

**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, C.S.5, AS AMENDED**

- AND -

**IN THE MATTER OF
WELLS FARGO FINANCIAL CANADA CORPORATION**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated December 22, 2004, the Ontario Securities Commission announced that it will hold a hearing on January 24, 2005 to consider whether, pursuant to section 127 of the *Securities Act* (the "Act"), it is in the public interest to make an order that:
 - (i) pursuant to s.127(1), clause 4, Wells Fargo Financial Canada Corporation institute such changes as may be ordered by the Commission to ensure timely filing of future prospectus supplements for the Wells Fargo Financial Canada Corporation Medium Term Note program;
 - (ii) pursuant to s.127(1), clause 9, Wells Fargo Financial Canada Corporation pay an administrative penalty of \$20,000;
 - (iii) pursuant to s.127.1, Wells Fargo Financial Canada Corporation pay \$5,000, a portion of the costs of the investigation and this proceeding; and
 - (iv) such other order as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (the “Staff”) recommend settlement of the proceeding initiated in respect of Wells Fargo Financial Canada Corporation (“Wells Fargo”) in accordance with the terms and conditions set out below. Wells Fargo consents to the making of an order against it in the form attached as Schedule “A” on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgement

3. For the purposes of this Settlement Agreement, Wells Fargo agrees with the facts set out in Part III.

Agreed Facts

4. Wells Fargo is an unlimited liability company, amalgamated under the laws of Nova Scotia. It is a reporting issuer in Ontario and has its principal office in Toronto.
5. Wells Fargo's main business is raising capital for the consumer finance and related businesses of its Canadian affiliates. These businesses include the financing and leasing of equipment, purchasing sales finance contracts from retail merchants, and providing revolving lines of credit to small businesses. As part of its operations, Wells Fargo regularly issues guaranteed debt.
6. Wells Fargo is a participant in the Shelf Distribution System (“Shelf Distribution System”), pursuant to Canadian Securities Administrators’ National Instrument 44-101 and 44-102 (respectively “NI 44-101” and “NI 44-102”). The Shelf Distribution System permits certain reporting issuers to raise capital continuously without having to prepare and file a prospectus prior to each distribution of securities.

7. Reporting issuers permitted to use the Shelf Distribution System may file a base shelf prospectus qualifying a maximum number of securities for distribution during a specified period of time.
8. The base shelf prospectus omits important information for future distributions, such as the size of a distribution and the terms of the securities. The omitted information must be filed by the reporting issuer in a prospectus supplement at the time of each distribution.
9. Timely filing of a prospectus supplement ensures that the market is promptly and fully informed of a distribution under a base shelf prospectus.
10. Wells Fargo participates in the Shelf Distribution System through a Medium Term Note ("MTN") program under Part 8 of NI 44-102. An MTN program permits the future distribution of debt securities where the specific terms of individual debt securities are not set or disclosed until the time of distribution.
11. In October 2001, Wells Fargo filed a short-form base shelf prospectus (the "2001 Shelf Prospectus"). The 2001 Shelf Prospectus qualified up to \$1.5 billion of unsecured MTNs for distribution during the period ending November 30, 2003.
12. Pursuant to Part 8 of NI 44-102, within seven days of the month following an MTN distribution, the reporting issuer must file a prospectus supplement containing information including the date of issue, price, rate of interest, maturity date and any rights of redemption ("MTN Pricing Supplement").
13. Wells Fargo made five distributions under the 2001 Shelf Prospectus, as outlined in the table below. Two MTN Pricing Supplements for distributions totalling \$350 million were filed late.

2001 Shelf Prospectus Distributions

No.	Date of Distribution	Date of Filing	Principal Amount	Late Filing?
1.	October 23, 2001	November 8, 2001	\$200 million	No
2.	May 2, 2002	February 24, 2003	\$150 million	Yes: 8 months, 17 days
3.	August 26, 2002	February 25, 2003	\$200 million	Yes: 5 months, 18 days
4.	March 21, 2003	April 3, 2003	\$200 million	No
5.	June 17, 2003	June 27, 2003	\$200 million	No

14. In March 2003, in response to a warning by Staff, representatives of Wells Fargo gave assurances that all future MTN Pricing Supplements would be filed on time. Furthermore, Wells Fargo advised Staff that it had prepared and implemented a plan and established certain procedures to more effectively administer its MTN program so as to avoid further late filings.
15. In November 2003, the 2001 Shelf Prospectus lapsed. Wells Fargo filed a subsequent short-form base shelf prospectus (the "2003 Shelf Prospectus") qualifying up to \$1.5 billion of unsecured MTNs for distribution during the period ending November 30, 2005.
16. Wells Fargo has made four distributions under the 2003 Shelf Prospectus, as outlined in the table below. Two MTN Pricing Supplements for distributions totalling \$600 million were filed late.

