

## BFA Secures Major Win in Wells Fargo Derivative Litigation

On September 19, 2024, Judge Trina L. Thompson of the United States District Court for the Northern District of California denied in part defendants' motion to dismiss in *In re Wells Fargo & Co. Consolidated Derivative Shareholder Litigation*.

Judge Thompson ruled that Wells Fargo's board must face shareholder claims for allowing racial disparities in its mortgage lending practices. This is because, according to the Court, BFA's complaint adequately alleged that the Wells Fargo Board "Failed to Implement Reporting Systems and Controls as to the Mission Critical Issue of Fair Lending Compliance." Judge Thompson further wrote that "[t]he Board had no committee charged with direct responsibility to monitor fair lending compliance," it "did not monitor, discuss, or address fair lending compliance on a regular schedule," and "had no regular process or protocols that required management to keep the Board apprised for fair lending compliance practices, risks, or reports." What's more, the Court stated that "[d]uring a key period, management received reports that contained what could be considered red, or at least yellow, flags [with respect to fair lending compliance], and the Board minutes of the relevant period revealed no evidence that these were disclosed to the Board."

A copy of the order can be found on the [Wells Fargo Case Page](#).