

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

IN RE WELLS FARGO & COMPANY  
HIRING PRACTICES SHAREHOLDER  
LITIGATION

Defendants.

Case No. [22-cv-05173-TLT](#)

**ORDER GRANTING UNOPPOSED  
MOTION FOR PRELIMINARY  
APPROVAL OF SETTLEMENT**

Re: Dkt. No. 269

In 2024, Wells Fargo shareholders brought a derivative action alleging that officers of the company breached their duties in overseeing Wells Fargo’s hiring and lending practices. On September 15, 2025, Lead Plaintiffs City of Pontiac Reestablished General Employees’ Retirement System, the City of Plantation Police Officers’ Retirement Fund, and Amy Isenberg (collectively, “Plaintiffs”), Wells Fargo, and the sixteen Director Defendants (collectively, “Defendants”) informed the Court that they had reached an agreement-in-principle to settle this derivative action in its entirety. ECF 267.

Before the Court is Plaintiffs’ unopposed motion for preliminary approval of the settlement of derivative claims brought on behalf of nominal Defendant Wells Fargo. ECF 269.

Having considered the motion, statement of non-opposition, the relevant law, the terms of the settlement agreement and notice, as well as the record in this case, and based on the reasons and terms set forth herein, the Court **GRANTS** Plaintiffs’ motion for preliminary approval of the settlement.

## I. PROCEDURAL HISTORY

### A. The Derivative Action

On April 11, 2024, the Court issued an order consolidating four related cases with the lead case under the caption *In re Wells Fargo & Company Hiring Practices Derivative Litigation*. ECF 139. The Court granted-in-part and denied-in-part Defendants’ motions to dismiss. ECF 176 at 2. The Court resolved the motions as to allegations against nominal Defendant Wells Fargo and Defendants Steven D. Black, Mark A. Chancy, Celeste A. Clark, Theodore F. Craver, Jr., Richard K. Davis, Wayne M. Hewett, Cecelia G. Morken, Maria R. Morris, Felicia F. Norwood, Richard B. Payne, Jr., Juan A. Pujadas, Ronald L. Sargent, and Suzanne M. Vautrinot, and CEO Charles W. Scharf (collectively, “Director Defendants”). *Id.* at 20–46. The Court provided Plaintiffs leave to amend to include allegations that plead demand futility for claims asserted against Defendants Scott Powell, Michael Santomassimo, Carly Sanchez, Kleber Santos, and Jonathan Weiss. *Id.* at 46.

On October 3, 2024, Plaintiffs filed their second amended complaint. ECF 177. The second amended complaint alleges four causes of action: (1) breach of fiduciary duty of oversight against Director Defendants and Officer Defendants, (2) violation of Section 10(b) of the Exchange Act and Security and Exchange Commission (“SEC”) Rule 10b-5 against Wells Fargo, Director Defendants, and Officer Defendants, (3) violation of Section 20(a) of the Exchange Act against Director Defendants and Officer Defendants, and (4) violation of Section 20A of the Exchange Act against Officer Defendant Santos. ECF 177 ¶¶ 424–451.

On October 17, 2024, Officer Defendants filed a motion to dismiss for failure to adequately plead demand futility and to state a claim. ECF 178. Plaintiffs filed an opposition and Officer Defendants filed a reply. ECF 180; ECF 193; ECF 194. On January 16, 2025, the Court granted Officer Defendants’ motion to dismiss for failure to plead demand futility with prejudice. ECF 198.

On July 12, 2025, the Court extended the parties’ Alternative Dispute Resolution (“ADR”) deadline. ECF 239. The parties reported that they had an all-day mediation scheduled for August

21, 2025. *Id.* On September 15, 2025, the parties notified the Court that they reached a settlement in principle on September 12, 2025. ECF 267.

On October 13, 2025, Plaintiffs filed an unopposed motion for preliminary approval of settlement. ECF 269. On October 17, 2025, Defendants filed a statement of non-opposition to Plaintiffs' motion. ECF 271.

On November 4, 2025, the Court ordered the parties to provide written responses to questions regarding the Settlement Agreement. ECF 272. The parties filed joint responses on November 14, 2025, and consented to submit this matter for the Court's consideration. ECF 273.

### **B. The Related Securities Class Action**

On June 28, 2022, a shareholder—on behalf of a purported class of investors—filed a class action complaint against Wells Fargo and its executive officers for violations of federal securities laws. *SEB Inv. Mgmt. AB, et al. v. Wells Fargo & Co., et al.*, No. 3:22-cv-03811 (N.D. Cal.) (“SEB”). The class action alleged securities fraud in connection with the issuance of alleged materially false and misleading statements and failure to disclose facts concerning Wells Fargo's hiring practices. *Id.*

On September 25, 2025, SEB reached a settlement. *Id.* at ECF 249. The Court granted preliminary approval of the settlement on November 13, 2025. *Id.* at 269.

