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*Lead Counsel for Lead Plaintiff Union Asset
Management Holding, AG and the Settlement
Class*

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

GARY HEFLER, MARCELO MIZUKI, GUY
SOLOMONOV, UNION ASSET
MANAGEMENT HOLDING AG, and CITY OF
HIALEAH EMPLOYEES' RETIREMENT
SYSTEM, Individually and on Behalf of All
Others Similarly Situated,

Plaintiffs,

vs.

WELLS FARGO & COMPANY, JOHN G.
STUMPF, JOHN R. SHREWSBERRY, CARRIE
L. TOLSTEDT, TIMOTHY J. SLOAN, DAVID
M. CARROLL, DAVID JULIAN, HOPE A.
HARDISON, MICHAEL J. LOUGHLIN, AVID
MODJTABAI, JAMES M. STROTHER, JOHN
D. BAKER II, JOHN S. CHEN, LLOYD H.
DEAN, ELIZABETH A. DUKE, SUSAN E.
ENGEL, ENRIQUE HERNANDEZ JR.,
DONALD M. JAMES, CYNTHIA H.
MILLIGAN, FEDERICO F. PEÑA, JAMES H.
QUIGLEY, JUDITH M. RUNSTAD, STEPHEN
W. SANGER, SUSAN G. SWENSON, and
SUZANNE M. VAUTRINOT,

Defendants.

Case No. 3:16-cv-05479-JST

CLASS ACTION

**DECLARATION OF ALEXANDER
VILLANOVA IN SUPPORT OF
LEAD PLAINTIFF'S MOTION FOR
APPROVAL OF DISTRIBUTION
PLAN**

Judge: Hon. Jon S. Tigar

Courtroom: 6

Date: June 3, 2020

Time: 2:00 p.m.

1 I, ALEXANDER VILLANOVA, hereby declare and state as follows:

2 1. I am a Senior Project Manager for Epiq Class Action and Claims Solutions, Inc.
3 (“Epiq”). I am over 21 years of age and am not a party to this action. I have personal knowledge
4 of the facts set forth in this declaration and, if called as a witness, could and would testify
5 competently thereto.

6 2. Epiq was retained by Lead Counsel to serve as the Claims Administrator in
7 connection with the Settlement of the above-captioned action (the “Action”).¹ In its Order Granting
8 Preliminary Approval of Class Action Settlement and Granting Motion to Seal (ECF No. 234) (the
9 “Preliminary Approval Order”), the Court approved the retention of Epiq as the Claims
10 Administrator. As Claims Administrator, Epiq has, among other things: (i) mailed the Notice of
11 (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion
12 for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses (the “Notice”) and
13 the Proof of Claim and Release Form (the “Proof of Claim Form” or “Claim Form” and, together
14 with the Notice, the “Notice Packet”) to potential Settlement Class Members and brokers and other
15 nominees; (ii) created and continues to maintain a toll-free helpline for inquiries during the course
16 of the administration; (iii) created and continues to maintain a Settlement website and posted case-
17 specific documents on it; (iv) caused the Summary Notice to be published; (v) provided, upon
18 request, additional copies of the Notice Packet to potential Settlement Class Members, brokers,
19 and other nominees; and (vi) received and processed Claims.

20 3. On December 18, 2018, the Court entered an Order Granting Final Approval of
21 Class Action Settlement and Motion for Attorneys’ Fees and Expenses (ECF No. 252) (“Final
22

23 ¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed
24 to them in the Stipulation and Agreement of Settlement dated July 30, 2018 (ECF No. 225-1) (the
“Stipulation”). The Settlement is contained in the Stipulation.

1 Order”). On December 20, 2018, the Court entered the Judgment Approving Class Action
2 Settlement (ECF No. 255) and an Order Approving Plan of Allocation of Net Settlement Fund
3 (ECF No. 253). On January 16, 2019, objector Thomas Pekoc filed a notice of appeal from the
4 Court’s Final Order. *See* ECF No. 260. On April 20, 2020, the United States Court of Appeals for
5 the Ninth Circuit denied Mr. Pekoc’s appeal. *See* Ninth Cir. Case No. 19-15140, Dkt. 35-1. The
6 Net Settlement Fund may now be distributed to authorized Claimants, pending the Court’s
7 approval. Epiq has completed processing all Claims received through March 8, 2020, in
8 accordance with the terms of the Stipulation and the Court-approved Plan of Allocation set forth
9 in the Notice, and hereby submits its administrative determinations accepting and rejecting the
10 Claims in preparation for a distribution of the Net Settlement Fund to Authorized Claimants. Epiq
11 also presents this declaration in support of Lead Plaintiff’s Motion for Approval of Distribution
12 Plan.

