THE CAPITOL FORUM
Vol. 7 No. 98 April 1, 2019

Wells Fargo: Bank Allowed to Shed Anti-Money Laundering Work, Despite Past Failings

A top regulator for Wells Fargo (WFC) has told the bank that it can offload much of its anti-money laundering work—a move that will save money and ease compliance burdens for a bank that is being investigated for sweeping anti-money laundering failures.

The Office of the Comptroller of the Currency (OCC) last month told Wells Fargo that it can bankroll a new firm to manage anti-money laundering compliance work, according to an OCC letter posted online that is being first reported by *The Capitol Forum*.

The new firm will be known as The Consortium and it will be jointly owned by Wall Street giants like JPMorgan (JPM), Citibank (C) and Bank of America (BAC) but Wells Fargo is the first lender to win approval to join the enterprise, according to sources familiar with the effort.

The Consortium is expected to slash Wall Street's anti-money laundering compliance costs and staffing needs as banks share customer data and back-office administrative labor, said sources familiar with the effort.

The OCC decision to allow Wells Fargo to reduce its anti-money laundering burden comes as the regulator prepares to sanction the bank for violating existing anti-money laundering rules—a compliance breakdown that involved employees faking customer signatures, *The Capitol Forum* has reported.

The OCC decision to grant Wells Fargo's request to join the anti-money laundering group could come under scrutiny in light of the ongoing investigation and any possible sanctions for past abuses.

The OCC and Wells Fargo declined to comment for this story.

Regulators hardened anti-money rules after the 2001 terrorist attacks and Wall Street has long complained that satisfying those rules is needlessly complex and expensive.