## **II. TERMS OF THE SETTLEMENT AGREEMENT**

Under the terms of the Settlement Agreement, Wells Fargo will create a \$100 million Borrower Assistance Fund for low- and moderate-income borrowers and communities to assist with mortgage downpayment and closing costs. ECF 269 at 2. The Borrower Assistance Fund will remain in existence for a minimum of three years. *Id.* at 9. Wells Fargo will also receive monetary consideration of \$10 million from Director Defendants' directors and officers liability (“D&O”) insurance. *Id.* There will be no reversion to Wells Fargo or transfer to a *cy pres* recipient. ECF 273 at 1.

In exchange, Lead Plaintiffs, Wells Fargo, and any Person acting derivatively on behalf of Wells Fargo agrees to release the “Released Shareholder Claims” against the Released Defendant Persons. ECF 269 at 9; ECF 269-2 ¶ 5.1–5.3. Released Shareholder Claims include claims

asserted in this action or claims that could have been asserted in this action or arise out of the same factual allegations. ECF 269-2 ¶ (t). Additionally, Director Defendants and Wells Fargo agree to release the “Released Defendant Claims” against the Released Shareholder Persons. ECF 269-2 ¶ 5.3. Released Defendant Claims include claims that Defendants have or could have asserted in this action, arising out of the same factual allegations. ECF 292 ¶ (q).

**i. Notice**

Within fourteen days of this Order, Wells Fargo agrees to (1) file a Form 8-K with the U.S. Securities and Exchange Commission including the Notice as an attachment; (2) publish the Summary Notice through *Investor’s Business Daily*; and (3) make the Notice available on the Investor Relations page of Wells Fargo’s website. ECF 269-2 ¶ 2.2. Wells Fargo is responsible for all costs associated with providing the notice via the Form 8-K, its “Investor Relations” webpage, and publication in *Investor’s Business Daily*. ECF 269-2 at 14–15. Lead Plaintiffs’ Counsel are responsible for costs associated with posting the Notice on their respective firms’ websites. ECF 273 at 4. The parties will not retain a third-party administrator. *Id.*

**ii. Borrower Assistance Fund**

Wells Fargo agrees to fund \$100 million in mortgage assistance to benefit low- and moderate-income borrowers and borrowers in low- and moderate-income census tracts. ECF 269-2 ¶ 1.1. Specifically, the Borrower Assistance Fund will provide downpayment and closing cost assistance. *Id.* These programs will be available in certain geographic regions of the United States. *Id.*; *see id.*, Appendix A. The Borrower Assistance Fund will remain in existence for a minimum of three years following final approval of the Settlement Agreement and the entire \$100 million will be used for this purpose. ECF 269 at 9.

**iii. Insurer Payment**

Wells Fargo will be paid \$10 million in monetary consideration by Director Defendants’ D&O liability insurer. *Id.* ¶ 1.3

**iv. Attorneys’ Fees, Litigation Expenses, and Lead Plaintiffs’ Service Awards**

Wells Fargo agrees to pay an aggregate Fee and Expense Award of up to \$27,500,000 to Lead Plaintiffs’ Counsel, subject to the Court’s approval. ECF 269 at 10; ECF 269-2 ¶ 4.2. The

Fee and Expense Award shall be paid into a joint-signature escrow account maintained by Lead Plaintiffs' Counsel. ECF 269-2 ¶ 4.4. Plaintiffs anticipate requesting approximately \$26,301,299.94 in attorneys' fees. ECF 273 at 2. Plaintiffs also anticipate requesting reimbursement for approximately \$1,138,700.06 in litigation expenses. *Id.* at 3. Lead Plaintiffs' Counsel provided the following breakdown of Lead Plaintiffs' Counsel's litigation expenses:

Description	Total
Court Fees (filing, etc.)	\$ 2,967.49
Court Reporters/Transcripts	\$ 64,498.81
Computer Research	\$ 51,162.38
Reproduction/Duplication/Copies	\$ 48,108.91
Express Delivery/Messenger	\$ 3,498.13
Pre-approved Professional Fees/Services (expert, investigator, accountant, etc.)	\$ 847,657.50
Service of Process	\$ 800.10
Telephone/Fax/Postage	\$ 771.26
Travel:	
** Airline (Professional/Destination/Purpose)	\$ 39,085.61
** Ground Travel - E.g., Taxi/Lyft/Uber (Professional/Destination/Purpose)	\$ 8,105.83
** Mileage (Professional/Origination-Destination/Purpose) @ Max IRS Rate	\$ 4,675.77
** Meals (Professional/Purpose)	\$ 6,880.24
** Lodging (Professional/Destination/Purpose)	\$ 29,974.27
** Other (Describe/Professional/Destination/Purpose)	\$ 801.17
Miscellaneous:	
** Notary	\$ 40.00
** Conference Room Rentals	\$ 850.51
** Document Hosting Fee	\$ 28,489.73
** Publications	\$ 56.97
** Zoom	\$ 275.38
<b>TOTAL EXPENSES</b>	<b>\$ 1,138,700.06</b>

Finally, Lead Plaintiffs' Counsel may apply to the Court for a Service Award for each Lead Plaintiff, and if the Court approves, this amount will be paid to Lead Plaintiffs out of the joint-signature escrow account. *Id.* ¶ 4.6. The three Lead Plaintiffs anticipate seeking Service Awards of \$20,000 each. ECF 273 at 3.