13 **DISSEMINATION OF NOTICE**

14 4. As more fully described in the Declaration of Alexander Villanova Regarding:
15 (A) Mailing of the Notice and Claim Form; (B) Publication of the Summary Notice; and (C) Report
16 on Requests for Exclusion Received to Date (ECF No. 240-3) (the “Mailing Decl.”), and the
17 Supplemental Declaration of Alexander Villanova Regarding: (A) Mailing of the Notice and Claim
18 Form; and (B) Report on Requests for Exclusion Received (ECF No. 250-10) (the “Suppl. Mailing
19 Decl.”), as of December 7, 2018, Epiq had mailed 1,911,759 Notice Packets to potential Settlement
20 Class Members and their nominees. Suppl. Mailing Decl. ¶ 2. Since that date, 180,731 additional
21 Notice Packets have been disseminated. In total, Epiq has disseminated 2,092,490 Notice Packets
22 to potential Settlement Class Members, brokers, and other nominees.
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1 5. Epiq established and continues to maintain a website
2 (www.WellsFargoSecuritiesLitigation.com) and a toll-free telephone helpline (1-855-349-6457)
3 to assist potential Settlement Class Members. The Settlement website (which provides access to
4 important documents relevant to the Settlement) and the telephone helpline enable Settlement
5 Class Members to obtain information about the Settlement.

6 6. In accordance with the Preliminary Approval Order, on October 9, 2018, Epiq
7 caused the Summary Notice to be published in *The Wall Street Journal* and the *Los Angeles Times*
8 and to be transmitted over *PR Newswire*. Mailing Decl. ¶ 9.

9 **PROCEDURES FOLLOWED IN PROCESSING CLAIMS**

10 7. Under the terms of the Preliminary Approval Order and as set forth in the Notice,
11 each Settlement Class Member who wished to be eligible to receive a distribution from the Net
12 Settlement Fund was required to complete and submit to Epiq a properly executed Claim Form
13 postmarked no later than January 23, 2019, together with adequate supporting documentation for
14 the transactions and holdings reported in the Claim. Through March 8, 2020, Epiq has received
15 and fully processed 706,213 Claims (the “Presented Claims”).

16 8. In preparation for receiving and processing Claims, Epiq: (i) conferred with Lead
17 Counsel to define the guidelines for processing Claims; (ii) created a unique database to store
18 Claim details, images of Claims, and supporting documentation (the “Settlement Database”);
19 (iii) trained staff in the specifics of the Settlement so that Claims would be properly processed;
20 (iv) formulated a system so that telephone and email inquiries would be properly responded to;
21 (v) developed various computer programs and screens for entry of Settlement Class Members’
22 identifying information and their transactional information; and (vi) developed a proprietary
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1 “calculation module” that would calculate Recognized Claims pursuant to the Court-approved Plan
2 of Allocation of the Net Settlement Fund stated in the Notice.

3 9. Settlement Class Members seeking to share in the Net Settlement Fund were
4 directed in the Notice to submit their Claims to a post office box address specifically designated
5 for the Settlement. Notice Packets returned by the United States Postal Service as undeliverable
6 were reviewed for updated addresses and, where available, updated addresses were entered into
7 the Settlement Database and Notice Packets were mailed to the updated addresses. Any
8 correspondence received at the post office box was reviewed and, when necessary, appropriate
9 responses were provided to the senders.

10 **PROCESSING CLAIMS**

11 **A. Paper Claims**

12 10. Of the 706,213 Presented Claims, 83,147 are paper Claims. Once received, the
13 paper Claims were opened and prepared for scanning. This process included unfolding documents,
14 removing staples, copying nonconforming-sized documents, and sorting documents. This manual
15 task of preparing the paper Claims is very laborious and time-intensive. Once prepared, paper
16 Claims were scanned into the Settlement Database together with all submitted documentation.
17 Subsequently, each Claim was assigned a unique Claim number. Once scanned, the information
18 from each Claim (including the Claimant’s name, address, account number/information from the
19 supporting documentation, and the Claimant’s purchase/acquisition transactions, sale transactions,
20 and holdings listed on the Claim) was entered into the Settlement Database. Once entered into the
21 Settlement Database, each Claim was reviewed to verify that all required information had been
22 provided. The documentation provided by the Claimant in support of the Claim was reviewed for
23 authenticity and compared to the information provided in the Claim to verify the Claimant’s

1 identity and the purchase/acquisition transactions, sale transactions, and holdings listed on the
2 Claim.

