established that strong corporate governance adds significant value to a
23 corporation and helps to reduce significant risk. Lucian A. Bebchuk & Assaf Hamdani, *The Elusive*
24 *Quest for Global Governance Standards*, 157 U. Pa. L. Rev. 1263, 1266 (2009). This is particularly
25 important in the case of a publicly-traded, national banking institution like Wells Fargo because of the
26 extensive scope of its operations and its consumer products and services, and the unique risks posed by
27 regulatory oversight of financial institutions. Wells Fargo’s operations give rise to attendant risks and
28 necessitate having a strong enterprise risk management structure.

1 37. In my opinion, the Reforms required under the Settlement will add substantial value to
2 Wells Fargo and its shareholders. They are aimed at preventing any future occurrence of the
3 wrongdoing alleged in the Action, and will improve Wells Fargo's operational risk management,
4 compliance and oversight, and strengthen the Bank's operations and reporting mechanisms.

5 38. Although it is difficult to assign a precise dollar value to these governance changes, the
6 reputation and governance profile of Wells Fargo will improve after implementing these changes.
7 That is likely to produce better relations with customers, suppliers, employees, and ultimately
8 shareholders. These changes will also provide an effective deterrent to insiders from exploiting their
9 informational advantage and alienating investors, again adding value to the Bank.

10 39. As I have discussed above, the Settlement requires, among other things, regular reports to
11 the Board which will help reduce risk exposure from customer programs and issues raised in this
12 Action. All of that will allow outside directors to keep better informed on a current basis about any
13 risks to the Bank's operations.

14 40. Further, the Settlement requires that certain of the Reforms will stay in place a minimum
15 of three years, a significant enhancement to their viability. Further, in practice, improvements to
16 reporting channels and risk management once established typically remain in place on a permanent
17 basis. In part, that is because boards become accustomed to information flows on matters deemed
18 critical to the corporation and its shareholders. By receiving this information in a regularized way, the
19 board comes to expect it.

20 41. In addition, a regular reporting process, such as quarterly reporting to the full Board,
21 creates a human dynamic that tends in most circumstances to perpetuate itself. Employees are also
22 likely to appreciate the availability of improved monitoring and self-reporting mechanisms and are
23 likely to draw a negative inference about the Bank from its withdrawal. Management and the Board
24 are also likely to appreciate the value of an alternative source of important information buried in the
25 corporate hierarchy. Among other things, this will encourage candor by middle managers in surfacing
26 problems at an earlier, more remediable stage. In short, they are likely to become embedded in the
27 informational architecture of Wells Fargo.

28 42. .By strengthening Board oversight of its consumer-oriented programs, including the sales

1 practices at issue in this Action, the Reforms are likely to reduce the risk of customer confusion and
2 major problems in compliance with regulatory mandates and procedures. A national bank like Wells
3 Fargo would be exposed to a considerable economic blow should its products or programs be found to
4 cause its customers financial issues. The immediate out-of-pocket losses to the Bank from such
5 situations can be substantial, as the fines and repayment programs in this case illustrate.

6 43. Moreover, regulator intervention carries the threat of limitations on the Bank's ability to
7 fund its business or capital restrictions. Immediate liability from that would be serious enough, but
8 given the operational and reputational issues that would be raised by those concerns their potential
9 impact on the Bank's on-going revenues and profits could be extreme.

10 44. In my opinion then, the value of strong governance to a corporation increases with its
11 size and market capitalization. Wells Fargo is one of the United States' largest publicly-traded
12 companies, with a current market capitalization of approximately \$200 billion. Thus, the governance
13 reforms would be expected to produce substantial increases in shareholder value.

14 45. In 2012, Vicente Cunat of the London School of Economics, Mireia Gine of the IESE
15 Business School, and Maria Guadalupe of INSEAD examined the stock price reaction to almost 4,000
16 shareholder sponsored governance proposals. Their study showed that adopting a governance
17 proposal increased shareholder value by 2.8%. Cunat, Gine, and Guadalupe, *The Vote is Cast: The*
18 *Effect of Corporate Governance on Shareholder Value*, Journal of Finance (2012), pp. 1943-1977.

19 46. It is my opinion that, based on the market value attributed to strong corporate governance
20 determined by Cunat, Gine, and Guadalupe, the Reforms here will have a similarly significant positive
21 impact on the market value of Wells Fargo. With a market capitalization of \$200 billion, every 1%
22 increase in value equals \$200 million. A 2.8% increase, as found in the study above, correlates to a
23 \$560 million increase in value. In my opinion, the Reforms that are common to the Settlements in the
24 CPI and Improper Sales Practices Actions have a value in the range cited above.