### III. LEGAL STANDARD

Pursuant to Federal Rule of Civil Procedure 23.1, "[a] derivative action may be settled, voluntarily dismissed, or compromised only with the court's approval." Fed. R. Civ. P. 23.1(c). Rule 23, in turn, "governs a district court's analysis of the fairness of a settlement of a shareholder derivative action." *In re Hewlett-Packard Co. S'holder Derivative Litig.*, No. 12-cv-06003, 2015

1 WL 1153864, at \*3 (N.D. Cal. Mar. 13, 2015); *see also In re Cadence Design Sys., Inc. Sec. Litig.*,  
 2 No. 08-cv-4966, 2011 WL 13156644, at \*2 (N.D. Cal. Aug. 26, 2011) (“Within the Ninth Circuit,  
 3 Rule 23’s requirements for approval of class action settlements apply to proposed settlements of  
 4 derivative actions.” (citing *In re Pac. Enters. Sec. Litig.*, 47 F.3d 373, 377 (9th Cir. 1995))).  
 5 Accordingly, “[c]ourts considering settlements of derivative actions have generally found ‘[c]ases  
 6 involving dismissal or compromise under Rule 23(e) of nonderivative cases . . . relevant by  
 7 analogy.’” *Lloyd v. Gupta*, No. 15-cv-04183, 2016 WL 3951652, at \*4 (N.D. Cal. July 22, 2016)  
 8 (second and third alterations in original) (quoting 7C Charles A. Wright & Arthur R. Miller,  
 9 Federal Practice and Procedure § 1839 (3d ed. 2007)).

10 A court may approve a proposed derivative litigation or class action settlement of a  
 11 certified class only “after a hearing and on finding that it is fair, reasonable, and adequate.” Fed.  
 12 R. Civ. P. 23(e)(2). In reviewing the proposed settlement, a court need not address whether the  
 13 settlement is ideal or the best outcome, but only whether the settlement is fair, free of collusion,  
 14 and consistent with plaintiff’s fiduciary obligations to the class. *See Hanlon v. Chrysler Corp.*,  
 15 150 F.3d 1011, 1027 (9th Cir. 1998). The *Hanlon* court identified the following factors relevant to  
 16 assessing a settlement proposal: (1) the strength of the plaintiff’s case; (2) the risk, expense,  
 17 complexity, and likely duration of further litigation; (3) the risk of maintaining class action status  
 18 throughout the trial; (4) the amount offered in settlement; (5) the extent of discovery completed  
 19 and the stage of the proceeding; (6) the experience and views of counsel; (7) the presence of a  
 20 government participant; and (8) the reaction of class members to the proposed settlement. *Id.* at  
 21 1026 (citation omitted); *see also Churchill Vill., L.L.C. v. Gen. Elec.*, 361 F.3d 566, 575 (9th Cir.  
 22 2004).

23 The purpose of the rule “is to protect the unnamed members of the class from unjust or  
 24 unfair settlements affecting their rights.” *In re Syncor ERISA Litig.*, 516 F.3d 1095, 1100 (9th Cir.  
 25 2008). The proposed settlement must be “taken as a whole, rather than the individual component  
 26 parts,” in the examination for overall fairness. *Hanlon*, 150 F.3d at 1026.

#### IV. DISCUSSION

##### A. The Proposed Settlement Agreement Warrants Preliminary Approval

The Settlement Agreement is granted preliminary approval pursuant to Rule 23.1(c). Based upon the information before the Court, the Settlement Agreement falls within the range of possible approval as fair, adequate, and reasonable, and there is a sufficient basis for notifying shareholders and for setting a Settlement Hearing. ECF 269-2. Below, the Court addresses (i) the fairness, adequacy and reasonableness of the settlement terms, (ii) the nature of the negotiations leading to the settlement, and (iii) the adequacy of the notice to shareholders.

##### i. Settlement Agreement Appears Fair, Reasonable, and Adequate

The parties argue that the Settlement Agreement should be approved because it (1) provides substantial benefits to Wells Fargo and (2) protects Wells Fargo from uncertain litigation and reduces the costs of future motions practice and trial. ECF 269 at 10.

