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CHRISTOPHER WILLIAMS

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

CHRISTOPHER WILLIAMS, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

WELLS FARGO BANK, N.A. and WELLS
FARGO & CO.,

Defendants.

CASE NO:

COMPLAINT

Class Action

Jury Trial Demanded

**COMPLAINT
CLASS ACTION**

Plaintiff Christopher Williams (“Williams”), on behalf of himself and all others similarly situated, by and through his attorneys, hereby files this Complaint against Defendants Wells Fargo Bank, N.A. and Wells Fargo & Co. (collectively “Wells Fargo” or the “Firm”), and states as follows:

COMPLAINT

1 home mortgages. Wells Fargo claims to serve at least one out of three households in the United
2 States.²

3 4. Defendant Wells Fargo Bank, N.A. is a national banking association chartered in
4 South Dakota with its principal place of business in San Francisco, California, and a subsidiary of
5 Wells Fargo & Co.

6 5. Plaintiff Christopher Williams is African American and a citizen of Georgia. As
7 described below, Williams applied for a home mortgage with Wells Fargo and was discriminated
8 against on the basis of his race in the mortgage lending process by Wells Fargo.

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10 **FACTUAL ALLEGATIONS**

11 6. As stated above, Wells Fargo is one of the largest banks in the country and one of
12 the top residential mortgage providers in the United States. Across the country, Wells Fargo applies
13 mortgage origination and underwriting policies and practices that intentionally and
14 disproportionately discriminate against and harm African American home loan applicants.
15 Williams was one of the many victims of Wells Fargo's racially discriminatory residential
16 mortgage policies and practices.

17 7. Wells Fargo has a long history of discriminating against African Americans and
18 maintains a corporate culture replete with harmful racial stereotypes and biased views about
19 African American customers. While Wells Fargo has long advertised its willingness to
20 symbolically support racial equality in banking, such as making investments to black owned
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26 ² [https://newsroom.wf.com/English/news-releases/news-release-details/2021/Wells-Fargo-launches-Banking-Inclusion-Initiative-to-accelerate-unbanked-households-access-to-affordable-transactional-accounts/default.aspx#:~:text=Wells%20Fargo%20%26%20Company%20\(NYSE%3A,of%20banking%2C%20investment%20and%20mortgage](https://newsroom.wf.com/English/news-releases/news-release-details/2021/Wells-Fargo-launches-Banking-Inclusion-Initiative-to-accelerate-unbanked-households-access-to-affordable-transactional-accounts/default.aspx#:~:text=Wells%20Fargo%20%26%20Company%20(NYSE%3A,of%20banking%2C%20investment%20and%20mortgage)

1 banks,³ it has not and will not meaningfully redress its systematic discrimination against its Black
2 and African American customers, borrowers, and mortgage applicants.

3 8. Wells Fargo's racial bias is illustrated by racial redlining and other discriminatory
4 practices against customers of color, as illustrated in a number of recent lawsuits and settlements.
5 For example, in 2011, a jury found Wells Fargo guilty of systematically discriminating against
6 minority home buyers by using a computer software for minority homeowners which resulted in
7 them paying more for their home loans than white borrowers. *Opal Jones, et. al v. Wells Fargo*
8 *Bank, N.A., et al.*, Case No. BC337821 (Los Angeles Superior Court) (\$3.5 million verdict). Wells
9 Fargo has also paid hundreds of millions of dollars to avoid litigating its discriminatory home
10 lending practices. Indeed, Wells Fargo agreed to a settlement valued at over \$440 million of a
11 lawsuit challenging the Firm's redlining practices that resulted in a disproportionate number of
12 foreclosures in African American neighborhoods in Shelby County and the City of Memphis. *City*
13 *of Memphis and Shelby County, et al. v. Wells Fargo Bank, N.A., et al.*, Case No. 2:09-CV-02857
14 (W.D. Tenn.). Wells Fargo also settled a lawsuit for \$37 million led by the National Fair Housing
15 Alliance alleging that Wells Fargo took better care of foreclosed properties that it owned in white
16 neighborhoods than those in African American and Latino communities. *National Fair Housing*
17 *Alliance, et al. v. Wells Fargo Bank N.A., et al*, HUD Case No. 09-12-0708-8 (U.S. Department of
18 Housing & Urban Development Office of Fair Housing & Equal Opportunity). Wells Fargo has
19 also faced and settled numerous lawsuits challenging its "reverse redlining" practices of charging
20 higher rates and imposing less favorable terms for minority home borrowers than for white home
21 borrowers. For instance, in 2013, Wells Fargo paid \$175 million to settle a lawsuit brought by the
22 United States Department of Justice alleging that the Firm charged higher rates to its African
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28 ³ <https://www.foxbusiness.com/markets/wells-fargo-announces-investments-in-six-black-owned-banks>