3 11. To process the transactions detailed in the Claims, Epiq utilized internal codes
4 (“message codes”) to identify and classify deficiency or ineligibility conditions existing within
5 those Claims. Appropriate message codes were assigned to the Claims as they were processed. For
6 example, where a Claim was submitted by a Claimant who did not have any eligible transactions
7 in Wells Fargo common stock during the Class Period (e.g., the Claimant purchased Wells Fargo
8 common stock only before or after the Class Period), that Claim would receive a message code
9 that denoted ineligibility. Similar defect message codes were used to denote other ineligible
10 conditions, such as duplicate Claims. These message codes would indicate to Epiq that the
11 Claimant was not eligible to receive any payment from the Net Settlement Fund with respect to
12 that Claim unless the deficiency was cured in its entirety. Examples of conditions of ineligibility
13 are as follows:

- 14 • No Documentation Submitted for the Entire Claim
- 15 • Duplicate Claim Submitted
- 16 • No Eligible Purchase During the Class Period
- 17 • No Signature
- 18 • No Recognized Claim

19 12. Because a Claim may be deficient only in part, but otherwise acceptable, Epiq
20 utilized message codes that were applied only to specific transactions within a Claim. For example,
21 if a Claimant submitted a Claim with supporting documentation for all but one purchase
22 transaction, that one transaction would receive a defect message code. The message code indicated
23 that although the transaction was deficient, the Claim was otherwise eligible for payment if other
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1 transactions in the Claim calculated to a Recognized Claim according to the Court-approved Plan
2 of Allocation. Thus, even if the deficiency was never cured, the Claim could still be partially
3 accepted. Examples of transaction-specific message codes are as follows:

- 4 • Claim did not Balance/Trade Discrepancy
- 5 • Inadequate Documentation for transaction
- 6 • Received Shares (i.e., shares transferred into or out of an account)
- 7 • No Proof of Unsold Holdings

8 **B. Electronic Claims**

9 13. Of the 706,213 Presented Claims, 623,066 were filed electronically (“Electronic
10 Claims”). Electronic Claims are typically submitted by institutional investors (“Electronic Claim
11 Filers” or “E-Claim Filers”) who may have hundreds or thousands of transactions during the Class
12 Period. Rather than provide reams of paper requiring data entry, the E-Claim Filers submitting
13 Electronic Claims either mail a computer disc or electronically submit a file to Epiq so that Epiq
14 can upload all transactions to the Settlement Database.

15 14. Epiq maintains an electronic filing operations team (the “Electronic Filing Team”)
16 to coordinate and supervise the receipt and handling of all Electronic Claims. In this case, the
17 Electronic Filing Team reviewed and analyzed each electronic file to ensure that it was formatted
18 in accordance with Epiq’s required format and to identify any potential data issues or
19 inconsistencies within the file. If any issues or inconsistencies arose, Epiq notified the filer. If the
20 electronic file was deemed to be in an acceptable format, it was then loaded to the Settlement
21 Database.

22 15. Once each electronic file was loaded, the Electronic Claims were coded to denote
23 any deficient or ineligible conditions that existed within them. These message codes are similar to
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1 those applied to paper Claims. In lieu of manually applying message codes, the Electronic Filing
2 Team performed programmatic reviews on Electronic Claims to identify deficient and ineligible
3 conditions (such as, but not limited to, price out-of-range issues, out-of-balance conditions,
4 transactions outside the Class Period, etc.). The output was thoroughly verified and confirmed as
5 accurate.

6 16. The review process also included message coding any Electronic Claims that were
7 not accompanied by a signed Proof of Claim Form, which serves as a “Master Proof of Claim
8 Form” for all Claims referenced on the electronic file submitted. This process was reviewed by
9 Epiq’s Electronic Filing Team and, when appropriate, Epiq contacted the E-Claim Filers whose
10 submissions were missing information. This ensured that only fully completed Claims, submitted
11 by properly authorized representatives of the Claimants, were considered eligible for payment
12 from the Net Settlement Fund.

13 17. Finally, at the end of the process, Epiq performed various targeted reviews of
14 Electronic Claims. Specifically, Epiq used criteria such as the calculated Recognized Claims and
15 other identified criteria to message code and reach out to a number of E-Claim Filers and request
16 that various sample purchases, sales, and holdings selected by Epiq be documented by providing
17 confirmation slips or other transaction-specific supporting documentation. These targeted reviews
18 help to ensure that electronic data supplied by Claimants does not contain inaccurate information.

19 **EXCLUDED PERSONS**

20 18. Epiq also reviewed all Claims to ensure that they were not submitted by, or on
21 behalf of, “Excluded Persons,” to the extent that the identities of such persons or entities were
22 known to Epiq through the list of Defendants and other excluded persons and entities set forth in
23 the Stipulation and the Notice and from the Claimants’ certifications on the Proofs of Claim. Epiq
24

1 also reviewed all Claims against the list of persons who were excluded from the Settlement Class
2 pursuant to request.

3 **THE DEFICIENCY PROCESS**

4 **A. Paper Claims**

5 19. Approximately 64% of the paper Claims, i.e., 53,420 of the 83,147 paper Claims,
6 were incomplete or had one or more defects or conditions of ineligibility, such as the Claim not
7 being signed, not being properly documented, or indicating no eligible transactions in Wells Fargo
8 common stock during the Class Period. The “Deficiency Process,” which primarily involved
9 mailing letters to Claimants and responding to communications from Claimants by email and/or
10 telephone, was intended to assist Claimants in properly completing their otherwise deficient
11 submissions so that they could be eligible to participate in the Settlement.