Consistent with Rule 23's instruction to consider "the costs, risks, and delay of trial and appeal," Fed. R. Civ. P. 23(e)(2)(C)(i), courts in the Ninth Circuit evaluate "the strength of the plaintiffs' case; the risk, expense, complexity, and likely duration of further litigation," *Hanlon*, 150 F.3d at 1026. In addition, though not articulated as a separate factor in Rule 23(e), "[t]he relief that the settlement is expected to provide to [the company] is a central concern." *In re Wells Fargo & Co. Sharehold Derivative Litig.*, No. 16-cv-05541, 2019 WL 13020734, at \*5 (N.D. Cal. May 14, 2019). "In the context of shareholder derivative litigation, several [] factors . . . inform the Court's evaluation of whether settlement is fair, reasonable, and adequate: (1) the reasonableness of the benefits achieved by the settlement in light of the potential recovery at trial; (2) the likelihood of success in light of the risks posed by continued litigation; (3) the likely duration and cost of continued litigation; and (4) any shareholder objections to proposed settlement." *Lloyd*, 2016 WL 3951652, at \*6.

Below the court assesses the benefit the settlement terms confer on Wells Fargo and the risk, expense, and uncertainty of litigation to decide whether the "the settlement of the claims on the agreed upon terms is 'within the range of possible approval.'" *In re NVIDIA Corp. Derivative Litig.*, No. C-06-06110, 2008 WL 5382544, at \*2 (N.D. Cal. Dec. 22, 2008).



**1. The Settlement Agreement Confers Substantial Benefits on Wells Fargo**

Plaintiffs argue that the Borrower Assistance Fund and the D&O insurance payment confer substantial benefits on Wells Fargo, which merits preliminary approval of the Settlement Agreement. ECF 269 at 15–16.

“The principal factor to be considered in determining the fairness of a settlement concluding a shareholders’ derivative action is the extent of the benefit to be derived from the proposed settlement by the corporation, the real party in interest.” *In re Apple Computer, Inc. Derivative Litig.*, No. C 06-4128, 2008 WL 4820784, at \*2 (N.D. Cal. Nov. 5, 2008); *see In re Lyft, Inc. Derivative Litig.*, No. 20-cv-09257, 2024 WL 4505474, at \*4 (N.D. Cal. Oct. 16, 2024) (same). Therefore, Court first addresses the degree to which the Settlement Agreement “confers a substantial corporate benefit.” *In re Oracle Sec. Litig.*, 852 F. Supp. 1437, 1445 (N.D. Cal 1994).

The Court finds that the terms of the Settlement Agreement will benefit Wells Fargo. Under the Settlement Agreement, Wells Fargo agrees to create a \$100 million Borrower Assistance Fund. ECF 269-2 ¶ 1.1. The Fund will provide “mortgage assistance to benefit low- and moderate-income borrowers and borrowers in low- and moderate-income census tracts.” *Id.* The program will contribute to Wells Fargo’s efforts to create a “more inclusive housing system” and assist customers in achieving homeownership. ECF 273 at 1. In addition, the mortgage assistance programs will improve Wells Fargo’s reputation among prospective customers in the targeted communities. *Id.* Finally, Wells Fargo will receive \$10 million in monetary consideration from the D&O insurer on behalf of Director Defendants. ECF 296-2 ¶ 1.3. This will provide immediate recovery in the form of a cash payment to Wells Fargo. *Id.* Wells Fargo will benefit from this certain recovery, rather than spending resources on continued litigation. *See* ECF 273 at 1–2; *In re NVIDIA*, 2008 WL 5382544, at \*3 (granting preliminary approval where “NVIDIA was able to obtain significant financial benefits that the Parties represent amount to more than \$15.8 million”).

Accordingly, the terms of the Settlement Agreement confer substantial corporate benefits on Wells Fargo.

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**2. The Likely Success, Costs, and Duration of Continued Litigation Favor Approval**

Plaintiffs argue that the complexity of this derivative action and risk of low or no recovery are factors that weigh in favor of approval. ECF 269 at 12–14, 16–17.

In assessing whether the terms of the Settlement are fair, reasonable, and adequate, the Court must consider “the reasonableness of the benefits achieved by the settlement in light of the potential recovery at trial,” “the likelihood of success in light of the risks posed by continued litigation,” and “the likely duration and cost of continued litigation.” *Lloyd*, 2016 WL 3951652, at \*6.

The Court finds that proceeding to trial would have been costly, recovery was not guaranteed, and there was the possibility of protracted appeals. Plaintiffs would have to complete depositions and expert discovery, defend against an anticipated motion for summary judgment, and prevail at trial. ECF 269 at 16 (discussing “near-certain appeal” and challenges associated with securing recoverable damages at trial). It is extremely unlikely that Plaintiffs could have secured an award meaningfully above the settlement amount had they continued litigating, especially given the increase in attorney’s fees and expenses with continued litigation. *See Hu v. Baker*, No. 23-cv-02077, 2025 WL 2419265, at \*5 (N.D. Cal. Aug. 21, 2025) (“[C]ourts in this district have generally recognized that it is often difficult for plaintiffs to prevail in derivative actions and on securities fraud claims.”).