2003 Shelf Prospectus Distributions

No.	Date of Distribution	Date of Filing	Principal Amount	Late Filing?
1.	June 24, 2004	June 25, 2004	\$200 million	No
2.	August 24, 2004	September 10, 2004	\$200 million	Yes: 3 days
3.	September 22, 2004	October 15, 2004	\$400 million	Yes: 8 days
4.	October 29, 2004	October 29, 2004	\$400 million	No

17. In summary, on four occasions over a twenty month period, Wells Fargo failed to file MTN Pricing Supplements on time for distributions totaling \$950 million.

Position of Wells Fargo

18. The first two late filings of MTN Pricing Supplements in February 2003 were inadvertent and occurred during a corporate re-organization at Wells Fargo which included changes in management.
19. As stated above in paragraph 14, in March 2003 following its second late filing and a warning by Staff, Wells Fargo prepared and implemented a plan and established certain procedures to more effectively administer its MTN program. As part of this plan, Wells Fargo relied on outside legal counsel in Canada to file the MTN Pricing Supplements.
20. The third and fourth late filings of MTN Pricing Supplements (September 10, 2004 and October 15, 2004, respectively) occurred while the plan was in place. These late filings were due to outside legal counsel's failure to properly adhere to the plan and Wells Fargo's failure to properly monitor the plan.
21. Wells Fargo acknowledges that it bears ultimate responsibility for the administration and monitoring of its MTN program.

Conduct Contrary to the Public Interest

22. By failing to make timely filing of MTN Pricing Supplements as required by Part 8 of NI 44-102, Wells Fargo has repeatedly breached Ontario securities law and engaged in conduct contrary to the public interest.

IV. TERMS OF SETTLEMENT

23. Wells Fargo agrees to the following terms of settlement:

1. The Commission will make an Order under clause 4 of section 127(1) of the Act requiring Wells Fargo to implement the changes to its existing plan and procedures described in the attached Schedule "1" to ensure timely filing of prospectus supplements by Wells Fargo for its MTN program;
2. The Commission will make an order under clause 9 of section 127(1) of the Act requiring Wells Fargo to pay an administrative penalty of \$20,000; and
3. The Commission will make an order under section 127.1 of the Act requiring Wells Fargo to pay \$5,000 in costs.

V. STAFF COMMITMENT

24. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Wells Fargo in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 27 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

25. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for Monday, January 24, 2005, or such other date as may be agreed to by Staff and Wells Fargo in accordance with the procedures described in this Settlement Agreement.
26. Staff and Wells Fargo agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondents in this matter, and Wells Fargo agrees to waive its rights to a full hearing, judicial review or appeal of the matter under the Act.

27. Staff and Wells Fargo agree that if this Settlement Agreement is approved by the Commission, neither Staff nor Wells Fargo will make any public statement inconsistent with this Settlement Agreement.
28. If Wells Fargo fails to honour the agreement contained in paragraph 27 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Wells Fargo based on the above-noted late filings of MTN Pricing Supplements, or based on the breach of this Settlement Agreement.
29. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an order in the form attached as Schedule "A" is not made by the Commission, each of Staff and Wells Fargo will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.
30. Whether or not this Settlement Agreement is approved by the Commission, Wells Fargo agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

31. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of both Wells Fargo and Staff or as may be required by law.

32. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

VIII. EXECUTION OF AGREEMENT

33. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

34. A facsimile copy of any signature shall be effective as an original signature.

Dated this 20th day of January, 2005

WELLS FARGO FINANCIAL CANADA
CORPORATION

Per:

“Witness”

“Nick Scarfo”

Nick Scarfo
Authorized Signing Officer

Dated this 20th day of January, 2005

STAFF OF THE ONTARIO SECURITIES
COMMISSION

Per:

“Michael Watson”

Michael Watson
Director, Enforcement Branch

SCHEDULE "A"

**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, C S.5, AS AMENDED**

- AND -

**IN THE MATTER OF
WELLS FARGO FINANCIAL CANADA CORPORATION**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on December 22, 2004, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of Wells Fargo Financial Canada Corporation ("Wells Fargo");