25 47. By focusing on enterprise risk management and mandating regular board reports, the
26 Settlement will also improve Wells Fargo's enterprise risk management. Empirical research has
27 verified that strong enterprise risk management ("ERM") creates value in corporations. A report
28 entitled, *The State of Risk Oversight: An Overview of Enterprise Risk Management Practices* by

1 Beasley, M., B. Branson, and B. Hancock (2016) finds that 44% of boards of directors have formally
2 assigned risk oversight responsibilities to a board committee and 80% of large organizations formally
3 report top risk exposures to the board of directors or to one of its committees at least annually.
4 Furthermore, 51% of public companies in the survey note that they have a complete, formal ERM
5 process in place.

6 48. There are at least three empirical studies that have examined the association between ERM
7 adoption and firm volatility, risk, and valuation. In one study entitled, Enterprise Risk Management
8 and Management Earnings Forecasts (unpublished working paper, The Wharton School, University of
9 Pennsylvania, 2014), Christopher Ittner and Jeremy Michels find that governance arrangements which
10 include board reports like those required by the Settlement increase firm value and reduce volatility.
11 They are also instrumental in improving a board's understanding of its organizational risks and the
12 reporting of key risks to it. Also important in their findings is that such board reports foster an
13 executive-level risk management champion and management incentives tied to risk management.

14 49. Likewise, in another study entitled, The Valuation Implications of Enterprise Risk
15 Management Maturity, published in The Journal of Risk and Insurance (82, No. 3, 2015), Mark Farrell
16 and Ronen Gallagher found that the following enterprise risk management processes were associated
17 with higher firm value: incorporation of risk management into management processes; establishment
18 of a risk management in corporate culture; and risk management reporting.

19 50. Along the same lines, in a third study entitled, Stronger Risk Controls, Lower Risks:
20 Evidence from U.S. Bank Holding Companies, published in The Journal of Finance (Vol LXVIII, No.
21 5, October, 2013), Andrew Ellul and Vijay Yerramilli analyzed risk management in bank holding
22 companies. They found that having an executive officer dedicated to enterprise risk management and
23 regular meetings by board committees responsible for risk are negatively associated with "tail risk"
24 (average return for the bank holding company over the 5% worse return days during a year) and
25 positively associated with return on assets and stock returns.

26 51. Here, improvements to board reporting processes and risk management are included in the
27 Settlement. Thus, not only do those arrangements respond directly to Wells Fargo's specific historical
28 problems, but they are also statistically correlated with shareholder value. Overall, the changes in

1 these governance provisions are consistent with best practice and are valuable to Wells Fargo
2 shareholders.

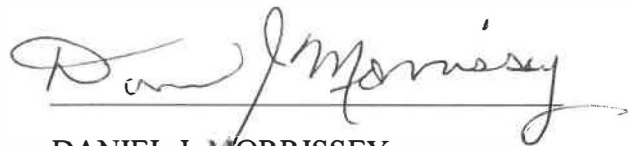
3 52. In my opinion, the Reforms will also meaningfully strengthen Board oversight of Wells
4 Fargo's compliance with the applicable regulations of its primary regulators, which imposed
5 significant fines on the Bank for the sales practices at issue in this Action. The Reforms will
6 institutionalize additional reporting channels that will better protect Wells Fargo in its compliance with
7 regulatory requirements, help assure that the Board is informed about consumer product risks that may
8 arise in the future, and help avoid further fines.

9 53. Finally, and perhaps most importantly, the Reforms will help sustain a culture of
10 compliance and good citizenship within Wells Fargo that is itself an important check on wrong-doing.
11 Because of the financial and franchise risks to the Bank from violations of regulatory compliance
12 regimes, these Reforms will provide meaningful value for Wells Fargo and its shareholders.

13 **F. CONCLUSION**

14 54. The economic benefits of the Clawbacks and Reforms achieved by this Settlement are
15 substantial. The Clawbacks return value directly back to the Bank and serve as an effective deterrent
16 against similar conduct in the future. The Reforms will result in improved Board oversight and
17 management, the reduction in the risk of regulatory and legal exposure, and improvements in Wells
18 Fargo's relationship with the customers and communities that it serves. The Reforms will also have a
19 significant positive impact on Well Fargo's intrinsic value, capitalization and stock price.

