Wells Fargo Rehires About 1,000 Staff in Wake of Account Scandal

by **Laura J Keller**
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- CEO vows that managers will learn from 113-page board report
- 'We're not going to let those mistakes happen again,' he says

Wells Fargo & Co. <https://www.bloomberg.com/quote/WFC:US> , accused of ousting branch workers who struggled to reach untenable sales targets or objected to burgeoning misconduct, has rehired about 1,000 former employees as Chief Executive Officer Tim Sloan tries to put the scandal to rest.

Sloan, who took the helm in October, announced the hiring spurt on a conference call with journalists Monday as he ticked off reforms and promised managers are learning from a scathing 113-page report the board issued hours earlier on the long-running abuses. The bank created a human resources team months ago to help innocent employees rejoin the company, he said.

Tim Sloan Source: Wells Fargo

“When you violate your code of ethics at Wells Fargo, you don’t have an opportunity to come back,” said Sloan, 56. But many others “left because of their concerns,” or as a result of the bank’s longtime emphasis on selling more products, he said.

The board announced Monday that it clawed back an additional $28 million from former CEO John Stumpf and canceled about $47 million of ex-community bank head Carrie Tolstedt’s stock options after determining they were among senior managers who failed to heed warnings of spreading abuses for more than a decade. But while the panel’s public report may help rebuild shareholder trust, the firm still faces more government probes, as well as legal claims by employees who said they were unfairly punished.

Read more: Wells Fargo board claws back more from former CEO <https://www.bloomberg.com/news/articles/2017-04-10/wells-fargo-board-says-leaders-shrugged-off-scandal-then-hid-it>

In September, the Labor Department said it opened an investigation after authorities accused the San Francisco-based company of putting excessive pressure on branch workers to sell products and financial services. Democratic lawmakers have questioned whether the firm broke wage or overtime rules while enforcing quotas.

A six-month review by a panel of independent Wells Fargo directors found that senior community banking managers including Tolstedt resisted warnings from subordinates that sales targets were prompting misconduct. Stumpf allegedly failed to grasp the seriousness of abuses over the years and ultimately reacted too slowly.

“I can’t promise perfection,” Sloan said. “But I can promise that we are going to learn from these mistakes that are right there in black and white in this very exhaustive and thorough board report, and we’re not going to let those mistakes happen again.”

Tolstedt, who declined to be interviewed for the board’s investigation, rejected its conclusions in a statement from her attorney.

“We strongly disagree with the report and its attempt to lay blame with Ms. Tolstedt,” said Enu Mainigi, a lawyer with Williams & Connolly LLP. “A full and fair examination of the facts will produce a different conclusion.”

Stumpf, 63, who stepped down as CEO in October, agreed around that time to forfeit $41 million in equity awards built up over his career. An attorney for the former CEO declined to comment on the report. The review largely exonerated Sloan and many deputies.