

## **Wells Fargo: Thousands of Tainted Accounts Found as Bank Struggles to Change Culture**

Wells Fargo (WFC) is investigating several thousand cases of tainted customer accounts that have come to light long after the bank was rocked by a fake accounts scandal in 2016, according to sources who are working to detect flawed accounts.

Some of the suspect accounts were created before Wells Fargo was engulfed in scandal, but a bulk of the accounts are newer—created in 2017 and 2018 after the bank disavowed the sales goals and incentives that spurred employees to create the fakes.

Many of the flaws in the accounts could be explained by sloppy or careless work by some bank employees rather than a deliberate attempt to deceive, the sources said.

Wells Fargo has made strides to change a corporate culture that for years tolerated consumer abuse, but the continued presence of faulty accounts shows the difficulty of getting its workforce to operate completely by the book.

The Federal Reserve froze Wells Fargo's balance sheet last year as punishment for past scandals, and the bank will not be allowed to expand again until that hold is removed.

In March, Wells Fargo's former CEO stepped down, and the bank is bracing for more sanctions.

The bank's ongoing problems with customer accounts could prompt more scrutiny from the Federal Reserve and other regulators that want to see permanent changes in how the bank does business.

Wells Fargo declined to comment on the ongoing investigation but said the bank has completely rebuilt its systems to spot possible fraud.

“If we find a sales-misconduct incident, we take swift action to investigate thoroughly, and follow through on any necessary action if company policies are violated,” the bank said in a statement.

Wells Fargo has identified more than 2,000 workers who might have tampered with the accounts now under review, and most of those workers have left the bank, sources said.

But more than 500 current employees are to be questioned in coming months, said three sources who have a role in the sweeping initiative known as the “Sales Practices Indicator.”

The current review involves thousands of accounts—far fewer than the 3.5 million suspect accounts that Wells Fargo acknowledged in the scandal’s first wave, according to industry and regulatory officials briefed on the detection effort.

## **Bank Culture**

*The Capitol Forum* could not determine exactly how many tainted accounts are now under review.

But some of the cases are expected to be serious enough to be reported to the Treasury Department as instances of [“insider abuse”](#) that require a Suspicious Activities Report—paperwork used to track possible money laundering or terrorist financing.

Some of Wells Fargo’s more recent instances of faulty accounts sprang from employees’ misguided effort to make things easier for customers, one bank official said.

Employees have opened customer accounts with an expired driver’s license, for instance. In other cases, an employee opened a joint account when only one family member was present in violations of bank policies.

Wells Fargo is training employees on new software, known as the Enterprise Allegation Platform, that can be used to build detailed cases for each suspicious account, including information about employees who are believed to have committed fraud.

In its statement, Wells Fargo said the software would bolster consumer protections and “facilitate the consistent handling of allegations across the company and improve reporting and analysis.”

*The Capitol Forum* [reported](#) in February that Wells Fargo employees used bogus customer signatures to complete anti-money laundering paperwork—an abuse that is now under investigation by several regulators.

The Office of the Comptroller of the Currency (OCC), Wells Fargo’s day-to-day regulator, has said that it is not satisfied with the bank’s commitment to change and compensate victims of past consumer abuse.

“We continue to be disappointed with Wells Fargo Bank N.A.’s performance under our consent orders and its inability to execute effective corporate governance and a successful risk-management program,” the Office of the Comptroller of the Currency said in March in a statement.

Wells Fargo has promised to make dozens of concrete improvements as part of at least two separate settlements with the OCC in recent years.