Accordingly, the terms of the Settlement Agreement appear to be adequate, taking into account the costs, risks, and delay of trial and appeal. ECF 269-2.

**ii. The Settlement Process Satisfies the Requirements of Fed. R. Civ. P. 23(e)(2)(A)–(B).**

Plaintiffs argue that Lead Counsel have extensive experience in complex shareholder litigation. ECF 269 at 12–15. Plaintiffs also argue that Lead Counsel thoroughly assessed the strengths and weaknesses of Plaintiffs’ claims before entering arm’s length negotiations. *Id.*

In the class action context, the Court must consider whether “the class representatives and class counsel have adequately represented the class” and whether “the proposal was negotiated at arm’s length.” Fed. R. Civ. P. 23(e)(2)(A)-(B); *see also Lloyd*, 2016 WL 3951652, at \*4 (internal

1 citation and quotations omitted) (noting that courts consider whether “the settlement is the result  
2 of arm’s-length negotiations in which plaintiffs’ counsel has effectively represented the interest of  
3 the shareholder class).

4 **1. The Class Representatives and Class Counsel Have Adequately**  
5 **Represented the Class**

6 Like class representatives, “a stockholder who brings suit on a cause of action derived  
7 from the corporation . . . sues, not for himself alone, but as representative of a class comprising all  
8 who are similarly situated.” *Hu*, 2025 WL 2419265, at \*6 (citing *Cohen v. Beneficial Indus. Loan*  
9 *Corp.*, 337 U.S. 541, 549 (1949)). Accordingly, Plaintiffs and their counsel must “prosecute the  
10 action vigorously on behalf of the [shareholders].” *In re Mego Fin. Corp. Sec. Litig.*, 213 F.3d  
11 454, 462 (9th Cir. 2000).

12 Here, Lead Plaintiffs’ Counsel engaged in significant efforts to pursue this litigation. ECF  
13 269 at 2, 13. The Settlement Agreement occurred after a motion to dismiss, ECF 198, the filing of  
14 multiple complaints, *see* ECF 1; ECF 37; ECF 147; ECF 177, document production, investigation,  
15 and extensive negotiation through private mediation, ECF 239. *Id.* at 13–14. The parties  
16 conducted extensive factual and expert discovery, including depositions and review of the related  
17 actions, *In re Wells Fargo Mortgage Discrimination Litig.*, No. 3:22-cv-00990 (N.D. Cal.)  
18 (“Mortgage Discrimination”) and SEB. *Id.* at 13. Counsel for all parties are sophisticated and  
19 experienced. *Id.* at 15. This indicates that Plaintiffs and their counsel have “prosecute[d] the  
20 action vigorously on behalf of the [shareholders].” *In re Mego Fin.*, 213 F.3d at 462. Under these  
21 circumstances, the Court is satisfied that counsel possessed “sufficient information to make an  
22 informed decision about settlement.” *Id.* at 459 (citation omitted).

23 Accordingly, this factor weighs in favor of approval.

24 **2. The Settlement Agreement is the Product of Arm’s Length**  
25 **Negotiations**

26 The parties argue that the fact that the Settlement Agreement is the product of arm’s length  
27 negotiations weighs in favor of approval. ECF 269 at 15–16.

28 When a settlement was reached after “well-informed, arms-length negotiation” a

1 settlement is “entitled to a presumption of fairness.” *In re Am. Apparel, Inc. S’holder Litig.*, No.  
 2 10-cv-6352, 2014 WL 10212865, at \*8 (C.D. Cal. Jul. 28, 2014); *Villanueva v. Morpho Detection,*  
 3 *Inc.*, No. 13-cv-5390, 2015 WL 4760464, at \*6 (N.D. Cal. Aug. 12, 2015) (“An initial  
 4 presumption of fairness is usually involved if the settlement is recommended by class counsel  
 5 after arm’s-length bargaining.”); *see also Free Range Content, Inc.*, No. 14-cv-2329, 2019 WL  
 6 1299504, at \*6 (N.D. Cal. Mar. 21, 2019) (cleaned up) (“[A] presumption of correctness is said to  
 7 attach to a class settlement reached in arm’s-length negotiations between experienced capable  
 8 counsel after meaningful discovery.”).

9 Here, the Settlement Agreement was the product of arm’s length and informed negotiations  
 10 with the assistance of an experienced mediator, United States District Court Judge Layn R.  
 11 Phillips. ECF 269-2 ¶¶ 4.2, 11–13; ECF 269 at 8. Settlement discussions began on August 21,  
 12 2025 after the completion of “substantial fact discovery” in this action and in the parallel  
 13 *Mortgage Discrimination* and *SEB* actions. ECF 269-1 ¶ 14; *see* ECF 269-2 ¶ 11. First, the  
 14 parties negotiated substantive terms of the proposed settlement. ECF 269-1 ¶ 14. Next, the parties  
 15 negotiated the amount of any Fee and Expense Award and Service Award. *Id.* The latter  
 16 negotiations were finalized on October 7, 2025 and are subject to the Court’s final approval. *Id.*  
 17 This process supports a finding that the negotiations were non-collusive. *See Hu*, 2025 WL  
 18 2419265, at \*6 (finding “arms-length, non-collusive, negotiated resolution” when a mediator  
 19 supervises “multiple sessions of negotiations”).