12 20. If paper Claims were determined to be defective, a Notice of Deficient Proof of
13 Claim Submission (“Deficiency Notice”) was sent to the Claimants describing the defect(s) in the
14 Claims and what, if anything, was necessary to cure the defect(s) in these Claims. The Deficiency
15 Notice advised Claimants that submission of appropriate information and/or documentary
16 evidence to complete the Claim had to be sent within twenty (20) days from the date of the
17 Deficiency Notice or the Claim would be recommended for rejection to the extent that the
18 deficiency or condition of ineligibility was not cured. The Deficiency Notice also advised
19 Claimants that to contest these administrative determinations, they were required to submit written
20 statements to Epiq requesting Court review of their Claims and setting forth the basis for such
21 requests. Epiq sent a total of 54,529 Deficiency Notices to Claimants who filed paper Claims that
22 Epiq determined to be defective. Attached hereto as Exhibit A is an example of a Deficiency
23 Notice.

1 either been cured or the request for Court review has been retracted.

2 29. Of the 483 Claimants that had contested Epiq’s determination to reject their Claims,
 3 only 14 Claimants (each a “Disputing Claimant”) have outstanding requests for Court review (each
 4 a “Disputed Claim”). Exhibit D attached hereto (the “Disputed Claims Chart”) contains copies of
 5 Claims and supporting documentation submitted by the 14 Disputing Claimants and other
 6 documents related to each Disputed Claim.² The Disputed Claims are labeled Disputed Claims 1-
 7 14 and are categorized as follows:

Disputed Claims Category	Number of Claims
Disputed Claims determined not to have a Recognized Claim	10
Claims with no eligible Class Period purchases of Wells Fargo common stock	3
Claims That Never Cured Their Condition of Ineligibility	1

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 13 30. Epiq recommends the rejection of Disputed Claims 1-14 for the following reasons:

14 (a) **Category A: Disputed Claims determined not to calculate to a Recognized Claim**
 15 **under the Court-approved Plan of Allocation.** As set forth in the Disputed Claims Chart, Epiq
 16 recommends Disputed Claims Nos. 1 through 10 for rejection because none of these Disputed
 17 Claims calculate to a Recognized Claim under the Court-approved Plan of Allocation.

18 (1) Disputed Claim No. 1 has no Recognized Claim because all of the shares this
 19 Disputing Claimant purchased during the Class Period were sold for a gain. Specifically,
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 22 ² For privacy reasons, the documents included in Exhibit D have been redacted to remove all
 23 personal information such as street addresses, email addresses, telephone numbers, account
 24 numbers, Taxpayer ID, Social Security, or Social Insurance Numbers, and all financial and
 transaction information not related to the Disputing Claimants’ transactions in Wells Fargo
 common stock, unless the financial or transaction information serves as a basis for the dispute.

1 “...the purchase price *minus* the sale price ...” (*see* Notice ¶ 59(c)(iii)) is a negative number
2 and, pursuant to ¶ 58 of the Notice, if a Recognized Loss Amount calculates to a negative
3 number, that Recognized Loss Amount shall be zero.

4 (2) In Disputed Claims Nos. 2 through 9, all shares of Wells Fargo common stock
5 purchased during the Class Period were purchased for \$48.96 per share or less and all these
6 shares were held through December 19, 2016, the end of the 90-day “look-back period”
7 after the end of the Class Period. \$48.96 was the average closing price of Wells Fargo
8 common stock during that 90-day period. *See* Notice ¶ 59(d) n.5. Under the Private
9 Securities Litigation Reform Act of 1995 (“PSLRA”), 15 U.S.C. § 78u-4(e), a plaintiff’s
10 damages are limited to the difference between the purchase price of the security and the
11 average closing price of the security during that 90-day period. Because all shares for these
12 Disputed Claims were purchased during the Class Period for \$48.96 per share or less and
13 were held as of the close of trading on December 19, 2016, the Recognized Loss Amount
14 is \$0.00. *See* Notice ¶ 59(d)(ii). Specifically, “the purchase price *minus* \$48.96” (*see* Notice
15 ¶ 59(d)(ii)) is a negative number and pursuant to ¶ 58 of the Notice, if a Recognized Loss
16 Amount calculates to a negative number, that Recognized Loss Amount shall be zero.

17 (3) In Disputed Claim No. 10, all shares of Wells Fargo common stock that the
18 Disputing Claimants purchased during the Class Period were sold prior to the first
19 corrective disclosure date and thus calculated to no Recognized Claim under the Court-
20 approved Plan of Allocation. As provided in the Notice, for all shares sold prior to the
21 close of trading on September 9, 2016, the Recognized Loss Amount will be \$0.00. *See*
22 Notice ¶ 59(a).