20 I declare under penalty of perjury under the laws of the State of California that the foregoing is
21 true and correct. Executed on this 8th day of June, 2019 in Hinsdale, Illinois

22
23 

24 DANIEL J. MORRISSEY
25 PROFESSOR OF LAW
26
27
28

EXHIBIT 1

DANIEL J. MORRISSEY

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Married, two children
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EMPLOYMENT

Present -	Professor of Law, Gonzaga University – Contracts, Corporate Law, Securities Regulation, Corporate Seminar
Summer, 2009	Visiting Professor, De Paul University, Corporate Law
Summer, 2007	Visiting Professor, New York Law School, Corporate Law
August 2004 –2005	Visiting Professor, Seattle University School of Law Subjects: Corporate Finance, Corporate Law, Securities Law and Securities Regulation
August 2001 – 2004	Dean and Professor of Law, Gonzaga University School of Law, Spokane, WA
August 1994-2001	Dean and Professor of Law, St. Thomas University School of Law, Miami, Florida. Dean, 1994-99, Professor 99-01
August 1982-1994	Professor, The University of Tulsa School of Law. Subjects: Securities, Corporations, and Jurisprudence. Contracts
August 1988-December 1988	Visiting Associate Professor, University of Denver School of Law. Subjects: Corporations
August 1986-May 1987	Visiting Associate Professor, Seton Hall University School of Law. Subjects: Securities, Corporation Finance, and Business Association.
1981- 1982	Associate: Freshman, Mulvaney & Marantz, Beverly Hills, CA. (now KLA Gates—Los Angeles)

December 1975-June 1981 Staff Attorney: Securities and Exchange Commission, Division of Enforcement (Washington, D.C. and Los Angeles, CA).

August 1979-June 1980 Visiting Professor, Pepperdine University School of Law, Malibu, CA. Subjects: Civil Procedure and Securities.

July 1975-December 1975 Supervising Attorney: Prison Legal Aid Clinic, Southern Illinois University School of Law, Carbondale, IL.

September 1974-July 1975 Law Clerk: Hon. Richard B. Austin, U.S. District Judge, Chicago, IL.

EDUCATION

Legal

Georgetown University Law Center, Washington, D.C. – J.D. (1974).

Honors/Activities: Editor-in-Chief, Georgetown Law Weekly: recipient of award for Most Outstanding Law School Newspaper from the American Bar Association, Law School Division (1974)

College

Georgetown University School of Foreign Service, Washington, D.C., A.B. (1971).

Major: International Affairs (History, Government, and Economics).

Honors: Phi Beta Kappa, cum laude.

Supreme Court Cases Argued

In re F5 Networks, Inc., 207 P.3d 433 (Wash. 2009)

Risdall v. Brown-Wilbert, 753 N.W. 2d 723 (Minn. 2008)

BOOK

Securities Litigation (casebook) with Steinberg, Couture, and Kaufman (Carolina Press: 2016)

LAW REVIEW PUBLICATIONS

“The EU’s Struggles with Collective Action for Securities Fraud: An American Perspective,” ___ Tex. A&M L. Rev. ___ (2019) (forthcoming).

“Mutual Funds Keep Winning at the Expense of their Investors,” ___ J. of Sec. Reg. ___ (2019) (forthcoming)

“Guardians of the Galaxy: How Shareholder Lawyers Won Big for their Clients and Vindicated the Integrity of our Economy,” 51 Loyola of Los Angeles L. Rev. 199 (2019)

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“M&A Fiduciary Duties: Delaware’s Murky Jurisprudence,” 58 Vill. Law Rev. 121 (2013)

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“A Natural Lawyer Takes a Sympathetic Look at Post-Modernism,” 14 J. of Law & Rel. 601 (1999-2000).

"The Separation of Church and State: An American-Catholic Perspective," 47 Cath. U. Rev. 1 (1997)

“The Catholic Moment in Legal Education,” 78

Marq. L. Rev 413 (1995)

“Pragmatism and the Politics of Meaning,” 43 Drake L. Rev 615 (1994)

“Moral Truth and the Law: A New Look At An Old Link,” 47 S.M.U.L. Rev. 61 (1993)

“Think Globally, Act Locally: It’s Time To Reform the Intrastate Exemption,” 20 Sec. Reg. L.J. 59 (1992)

“Protecting the Public Interest in Leveraged Buyouts,” 69 Or.L. Rev. 47 (1990)

“Toward a New/Old Theory of Corporate Social Responsibility,” 40 Syr.L. Rev. 1005 (1990)

“A Long Overdue Rendezvous for American Legal Education,” 33 Cath. Law. 227 (1990)

“Law, Ethics, and the Levered Buyout,” 65 U.Det. L. Rev. 403 (1988)

“Defensive Tactics in Tender Offers-Does Anything Go?” 53 Tenn.L. Rev. 103 (1985)

“New Rulings Threaten the Derivative Suit – Will the ‘Needed Policeman’ Keep Walking the Beat?” 36 S.C.L. Rev. 631 (1985)

“Integration of Securities Offerings – The ABA’s ‘Indiscreet’ Proposal,” 26 Ariz. L. Rev. 41 (1984)

MAGAZINE AND BAR JOURNALS

“Why the President Should Keep the Labor Department’s Fiduciary Rule,” National Law Journal, Jan. 30, 2017

“A New Corporate Model,” National Law Journal, Jan. 7, 2013

“A Fatal Threat to Shareholder Litigation,” National Law Journal, Mar. 12, 2012

“It’s Time for the Courts to Curb Executive Pay,” National Law Journal, Aug. 15, 2011

“Wall Street Needs this Beast,” National Law Journal, Feb. 28, 2011

“Dodd-Frank Reins in Wall Street,” National Law Journal, August 30, 2010

“Strengthen Investor Rights,” National Law Journal, Sept. 14, 2009

“Time to Tighten Regulation,” National Law Journal, Oct. 6, 2008

“American Catholics in Our Precarious New Gilded Age,” America, Jan. 7-14, 2008.