20 Accordingly, the record shows that the settlement was the product of “serious, informed,  
 21 non-collusive negotiations.” *See id.* at \*5 (preliminarily approving derivative settlement where  
 22 supervised negotiations resulted in settlement) (quoting *In re Tableware Antitrust Litig.*, 484 F.  
 23 Supp. 2d 1078, 1080 (N.D. Cal. 2007)).

24 The Court will evaluate the Settlement Agreement fully at the Settlement Hearing for final  
 25 approval. Accordingly, the Court grants preliminary approval of the Settlement Agreement.

### 26 **iii. The Parties Propose an Adequate Plan of Notice to Shareholders**

27 Here, the parties agree that within fourteen days of this Order, Wells Fargo shall (1) file a  
 28 Form 8-K with the U.S. Securities and Exchange Commission including the Notice as an

1 attachment; (2) publish the Summary Notice through *Investor's Business Daily*; and (3) make the  
2 Notice available on the Investor Relations page of Wells Fargo's website. ECF 269-2 ¶ 2.2.  
3 Wells Fargo will pay the costs of publishing and posting notice, regardless of whether the Court  
4 finally approves the Settlement Agreement. *Id.* at 14–15. The Notice includes factual background  
5 about the litigation, the time and date of the Settlement Hearing, and the terms of the Settlement  
6 Agreement. *See* ECF 279-2, Ex. B.

7 Rule 23.1(c) requires that notice of the settlement “be given to shareholders or members in  
8 the manner that the court orders.” Fed. R. Civ. P. 23.1(c). In determining the appropriate notice  
9 method, “the Court considers whether such notice would be sufficient to reach the majority of  
10 interested stockholders.” *Bushansky v. Armacost*, No. 12-cv-01597, 2014 WL 2905143, at \*6  
11 (N.D. Cal. June 25, 2014); *In re Wells Fargo & Co. S'holder Derivative Litig.*, 445 F. Supp. 3d  
12 508, 517 (N.D. Cal. 2020), *aff'd*, 845 F. App'x 563 (9th Cir. 2021) (same). Due process requires  
13 “notice reasonably calculated, under all the circumstances, to apprise interested parties of the  
14 pendency of the action and afford them an opportunity to present their objections.” *Mullane v.*  
15 *Cent. Hanover Bank & Tr. Co.*, 339 U.S. 306, 314 (1950).

16 The Court finds that the proposed notice plan appears to be constitutionally sound.  
17 Plaintiffs have made a sufficient showing that it is: (i) the best notice practicable; (ii) reasonably  
18 calculated, under the circumstances, to apprise shareholders of the proposed settlement and of  
19 their right to object or to exclude themselves as provided in the settlement agreement; (iii)  
20 reasonable and constitute due, adequate, and sufficient notice to all persons entitled to receive  
21 notice; and (iv) meet all applicable requirements of due process and any other applicable  
22 requirements under federal law.

23 First, the Notice sufficiently informs recipients about the terms of the Settlement  
24 Agreement and the derivative nature of the litigation. *See* ECF 269-2, Ex. B at 2. The Notice  
25 clarifies that there is no claims process and individual stockholders will not be compensated as a  
26 result of this Settlement Agreement. *Id.*; *see In re Lyft*, 2024 WL 4505474, at \*3 (preliminarily  
27 approving contents of notice that “summarizes: the litigation to date, the proposed corporate  
28 governance reforms, the release provisions, the proposed attorneys' fee award”). The Notice and

Summary Notice both include the date and time of the fairness and final approval Settlement Hearing. *See* ECF 269-2, Ex. B ¶¶ 32–40; *id.*, Ex. C at 2–3. Both documents also describe the process by which Wells Fargo stockholders may appear at the hearing and/or file objections to the proposed Settlement Agreement. *See* ECF 269-2, Ex. B ¶¶ 32–40; *id.*, Ex. C at 2–3. *See In re Hewlett-Packard Co. S'holder Derivative Litig.*, 716 F. App'x 603, 609 (9th Cir. 2017) (affirming approval of notice that contained “explanation of shareholder’s right to object, the deadline for objecting, and the right to appear at the final approval hearing”).