1 **(b) Category B: Disputed Claims with No Eligible Class Period Purchases of Wells**
2 **Fargo Common Stock.** As set forth in the Disputed Claims Chart, Epiq recommends Disputed
3 Claim Nos. 11 through 13 for rejection because none of these Disputed Claims claimed an eligible
4 Class Period purchase of Wells Fargo common stock. The documentation submitted on behalf of
5 Disputed Claims Nos. 11 through 13 reflect no eligible transactions of Wells Fargo common stock
6 during the Class Period and thus are not eligible under the Court-approved Plan of Allocation as
7 the Disputing Claimants are not Settlement Class Members.

8 **(c) Category C: Disputed Claims with Uncured Conditions of Ineligibility.** As set
9 forth in the Disputed Claims Chart, Epiq recommends Disputed Claim No. 14 for rejection
10 because this Disputing Claimant, who is suspected of submitting a potentially fraudulent claim,
11 did not cure the condition of ineligibility related to providing adequate supporting documentation
12 for their transactions in Wells Fargo Common Stock during the Class Period. The supporting
13 documentation had indicia of a potentially fraudulent claim, e.g., inconsistencies of the broker-
14 dealer name, inconsistencies in the broker-dealer website, and typographical errors in the trade
15 confirmation. This Disputing Claimant was notified that the provided documentation was
16 insufficient to support the Disputed Claim and no additional supporting documentation was
17 provided in response to this notification. Additionally, this Disputing Claimant, along with the
18 Disputed Claim and supporting documentation, was provided to the federal authorities for further
19 review as being potentially fraudulent.

20 31. Epiq has made multiple attempts to contact each of the Disputing Claimants, by
21 telephone and/or email. For those Disputing Claimants whom Epiq was able to contact, an Epiq
22 representative answered all their questions and fully explained Epiq's determination of the
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1 Disputed Claim's status. However, these Disputing Claimants have indicated their desire to
2 maintain the request for Court review.

3 **LATE BUT OTHERWISE ELIGIBLE CLAIMS**

4 32. Of the Presented Claims, 133,706 were received or postmarked after the January
5 23, 2019 Claim submission deadline established by the Court. Epiq processed all late Claims
6 received through March 8, 2020, and 67,838 have been found to be otherwise eligible in whole or
7 in part (the "Late But Otherwise Eligible Claims"). Epiq has not rejected any Claim received
8 through March 8, 2020, solely based on its late submission, and Epiq believes no delay has resulted
9 from the provisional acceptance of these Late but Otherwise Eligible Claims. To the extent they
10 are eligible but for the fact that they were late, they are recommended for payment.

11 33. However, there must be a final cut-off date after which no more Claims will be
12 accepted so that there may be a proportional allocation of the Net Settlement Fund and the
13 distribution may be accomplished. Acceptance of additional Claims or responses to notices of
14 deficiency received during the finalization of the administration and the preparation of this
15 application would necessarily require a delay in the distribution. Accordingly, Epiq also
16 respectfully requests that this Court order that no received or rejected Claim adjusted after March
17 8, 2020, be eligible for payment for any reason whatsoever subject only to the provision of
18 paragraph 42(f) of the proposed distribution plan discussed below. If the Court adopts the proposed
19 distribution plan, then, after Lead Counsel has determined that further distributions are not cost-
20 effective and before any contribution of the residual funds to charity, if sufficient funds remain to
21 warrant the processing of Claims received after March 8, 2020, these Claims will be processed
22 and, if any would have been eligible if timely received, these Claimants may be paid the
23 distribution amounts on a *pro rata* basis that would bring them into parity with other Authorized
24 Claimants who have cashed all their prior distribution checks to the extent permitted by the amount

1 of remaining funds. *See* ¶ 42(f) below. With respect to previously filed Claims that are cured or
2 adjusted after March 8, 2020, such Claims will be reevaluated upon receipt of the adjustment and,
3 to the extent that they are found eligible for a distribution or additional distribution, they will be
4 treated in the same manner as Claims received after March 8, 2020. However, should an adjustment
5 be received that results in a lower Recognized Claim amount, that adjustment will be made and
6 the Recognized Claim amount will be reduced accordingly prior to a distribution to that Claimant.

7 QUALITY ASSURANCE

8 34. An integral part of the claims administration process is the Quality Assurance
9 review. Throughout the administration process, Epiq's Quality Assurance personnel worked to
10 verify that Claims were processed properly by ensuring that information was entered correctly into
11 the Settlement Database, deficiency and/or rejection message codes were assigned accurately, and
12 deficiency and/or rejection notification letters were sent appropriately. After all Claims were
13 processed, Deficiency Notices and/or Status Emails were sent, and Claimants' responses to the
14 deficiency and/or rejection notification were reviewed and processed, Epiq's Quality Assurance
15 personnel performed additional Quality Assurance reviews. These final Quality Assurance reviews
16 further ensured the correctness and completeness of all Claims processed prior to preparing this
17 declaration and all Epiq's final documents in support of distribution of the Net Settlement Fund.