1 American and Latino borrowers. *United States v. Wells Fargo Bank, NA*, Case No. 1:12-cv-01150
2 (D.D.C.).

3 9. In 2019, Wells Fargo paid \$10 million to settle a similar claim brought by the City
4 of Philadelphia. *City of Philadelphia v. Wells Fargo & Co., et al.*, No. 2:17-cv-02203-AB (E.D. Pa.
5 2019). Philadelphia alleged that Wells Fargo simply swapped the evil of redlining—refusing to
6 lend to minority communities—for the similarly pernicious reverse redlining—lending to minority
7 borrowers, but only saddling them with more expensive loans with worse terms than those extended
8 to white borrowers. *City of Philadelphia v. Wells Fargo & Co., et al.*, No. 2:17-cv-02203-AB (E.D.
9 Pa. 2019), Dkt. 1 (Complaint) ¶¶ 5–21. Philadelphia alleged that “since at least 2004 . . . Wells
10 Fargo has systematically engaged in a continuous and unbroken discriminatory pattern and practice
11 of issuing higher cost or more onerous mortgage loans to minority borrowers in Philadelphia when
12 more favorable and less expensive loans were being offered to similarly situated non-minority
13 borrowers.” *Id.* ¶ 5 (E.D. Pa.). Philadelphia’s statistical analysis revealed that African American
14 borrowers were more than twice as likely to “receive a high-cost or high-risk loan” than a white
15 borrower even when controlling for credit score. *Id.* ¶ 14. Indeed, the discrimination worsened as
16 the credit score increased—especially creditworthy “African-Americans with FICO scores over
17 660 were 2.570 times more likely to receive a high-cost or high-risk loan from Wells Fargo as a
18 white borrower.” *Id.* The predictable result of Wells Fargo’s foisting high-cost, high-risk loans on
19 African Americans was an explosion of foreclosures in minority communities, where loans were
20 “4.710 times more likely to result in foreclosure than is a loan in a predominantly white
21 neighborhood.” *Id.* ¶ 12. This precipitated what “many leading commentators describe[d] as the
22 ‘greatest loss of wealth for people of color in modern US history.’” *Id.* ¶ 18.

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26 10. Wells Fargo discriminates against its African American employees just as readily
27 as it does its customers. In 2016, Wells Fargo was charged with systemic discrimination against
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1 minority Financial Advisors including by African American Financial Advisors in the class action
2 lawsuit *Slaughter v. Wells Fargo Advisors*, 14-cv-06368 (N.D. Ill. 2014). Wells Fargo eventually
3 settled the *Slaughter* litigation for over \$35 million. *Slaughter v. Wells Fargo Advisors*, 14-cv-
4 06368 (N.D. Ill. 2014), Dkt. 99-1 (Settlement Agreement), 29

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6 11. Rather than earnestly trying to address and remedy the problems raised by these
7 numerous lawsuits, Wells Fargo has worked to circumvent and diminish fair housing and credit
8 laws, including delaying and appealing multiple fair housing lending lawsuits brought by
9 municipalities across the Country so that it could continue to discriminate against black borrowers.⁴
10 Wells Fargo's discrimination in lending against African Americans has therefore continued
11 unbated.

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13 12. Specifically, in determining home loans, interest rates, points, etc., Wells Fargo
14 intentionally uses factors to determine eligibility for home loan rates, terms, and conditions that
15 facilitate redlining and reverse redlining against and disfavor African American borrowers.
16 Specifically, Wells Fargo's uniform, nationwide policies and practices related to mortgage
17 approvals, interest rate determinations, fees, and costs that intentionally discriminate against
18 African Americans and have a disparate impact on African Americans. These policies and practices
19 include but are not limited to:

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21 (a) placing black borrowers in predatory and higher costs loans even though
they qualify for prime loans on better terms;

22 (b) failing to underwrite loans based on traditional underwriting criteria such as
23 debt-to-income ratio, loan-to-value ratio, FICO score, and work history and instead utilizing factors
that intentionally discriminate and/or have a disparate impact on black borrowers;

24 (c) subjective surcharges on minority borrowers of additional points, fees, and
25 other credit and servicing costs over and above an otherwise objective risk-based financing rate for
such loan products;

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28 ⁴ See generally, *Oakland v. Wells Fargo*, 15-cv-04321 (N.D. Cal.); *Sacramento v. Wells Fargo*,
18-cv-00416 (E.D. Cal.); *Miami v. Wells Fargo*, 13-cv-24508, (S.D. Fla.).

1 (d) charging excessive points and fees that are not associated with any increased
benefits to black borrowers;

2 (e) failing to adequately monitor the Bank's policies and practices regarding
3 mortgage loans, including but not limited to originations, marketing, sales, and risk management;

4 (f) Reverse redlining;

5 (g) and Redlining;

6 13. The racially discriminatory policies and practices at Wells Fargo are uniform and
7 national in scope and create an artificial, arbitrary, and unnecessary barrier to fair housing
8 opportunities for Black or African American borrowers. Class members are relying on Plaintiff to
9 protect their rights applied for loans at Wells Fargo offices across the country and were harmed by
10 these same policies and practices. Wells Fargo's policies and practices are implemented with
11 discrimination intent and/or disproportionately impact Black of African Americans borrowers.
12