“Private Placements: Protect Senior Investors” National Law Journal, Dec. 10, 2007.

“Remedies for Options Backdating,” National Law Journal, Oct. 16, 2006.

“The Catholic Moment in Legal Education,” America, October 29, 1994

“Reflections of a First Year Law Professor,” Syllabus, Dec. 1983. (From an address delivered to the annual meeting of the Central States Law School Association, April, 1983)

“In Memoriam, Adrian S. Fisher,” Res Ipsa Loquitur, Spring, 1983

“New Federal and State Securities Exemptions,” California Business Law News, Fall, 1981

Numerous Articles on Legal Issues in the Tulsa World, Tulsa Tribune, and Oklahoma Eagle

BOOK REVIEWS

Geoffrey Stone, Sex and the Constitution, (America, 2017)

Helen Chaitman and Lance Gotthoffer, JP Madoff: The Unholy Alliance between American’s Biggest Bank and America’s Biggest Crook 44 Sec. Reg. L. J. 193 (2016)

Harper Lee, Go Set a Watchman, (NW Lawyer, Mar. 2016)

John Paul Stevens, Six Amendments: How and Why We Should Change the Constitution (America, Nov. 17, 2014)

Richard Posner’s Overcoming Law (Commonweal, July 14, 1995)

Diary of a Yuppie (Commonweal, Feb. 27 1987)

Funny Money (Commonweal, Feb. 14, 1986)

Persons and Masks of the Law and Lawyering (Commonweal, Oct. 8, 1976)

Go East, Young Man: The Autobiography of William O. Douglas,
(Commonweal, Sept. 27, 1974)

The Bench and the Ballot: Southern Federal Judges and Voting Rights Laws,
(Commonweal, Apr. 26, 1974)

PROFESSIONAL PRESENTATIONS

Congressional Testimony Appearance before the House Subcommittee on
Telecommunications and Finance, U.S. Congress,
Feb. 22, 1989, testified on leveraged buyouts.

Other Presentations

Presentation to the Annual Securities Litigation Conference, University of Richmond, Oct. 19,
2018--“Guardians of the Galaxy: How Shareholder Lawyers Won Big for their Clients and
Vindicated the Integrity of our Economy,”

Presentation to Corporate Lawyers of Madrid, Comillas University Law School, Madrid, Spain
June 20-21, 2018...2 Day Session on the Basics of American Corporate/Securities Law

Presentation to the Annual Northwest Securities Conference on New SEC Exemptions to
Registration, May 17, 2017

Presentations in October, 2015 and October, 2014 at the annual Investor Protection Conference
at Loyola Law School in Chicago speaking about shareholder derivative lawsuits, state securities
laws, and trends in securities arbitration.

Presentations on Excessive Executive Compensation to Law School Faculties and Classes during
Spring, 2012 Sabbatical

CLE on Fiduciary Duties in Mergers and Acquisitions, Seattle, June 22, 2012

CLE on Securities Litigation, Seattle, DLA Piper, Dec. 1, 2011

CLE on Securities Law Enforcement, Washington State Bar, Seattle, Sept. 15, 2011

Address before the Northwest Securities Conference, Mar. 3, 2010 – Securities Regulation After the Meltdown

Address before the Washington State Business School Forum, Nov. 12, 2010, Monetary Policy After the Meltdown

Address on Catholic Thought in Legal Education at Loyola University Law School, Chicago, January, 1995

Address to Central States Law School Annual Meeting: “Ethics in Legal Education” April, 1989

Numerous presentations to Legal and Civic groups in Spokane, Miami, Tulsa, 1982-2004.

CIVIC AND UNIVERSITY SERVICE HIGHLIGHTS

AALS representative, Site Visit for St. Louis U. Law School Sabbatical Inspection, Apr. 2012

Association of American Law Schools, Committee on Libraries and Technology, 2002-05.

Washington State Bar Committee on Professional Development, 2002-04

Florida Supreme Court Commission on Professionalism, 1997-2000

Miami-Dade Legal Services, Board Member, 1998-2001

Vice-President, Faculty Senate, University of Tulsa, 1993-94