18 As part of the Quality Assurance reviews, Epiq:

- 19 (a) Verified that all Proofs of Claim had signatures of authorized individuals;
20 (b) Verified that true duplicate Claims were identified, verified, and rejected;
21 (c) Verified that persons and entities excluded from the Settlement Class did
22 not file Claims or their Claims were rejected upon review;

- 1 (d) Performed a final Quality Assurance audit of Claims and all supporting
- 2 documentation to ensure completeness of Claims;
- 3 (e) Determined that all Claimants requiring deficiency and/or rejection
- 4 notifications received such notifications;
- 5 (f) Performed an audit of deficient Claims;
- 6 (g) Performed additional review of Claims with high Recognized Claim
- 7 amounts;
- 8 (h) Audited Claims that were designated invalid;
- 9 (i) Audited Claims with a Recognized Claim amount equal to zero;
- 10 (j) Performed other auditing based on Claims completion requirements and the
- 11 approved calculation specifications based on the Court-approved Plan of
- 12 Allocation; and
- 13 (k) Re-tested the accuracy of the Recognized Claim amount calculation
- 14 program.

15 35. As part of its due diligence in processing the Claims, Epiq reviewed and compared
16 the entire Settlement Database against the “watch list” of known questionable filers that Epiq has
17 developed throughout its years of experience as a claims administrator. Epiq has worked closely
18 with the FBI to update that watch list with the latest information available. Epiq performs searches
19 based on names, aliases, addresses, and city/zip codes. In addition, Epiq’s claim processors are
20 trained to identify any potentially inauthentic documentation when processing claims, including
21 claims submitted by Claimants not previously captured in the “watch list.” Processors are
22 instructed to message code any claims that match to a record on the “watch list” and escalate them
23 to management for review. One (1) claim was identified as having been submitted by someone on

1 the “watch list” and was reported to the federal authorities as being potentially fraudulent. This
2 one potentially fraudulent Claim was rejected for having an uncured condition of ineligibility and
3 is provided to the Court as Disputed Claim No. 14.

4 **RECOMMENDATIONS FOR APPROVAL AND REJECTION**

5 36. As noted above, the number of Claims on this motion is 706,213.

6 **Timely Submitted and Valid Claims**

7 37. A total of 572,507 Claims were received or postmarked on or before the Court-
8 approved Claim submission deadline of January 23, 2019, of which 263,936 were determined by
9 Epiq to be eligible and are recommended for approval (“Timely Eligible Claims”). The total
10 Recognized Claim amount for these Claims is \$2,329,442,280.19.

11 **Late But Otherwise Eligible Claims**

12 38. A total of 133,706 Claims were received or postmarked after the Court-approved
13 Claim submission deadline of January 23, 2019, but received on or before March 8, 2020. Of those,
14 67,838 were determined by Epiq to be otherwise eligible and are recommended for approval (“Late
15 But Otherwise Eligible Claims”). The total Recognized Claim amount for these Claims is
16 \$342,782,211.54.

17 **Rejected Claims**

18 39. After the responses to notices of deficiencies were processed, a total of 374,439
19 Claims (including the Disputed Claims discussed above) remain recommended for rejection by the
20 Court (“Rejected Claims”) for the following reasons:

- 21 (a) 170,475 Claims had no purchase(s) of Wells Fargo common stock during
22 the Class Period;
- 23 (b) 189,084 Claims did not result in a Recognized Claim;
- 24 (c) 475 Claims were duplicates;

1 (d) 5,056 Claims had uncured conditions of ineligibility; and

2 (e) 9,349 Claims were Void or Withdrawn.

3 **Lists of All Presented Claims**

4 40. Attached hereto as Exhibits E through G are listings of all the Presented Claims:

5 (a) Exhibit E lists the Timely Eligible Claims and shows each Claimant's
6 Recognized Claim;

7 (b) Exhibit F lists the Late But Otherwise Eligible Claims and shows each
8 Claimant's Recognized Claim; and

9 (c) Exhibit G lists the Rejected Claims and the reasons for rejection.

10 **FEES AND DISBURSEMENTS**

11 41. Epiq agreed to be the Claims Administrator in exchange for payment of its fees and
12 out-of-pocket expenses. Lead Counsel received reports on and invoices for the work Epiq
13 performed with respect to the provision of notice and administration of the Settlement. Attached
14 hereto as Exhibit H are copies of Epiq's invoices for its work performed on behalf of the Settlement
15 Class as well as an estimate for the work that will be performed and the costs that will be incurred
16 in connection with the initial distribution of the Net Settlement Fund.³ As set forth in these
17 invoices, the cost of administration for this project through the initial distribution is \$5,504,385.70
18 in fees and expenses. These costs reflect significant work done by Epiq to mail the 2,092,490
19 Notice Packets and process the 706,213 Presented Claims filed for this matter. As illustrated in the
20 invoices and invoice summary provided in Exhibit H, these costs are primarily driven by 1) costs
21 related to mailing the Notice Packets and 2) all-inclusive fees which cover all hourly time related

22 _____
23 ³Should the estimate of fees and expenses to conduct the initial distribution of the Net Settlement
24 Fund exceed the actual cost to conduct the distribution, the excess will be returned to the Net
Settlement Fund and will be available for subsequent distribution to Authorized Claimants.

