Wells Fargo agrees to buy back auction rate securities, including those of the more than 400 Washington Investors

Local News

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Olympia – The Washington State Department of Financial Institutions (DFI) and the North American Securities Administrators Association (NASAA) today announced a settlement in principle with Wells Fargo Investments LLC.
Wells Fargo will buy back an estimated $1.3 billion in auction rate securities that have been frozen since the auction rate securities markets froze in February 2008.
The settlement is the result of an investigation led by DFI’s Securities Division into Wells Fargo’s practices in connection with its sales of auction rate securities.
"We're pleased this agreement results in reimbursement for Washington consumers," DFI Director Scott Jarvis said. "DFI's Director of Securities Mike Stevenson and his staff are to be commended. The many hours of investigation and their diligent pursuit of this multi-jurisdictional case exemplify their commitment to protecting Washington investors."

While some auction rate securities have been repurchased from investors, the vast majority of the more than 600 investors who purchased an estimated $227 million in auction rate securities through Wells Fargo brokerages and were unable access their funds will benefit from this settlement.
The Securities Division entered a Statement of Charges (PDF)* in the matter on Nov. 20, 2008.

Under the terms of the settlement, Wells Fargo agreed to buy back at par value by approximately April 18, 2010 all auction rate securities purchased through its brokerage unit by investors before February 13, 2008. The settlement agreement also calls for Wells Fargo to:

Fully reimburse certain investors who sold their auction rate securities at a discount after the market failed;

Consent to a special, public arbitration procedure to resolve claims of consequential damages suffered by investors covered by the settlement as a result of their inability to access their funds; and

Pay to the states monetary penalties of $1.9 million.

The investigation included work from the state securities regulators in California, Georgia, Missouri, Oregon, Texas, Utah and Washington who investigated the matter and led settlement negotiations.
More details will be posted online as they become available.

For additional information, please read the NASAA press release.