Second, the Court finds that the methods of distributing notice are reasonably calculated to reach shareholders. *See In re Lyft*, 2024 WL 4505474, at \*3 (preliminarily approving notice plan whereby summary notice posted once in *Investor’s Business Daily*, summary notice published once over *PR Newswire*, and settlement and Notice published on defendant’s investor relations website). Courts in this district often find that similar notice distribution procedures satisfy Rule 23.1 and Due Process. *See Hu*, 2025 WL 2419265, at \*9 (approving notice plan that includes posting notice on investor relations webpage, publishing via wire service, and filing Form 8-K with SEC); *id.* (citing similar cases); *Bushansky*, 2014 WL 2905142, at \*6 (“This form of notice will “accomplish the purposes of the notice requirement, but save considerable expense over the alternatives of direct mail or purchasing advertising space in a national newspaper.”).

Accordingly, the Court approves the long form Notice of Proposed Settlement. ECF 269-2, Ex. B. The Court also approves the Summary Notice. *Id.* Ex. C. The proposed notices are sufficient to inform shareholders about the terms of the Settlement Agreement, their rights to object to or comment on the Settlement Agreement, and the date and location of the Settlement Hearing. The forms of notice are therefore approved. *See Churchill Vill.*, 361 F.3d at 575 (“Notice is satisfactory if it ‘generally describes the terms of the settlement in sufficient detail to alert those with adverse viewpoints to investigate and to come forward and be heard.’”) (quoting *Mendoza v. Tucson Sch. Dist. No. 1*, 623 F.2d 1338, 1352 (9th Cir. 1980)).

#### iv. Shareholder Objections to Proposed Settlement

Any Wells Fargo shareholder who held Wells Fargo common stock as of October 13, 2025 and continues to hold such shares as of the Settlement Hearing date may file a written objection to

the proposed Settlement Agreement. ECF 269-2, Ex. B ¶ 34. The process for submitting an objection is laid out in the longform Notice. *Id.* Objections must (1) state the name, address, and telephone number of the objector and, if represented by counsel, the name, address, and telephone number of counsel; (2) be signed by the objector; (3) contain a specific written statement of the objection(s) and the specific reasons(s) for the objection(s), including any legal and evidentiary support the objector wishes to bring to the Court’s attention, and if the objector has indicated that he, she, or it intends to appear at the Settlement Hearing, the identity of any witnesses the objector may call to testify and any exhibits the objector intends to introduce into evidence at the hearing; and (4) include documentation sufficient to prove that the objector owned shares of Wells Fargo common stock as of October 13, 2025 and contain a statement that the objector continues to hold such shares as of the date of filing the objection and will continue to hold those shares as of the date of the Settlement Hearing. *Id.* ¶ 36.

Qualifying shareholders may file a written objection with the Clerk of Court and serve copies of the objection on Lead Plaintiffs’ Counsel and Defendants’ Counsel, such that the objection is received no later than **April 14, 2026**. *Id.* ¶ 34–35. Qualifying shareholders may also appear at the Settlement Hearing and object to the Settlement Agreement in person. *Id.* ¶ 35. *See In re NVIDIA*, 2008 WL 5382544, at \*5 (preliminarily approving settlement where shareholders directed to file written objections to the Clerk of Court or appear in person at the Settlement Hearing).

#### **v. Fee and Expense Award and Service Awards**

Defendants agree to pay up to \$27,500,000 to Plaintiffs’ counsel for attorneys’ fees, litigation expenses, and Lead Plaintiffs’ Service Awards, subject to Court approval. ECF 269-2 ¶ 4.2. Specifically, Plaintiffs anticipate requesting approximately \$26,301,299.94 in attorneys’ fees. ECF 273 at 2. Plaintiffs also anticipate requesting reimbursement for approximately \$1,138,700.06 in litigation expenses. *Id.* at 3. Finally, the three Lead Plaintiffs anticipate seeking Service Awards of \$20,000 each, to be paid from the aggregate Fee and Expense Award. ECF 273 at 3.

In derivative actions, the Court typically measures the “fee award as a percentage of the

total Settlement value, because the value of the Settlement will be conferred to Wells Fargo, while Wells Fargo will *pay* attorney's fees." *In re Wells Fargo*, 2019 WL 13020734, at \*7.

Although the Court will decide the reasonableness of the Fee and Expense Award at the final approval stage, the Court finds that the anticipated attorneys' fees request is in line with the Ninth Circuit's benchmark of twenty-five percent. Here, the total value of the Settlement Amount is \$110 million (Wells Fargo will benefit from \$100 million in borrower programs and will receive \$10 million from D&O insurer). *See* ECF 269 at 16 (describing aggregate "\$110 million settlement package"). Accordingly, the maximum \$27,500,000 award is in line with the Ninth Circuit's benchmark of twenty-five percent, as is the anticipated attorneys' fees request of \$26,301,299.94. *See Williams v. MGM-Pathe Commc'ns Co.*, 129 F.3d 1026, 1027 (9th Cir. 1997) (setting benchmark for attorneys' fees award at twenty-five percent).