1 to the processing of Claims as well as any responses to Deficiency Notices or Status Emails in
2 relation to any deficiencies on these Claims. Additionally, another significant portion of this
3 amount is related to the reimbursement of brokers, banks, and nominees for their work and/or
4 postage costs that provided Notice Packets to potential Settlement Class Members. To date, Epiq
5 has received payment in the amount of \$1,000,000.00 for its fees and expenses. Accordingly, there
6 is a total of \$4,504,385.70 payable to Epiq.

7 **DISTRIBUTION PLAN FOR THE NET SETTLEMENT FUND**

8 42. Should the Court concur with Epiq's determinations concerning the provisionally
9 accepted and rejected Claims, including the Late But Otherwise Eligible Claims, Epiq
10 recommends the following distribution plan (the "Distribution Plan"):

11 (a) Epiq will conduct an initial distribution (the "Initial Distribution") of the
12 Net Settlement Fund, after deducting all payments approved by the Court, and after
13 payment of any estimated taxes, the costs of preparing appropriate tax returns, and any
14 escrow fees, while maintaining a 10% reserve to address any tax liability and claims
15 administration-related contingencies that may arise, as follows:

16 (1) Epiq will calculate award amounts for all Authorized Claimants as
17 if the entire Net Settlement Fund were to be distributed now. In accordance with
18 the Court-approved Plan of Allocation, Epiq will calculate each Authorized
19 Claimant's *pro rata* share of the Net Settlement Fund based on the amount of the
20 Authorized Claimant's Recognized Claim in comparison to the total Recognized
21 Claims of all Authorized Claimants.

22 (2) Epiq will, pursuant to the terms of the Plan of Allocation, eliminate
23 from the Initial Distribution any Authorized Claimant whose *pro rata* share
24

1 calculates to less than \$10.00. These Claimants will not receive any payment from
2 the Net Settlement Fund, and Epiq will send notifications to those Authorized
3 Claimants advising them of that fact.

4 (3) After eliminating Claimants who would have received less than
5 \$10.00, Epiq will recalculate the *pro rata* share of the Net Settlement Fund for
6 Authorized Claimants who would have received \$10.00 or more pursuant to the
7 calculations described in subparagraph (a)(1) above. This *pro rata* share is the
8 Authorized Claimant’s “Distribution Amount.”

9 (4) Authorized Claimants whose Distribution Amount calculates to less
10 than \$100.00 pursuant to subparagraph (a)(3) above will be paid their full
11 Distribution Amount in the Initial Distribution (“Claims Paid in Full”). These
12 Authorized Claimants will get no additional funds in subsequent distributions.

13 (5) After deducting the payments to the Claims Paid in Full, 90% of the
14 remaining balance of the Net Settlement Fund will be distributed to Authorized
15 Claimants whose Distribution Amount calculates to \$100.00 or more pursuant to
16 subparagraph (a)(3) above, on *pro rata* basis based on their Distribution Amounts.
17 The remaining 10% of the Net Settlement Fund will be held in reserve (the
18 “Reserve”) to address any tax liability and claims administration-related
19 contingencies that may arise. To the extent the Reserve is not depleted, the
20 remainder will be distributed in the “Second Distribution” described in
21 subparagraph (d) below.

22 (b) In order to encourage Authorized Claimants to deposit their payments
23 promptly, all distribution checks will bear a notation: “CASH PROMPTLY. VOID AND
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1 SUBJECT TO REDISTRIBUTION IF NOT CASHED BY [DATE 90 DAYS AFTER
2 ISSUE DATE].”⁴

3 (c) Authorized Claimants who do not cash their Initial Distribution checks
4 within the time allotted or on the conditions set forth in footnote 4 will irrevocably forfeit
5 all recovery from the Settlement. The funds allocated to all such stale-dated checks will be
6 available to be redistributed to other Authorized Claimants in the second distribution.
7 Similarly, Authorized Claimants who do not cash their second or subsequent distribution
8 checks (should such distributions occur) within the time allotted or on the conditions set
9 forth in footnote 4 will irrevocably forfeit any further recovery from the Net Settlement
10 Fund.

