

SEC slaps Wells Fargo Advisors with \$35M penalty for excessive fees



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The Securities and Exchange Commission Friday penalized [Wells Fargo Advisors](#) \$35 million for overcharging advisory fees to certain clients who opened accounts prior to 2014 through the end of December 2022.

“Certain financial advisors from Wells Fargo and its predecessor firms agreed to reduce the firms’ standard, pre-set advisory fees for certain clients and made handwritten or typed changes on the clients’ investment advisory agreements that reflected the reduced fees at the time their accounts were opened,” [according to an SEC statement.](#)

But some clients never got the agreed-upon discounts, according to [the SEC.](#)

It's common for financial advisors to cut such deals with clients. Advisors often make changes to fees and charges for clients that deviate from the norm at the broker-dealer or RIA where they work.

Financial advisors affiliated with various Wells Fargo firms overcharged more than 10,900 investment advisory accounts more than \$26.8 million in advisory fees, according to the commission. Wells Fargo agreed to pay \$40 million, including interest, to the clients affected by the overcharging.

"In certain instances, the account processing employees at Wells Fargo and its predecessor firms failed to enter the agreed-upon reduced advisory fee rates into the firms' billing systems when setting up the clients' accounts," according to the SEC.

Wells Fargo settled the matter with the SEC without admitting or denying the SEC's charges.

Wells Fargo Advisors is one of the largest retail wealth management operations in the financial advice industry, with close to 11,000 advisors.

"We're pleased to resolve this matter," a spokesperson for Wells Fargo Advisors wrote in an email. "The process that caused this issue was corrected nearly a decade ago. And, as noted in the settlement documents, Wells Fargo Advisors conducted a thorough review of accounts and has fully reimbursed affected customers."

"For years, Wells Fargo and its predecessor firms negotiated reduced advisory fees with thousands of clients, but failed to honor them, overcharging those clients millions of dollars as a result," Gurbir S. Grewal, director of the SEC's enforcement division, said in a statement. "Today's enforcement action underscores the need for firms growing their businesses through acquisition to ensure that their growth does not come at the expense of client protection."