AND WHEREAS Wells Fargo entered into a Settlement Agreement with Staff of the Commission dated January 20, 2005 (the "Settlement Agreement"), in which it agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS Wells Fargo has undertaken to immediately implement the plan described in the attached Schedule "1", and has further undertaken to seek the approval of Staff, in particular the Director of the Corporate Finance Branch, with regard to any future revisions to the plan;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Wells Fargo and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order

IT IS HEREBY ORDERED THAT

- i. pursuant to s.127(1), clause 4, Wells Fargo immediately implement the plan described in the attached Schedule "1" or, subsequently as appropriate, revise the plan as approved by Staff to ensure timely filing of prospectus supplements by Wells Fargo for its Medium Term Note program pursuant to Canadian Securities Administrators' National Instrument 44-101 and 44-102 ;
- ii. pursuant to s.127(1), clause 9, Wells Fargo pay \$20,000 to the Commission for allocation to or for the benefit of such third parties as may be approved by the Minister under section 3.4(2) of the Act.; and
- iii. pursuant to s.127.1, Wells Fargo pay \$5,000 towards the costs of the investigation and this proceeding.

DATED at Toronto this 24th day of January, 2005

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SCHEDULE "1"

OVERVIEW

This memorandum describes a plan to improve the administration of the Wells Fargo Financial Canada Corporation ("Wells Fargo") medium term note ("MTN") program pursuant to Canadian Securities Administrators' National Instrument 44-101 and 44-102. In particular, this plan aims to ensure timely filing of MTN prospectus supplements by Wells Fargo.

BACKGROUND

The MTNs are guaranteed by Wells Fargo & Company ("WFC"), the ultimate parent of Wells Fargo. As such, the continuous disclosure documents of Wells Fargo and WFC are incorporated by reference into the Prospectus on an ongoing basis.

The specific terms of a particular issue of MTNs are set out in a pricing supplement. These terms are determined by the Treasury department of Wells Fargo Financial, Inc. ("WFFI") and the dealers involved with the issue.

ADMINISTRATIVE PROCEDURES

Responsible Entities

The following entities will be responsible for the tasks relating to administration of the Wells Fargo MTN program and the filing of prospectus supplements, as set out below:

WFC (WFC Disclosure documents)
WFFI (Disclosure documents)
WFFI (Treasury)
Wells Fargo
Outside Legal Counsel
Outside Accounting Firm

Issue of MTNs

Day 1

1. WFFI Treasury and dealers determine terms of MTN issue.
2. WFFI Treasury provides term sheet for MTN issue prepared by dealers to Outside Legal Counsel.
3. Outside Legal Counsel obtains information about distribution of MTNs by province from dealers.
4. Outside Legal Counsel prepares prospectus supplement for MTN issue and arranges for translation of prospectus supplement.

Day 2

5. Outside Legal Counsel provides required certificate for execution to WFFI Treasury regarding distribution of MTNs during month together with information regarding filing fees payable.

Day 3

6. WFFI Treasury wires funds to Outside Legal Counsel regarding filing fees payable.

Day 1 of Following Month

7. Outside Legal Counsel files via SEDAR English and French language version of prospectus supplement and related certificate.
8. Outside Legal Counsel provides SEDAR confirmation of filing to WFFI Treasury.

Day 4 of Following Month

9. If Outside Legal Counsel has yet to provide SEDAR confirmation of filing to WFFI Treasury, WFFI Treasury to contact Outside Legal Counsel to ensure that filing will occur before Day 7.

Wells Fargo Documents Incorporated by Reference

1. WFFI provides to Outside Legal Counsel any Wells Fargo disclosure documents incorporated by reference into the prospectus supplement (“Wells Fargo Disclosure Documents”).
2. Outside Legal Counsel files, via SEDAR, the English version of the Wells Fargo Disclosure Documents.
3. Outside Legal Counsel and Outside Accounting Firm arrange for translation of the Wells Fargo Disclosure Documents into French.
4. Outside Legal Counsel files, via SEDAR, the French version of the Wells Fargo Disclosure Documents.

WFC Documents Incorporated by Reference

1. WFC provides, directly or through its agent, WFC disclosure documents incorporated by reference into the prospectus supplement (“WFC Disclosure Documents”) to Outside Legal Counsel, with a copy to WFFI.
2. Outside Legal Counsel files, via SEDAR, the English-version of the WFC Disclosure Documents.
3. Outside Legal Counsel and Outside Accounting Firm arrange for translation of the WFC Disclosure Documents into French.
4. Outside Legal Counsel files, via SEDAR, the French versions of the WFC Disclosure Documents.