11 (d) Consistent with the Court-approved Plan of Allocation, after Epiq has made
12 reasonable and diligent efforts to have Authorized Claimants cash their Initial Distribution
13 checks, which efforts shall consist of the follow-up efforts described in footnote 4, but not
14

15 ⁴ For Authorized Claimants whose checks are returned as undeliverable, Epiq will endeavor to
16 locate new addresses by running the undeliverable addresses through address-lookup services.
17 Where a new address is located, Epiq will update the Settlement Database accordingly and reissue
18 a distribution check to the Authorized Claimant at the new address. In the event an Authorized
19 Claimant loses or damages a check, or otherwise requires a new check, Epiq will issue
20 replacements. Distribution reissues will be undertaken only upon written instructions from the
21 Authorized Claimant, provided that the Authorized Claimant returns the previous check where
22 appropriate. For all checks, Epiq will void the initial payment prior to reissuing a payment. In
23 order not to delay further distributions to Authorized Claimants who have timely cashed their
24 checks, Epiq’s outreach program, described in the preceding sentences, shall end 30 days after
the initial void date. Authorized Claimants will be informed that, if they do not cash their Initial
Distribution checks within 90 days of the mail date, or they do not cash check reissues within 30
days of the mailing of such reissued check, their check will lapse, their entitlement to recovery
will be irrevocably forfeited, and the funds will be reallocated to other Authorized Claimants.
Reissue requests for lost or damaged checks will be granted after the void date on the checks as
long as the request for the reissue is received no later than 45 days prior to the next planned
distribution. Requests for reissued checks in connection with any subsequent distributions (should
such distributions occur) will be handled in the same manner.

1 earlier than nine (9) months after the Initial Distribution, Epiq will, in consultation with
2 Lead Counsel, conduct a second distribution of the Net Settlement Fund (the “Second
3 Distribution”). Any amounts remaining in the Net Settlement Fund after the Initial
4 Distribution (including from the Reserve and the funds for all void stale-dated checks),
5 after deducting Epiq’s fees and expenses incurred in connection with administering the
6 Settlement for which it has not yet been paid (including Epiq’s estimated costs of the
7 Second Distribution), and after deducting the payment of any estimated taxes, the costs of
8 preparing appropriate tax returns, and any escrow fees, will be distributed to all Authorized
9 Claimants in the Initial Distribution who cashed their first distribution check and who
10 would receive at least \$10.00 from such distribution based on their *pro rata* share of the
11 remaining funds. Additional distributions, after deduction of costs and expenses as
12 described above and subject to the same conditions, may occur thereafter in six-month
13 intervals until Lead Counsel, in consultation with Epiq, determines that further distribution
14 is not cost-effective.

15 (e) At such time as Lead Counsel, in consultation with Epiq, determines that
16 further distribution of the funds remaining in the Net Settlement Fund is not cost-effective,
17 if sufficient funds remain to warrant the processing of Claims received after March 8, 2020,
18 such Claims will be processed, and any such Claims that are otherwise valid as well as any
19 earlier received Claims for which an adjustment was received after March 8, 2020, which
20 resulted in an increased Recognized Claim, will be paid in accordance with subparagraph
21 (f) below. If any funds remain in the Net Settlement Fund after payment of such late or
22 late-adjusted Claims, the remaining balance of the Net Settlement Fund, after payment of
23 any unpaid fees or expenses incurred in connection with administering the Net Settlement
24

1 Fund and after the payment of any estimated taxes, the costs of preparing appropriate tax
2 returns, and any escrow fees, will be contributed to the Investor Protection Trust. *See*
3 Notice ¶ 70.

4 (f) No new Claims may be accepted after March 8, 2020, and no further
5 adjustments to Claims received on or before March 8, 2020, that would result in an
6 increased Recognized Claim amount may be made for any reason after March 8, 2020,
7 subject to the following exception. If Claims are received or modified after March 8, 2020,
8 that would have been eligible for payment or additional payment under the Plan of
9 Allocation if timely received, then, at the time that Lead Counsel, in consultation with Epiq,
10 determines that a redistribution is not cost-effective as provided in subparagraph (e) above,
11 and after payment of any unpaid fees or expenses incurred in connection with administering
12 the Net Settlement Fund and after deducting the payment of any estimated taxes, the costs
13 of preparing appropriate tax returns, and any escrow fees, such Claimants, at the discretion
14 of Lead Counsel, may be paid the distribution amounts or additional distribution amounts
15 on a *pro rata* basis that would bring them into parity with other Authorized Claimants who
16 have cashed all their prior distribution checks to the extent possible.

17 (g) Unless otherwise ordered by the Court, Epiq may destroy the paper copies
18 of the Claims and all supporting documentation one year after the Initial Distribution, and
19 one year after all funds have been distributed may destroy electronic copies of the same.

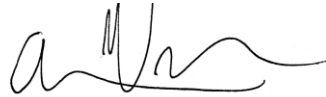
20 CONCLUSION

21 43. Epiq respectfully requests that the Court enter an Order approving its administrative
22 determinations accepting and rejecting the Claims submitted herein and approving the proposed
23 Distribution Plan. Epiq further respectfully submits that its fees and expenses, as reflected on the
24

1 invoices attached hereto as Exhibit H, should be approved for payment from the Settlement Fund.

2 I declare under penalty of perjury under the laws of the United States of America that the
3 foregoing is true and correct.

4 Executed this 22nd day of April 2020.

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9 Alexander Villanova
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