13 **PLAINTIFF WAS INJURED BY DEFENDANT'S**
14 **DISCRIMINATORY POLICIES AND PRACTICES**

15 14. Williams is African American. Williams was a well-qualified African American
16 home borrower. When he applied for his mortgage, Williams maintained a FICO score of over 750.
17 Based on this, Williams believed he should have qualified for Wells Fargo's prime interest rate,
18 which would have saved him substantial money over time on his home mortgage. However,
19 consistent with Wells Fargo's pattern of discrimination against African American borrowers, Wells
20 Fargo offered Williams an interest rate nearly three points higher than the prime interest rate offered
21 by Wells Fargo, which is disproportionately and discriminatorily offered to white applicants.
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23 15. Believing it to be a mistake, Williams spoke to Wells Fargo's home lending
24 department to have his credit report rechecked and for his interest rate to be lowered. Instead, the
25 Firm refused to reconsider his credit score or his interest rate.

26 16. Williams agreed to revisit its refusal to extend the loan to Williams on favorable
27 terms. However, in a letter dated September 5, 2019, Wells Fargo finally articulated for the first
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1 time, that it did not use solely FICO credit scores to determine home interest rates, but instead used
2 “a unique scoring model, which considers more than credit scores to evaluate applications.”

3 17. Indeed, the “other” factors used by Wells Fargo to determine interest rates for home
4 loans serve to intentionally exclude Black or African American borrowers from affordable and
5 lower-risk loans, force African American borrowers to pay higher interest rates and other fees that
6 similarly situated white borrowers, and have a disparate impact based on race. Williams applied
7 for and received a home loan from another bank at its prime interest rate.

9 18. Williams did identify his race to Wells Fargo during the application process.

10
11 **CLASS ALLEGATIONS**

12 19. Plaintiff brings this action pursuant to Rule 23 of the Federal Rules of Civil
13 Procedure on behalf of himself and a class of African Americans who applied for credit related to
14 residential real estate and who were subjected to discrimination by Defendants due to their race.
15 Plaintiff seeks certification of a liability and injunctive and declaratory relief class under Rule
16 23(b)(2) and 23(c)(4), and/or certification of a broader class under Rule 23(b)(3). All requirements
17 of class certification are met by the proposed class.

18
19 20. The class of African Americans who applied for credit related to residential real
20 estate is so numerous that joinder of all members is impracticable. Fed. R.Civ.P. 23(a)(1).

21 21. There are questions of law and fact common to the class, and those questions can
22 and should be resolved in a single proceeding that furthers this litigation. Fed. R.Civ.P. 23(a)(2).

23 22. The claims alleged by Plaintiff are typical of the claims of the class. Fed. R.Civ.P.
24 23(a)(3).

25 23. Plaintiff will fairly and adequately represent and protect the interests of the class.
26 Fed. R.Civ.P. 23(a)(4).
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**RACE DISCRIMINATION IN VIOLATION
OF 42 U.S.C. § 1982**

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3 39. Plaintiff realleges each and every paragraph above and incorporates them by
4 reference as though fully stated herein.

5 40. Under 42 U.S.C. § 1982, all citizens are guaranteed the same right to inherit,
6 purchase, lease, sell, hold, and convey real and personal property, regardless of race.
7

8 41. As set forth above, Defendants maintained a nationwide set of uniform,
9 discriminatory mortgage loan origination and underwriting practices and engaged in a pattern or
10 practice of systemic race discrimination against African American mortgage loan applicants that
11 constitutes illegal intentional race discrimination and disparately impacts African Americans in
12 violation of 42 U.S.C. § 1982.

13 42. Plaintiff and all those similarly situated were subjected to and harmed by
14 Defendants' systemic and individual discrimination.
15

16 43. On behalf of himself and the class he seeks to present, Plaintiff requests the relief
17 set forth below.

18 **COUNT IV**

19 **RACE DISCRIMINATION IN VIOLATION OF**
20 **THE FAIR HOUSING ACT OF 1968, 42 U.S.C § 3601 *et seq.***

21 44. Plaintiff realleges each and every paragraph above and incorporates them by
22 reference as though fully stated herein.

23 45. The Fair Housing Act, 42 U.S.C. § 3605(a), prohibits any entity whose business
24 includes engaging in residential real estate-related transactions from discriminating against any
25 person in making available such a transaction on the basis of race.
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27 46. Defendants' business includes engaging in residential real estate-related
28 transactions.

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- i. Award Plaintiff and all others similarly situated prejudgment interest and attorneys fees, costs and disbursements, as provided by law;
- j. Award Plaintiff and all others similarly situated such other make whole equitable, injunctive and legal relief as this Court deems just and proper to end the discrimination and fairly compensate Plaintiff and all others similarly situated.
- k. Award Plaintiff and all others similarly situated such other relief as this Court deems just and proper.

Respectfully submitted,

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DEMAND FOR A JURY TRIAL

Plaintiff hereby demands a jury trial as provided by Rule 38(a) of the Federal Rules of Civil Procedure and Civil Local Rule 3-6.

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