A lodestar cross-check confirms the reasonableness of the anticipated fee request. Here, Lead Counsel devoted over 29,887 hours on the litigation, which Plaintiffs report would result in a lodestar of \$22,913,284. ECF 273 at 2. If this request were to be approved by the Court at the Settlement Hearing, it would result in a lodestar multiplier of 1.15. *Id.* In this district, lodestar multipliers have a "presumptively acceptable range of 1.0 to 4.0." *Dyer v. Wells Fargo Bank, N.A.*, 303 F.R.D 326, 334 (N.D. Cal. 2014) (citing *Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1051 (9th Cir. 2002)).

The Court will decide the reasonableness of the fee and expense award at the final approval stage. The Court expects Lead Counsel to provide a breakdown of attorneys' fees and litigation expenses between the firms in the motion for approval of the Fee and Expense Award. The Court also expects Lead Counsel to provide a breakdown of hours spent by each attorney and substantive information to support their billing rates under a lodestar analysis. *See In re Bluetooth*, 654 F.3d at 941 (recognizing the "independent obligation to ensure that the [attorney's fees] award, like the settlement itself, is reasonable, even if the parties have already agreed to an amount")

Regarding Service Awards, the Court recognizes that in general, "the presumptively reasonable amount for service awards is \$5,000." *Hu*, 2025 WL 2419265, at \*8. The Court will



1 resolve the specific amount for each Service Award at the Settlement Hearing and expects counsel  
2 to provide justification for reimbursements above the presumptively reasonable amount. Lead  
3 Counsel should address the work done on behalf of the shareholders by Plaintiffs and “provid[e]  
4 appropriate detail and documentation in connection with their motion.” *See In re Wells Fargo*,  
5 2019 WL 13020734, at \*8.

6 Plaintiffs and their counsel shall file their motion for Fee and Expense Award and Lead  
7 Plaintiffs’ Service Awards no later than **February 27, 2026**. Objectors must file a written  
8 objection with the Court no later than **April 14, 2026**. Plaintiffs shall file a reply brief responding  
9 to any timely objection no later than **April 28, 2026**.

10 **B. Fairness and Final Settlement Approval Hearing (“Settlement Hearing”)**

11 All briefs, memoranda, and papers in support of final approval of the settlement shall be  
12 filed no later than **February 27, 2026**. The Court will conduct a Settlement Hearing on Tuesday,  
13 **May 5, 2026**, at 2:00 p.m., to determine whether the Settlement Agreement should be granted  
14 final approval as fair, reasonable, and adequate. The Court will hear all evidence and argument  
15 necessary to evaluate the Settlement Agreement and will consider Lead Plaintiffs’ Counsel’s  
16 application for a Fee and Expense Award and Lead Plaintiffs’ application for a Service Award.

17 Qualifying shareholders may appear, by counsel or on their own behalf, to be heard in  
18 support of or opposition to the Settlement Agreement and by filing a Notice of Intention to Appear  
19 no later than **April 14, 2026**.

20 The Court reserves the right to continue the date of the Settlement Hearing without further  
21 notice to shareholders. The Court retains jurisdiction to consider all further applications arising  
22 out of or in connection with the Settlement.

23 **V. CONCLUSION**

24 For the reasons stated above, the Court **GRANTS** the Plaintiffs’ unopposed motion for  
25 preliminary approval of settlement.

26 The proposed order is hereby adopted, ECF 269-2, Ex. A, except as modified herein. The  
27 summary of key dates is below.

28 The hearing scheduled for February 10, 2026 is hereby VACATED.

Summary of Key Dates	
Event	Date
Deadline for Defendants to file Form 8-K with U.S. Securities and Exchange Commission, including the Notice; publish the Summary Notice in <i>Investor's Business Daily</i> ; and make Notice available on Defendants' website	Notice to be sent by: No later than fourteen days after this Order
Motion for Final Approval to be filed by	February 27, 2026
Deadline to file motion for Fee and Expense Award and Lead Plaintiffs' motion for Service Awards	February 27, 2026
Written objections and Notice of Intention to Appear at final hearing must be received by	April 14, 2026
Reply briefs regarding objections	April 28, 2026
Wells Fargo's counsel shall file with the Court an affidavit with respect to the filing of the Form 8-K, publication of Summary Notice, and posting of the Notice and Stipulation	April 28, 2026
Plaintiffs' counsel shall file with the Court an affidavit with respect to the posting of the Notice	April 28, 2026
Fairness and Final Settlement Approval Hearing	May 5, 2026, 2:00 p.m., in-person  NOTE: Subject to change without further notice to shareholders.

This Order resolves ECF 269.

The parties are ordered to appear on May 5, 202 at 2:00 p.m. [in-person].

IT IS SO ORDERED.

Dated: January 13, 2027

  
TRINA L. THOMPSON  
United States District Judge

Related Cases:  
3:22-cv-03811-TLT  
Member Cases:  
3:22-cv-05473-TLT  
3:23-cv-03366-TLT  
3:23-cv-01168-TLT  
3:23-cv-04934-TLT