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## Wells Fargo in Criminal Probe Over Fake Job Interviews: Report

The U.S. attorney's office in Manhattan is investigating, according to The New York Times.

By Jeff Berman | June 13, 2022

Less than three weeks after an ex-Wells Fargo executive told ThinkAdvisor (<https://www.thinkadvisor.com/2022/05/24/ex-wells-fargo-exec-who-alleged-fake-job-interviews-plans-to-sue-over-his-firing/>) he planned to sue the wirehouse, alleging it fired him for complaining about what he said were fake job interviews of women and people of color that were conducted by the firm to make it appear it was making efforts to increase diversity, the company is now said to be facing a criminal investigation over those practices in New York.

A new civil rights unit (<https://www.nytimes.com/2021/11/19/nyregion/damian-williams-civil-rights.html>) inside the criminal division of the Manhattan U.S. attorney's office opened an investigation into whether the firm violated federal laws when it conducted those interviews of minority and female job candidates, The New York Times reported Thursday (<https://www.nytimes.com/2022/06/09/business/wells-fargo-fake-interviews-investigation.html>), citing "two people with knowledge of the inquiry."

"Pursuant to department policy, I cannot confirm or comment on the existence [of] investigations," a spokesman for Damian Williams, the U.S. attorney for the Southern District of New York, told ThinkAdvisor on Monday.

Wells Fargo declined to comment on the investigation directly or confirm it was under investigation. The firm referred to a statement it issued on Thursday, in response to the Times report, saying: "No one should be put through an interview without a real chance of receiving an offer, period."

The company added: "The diverse slate guidelines we put in place are meant to increase diverse representation across the company and we can see meaningful results in our hiring data since 2020. At the same time, it's important that implementation of our guidelines is consistent. Earlier this week, the company temporarily paused the use of its diverse slate guidelines."

While it pressed the pause button, Wells Fargo is "conducting a review so that hiring managers, senior leaders and recruiters fully understand how the guidelines should be implemented — and so we can have confidence that our guidelines live up to their promise," it said.

Wells Fargo also provided some diversity data for the firm since 2020, saying: About 45% of U.S. employees were non-white as of December; 13% of the U.S. workforce was Black as of December; about 9% of U.S. executives were Black as of December, up from 5.8% a year earlier; and three of the 14 members of its board of directors (about 20%) were Black as of April.

## More Bad Press for the Wirehouse

Compensation consultant Andrew Tasnady, managing partner of Tasnady Associates, guessed that Wells Fargo's diversity hiring was "initiated with good intent." However, "unless you keep an eye on how things are being implemented, you always have the opportunity for individuals to stretch their behaviors in order to make certain goals," he told ThinkAdvisor in a phone interview Monday.

"I would be on the lookout for this type of behavior at every firm that has that type of a metric" it's looking for when it comes to diversity hiring, he said, comparing what Wells Fargo was accused of to a practice that had been alleged in the National Football League.

Whether Wells Fargo is ultimately charged with any crimes by the DOJ, this is just more "bad press" for the firm, Tasnady said.

## The Allegedly Fake Interviews

Wells Fargo managers interviewed diverse candidates for positions that had already been promised to other candidates, according to Joe Bruno, a former senior vice president and market manager for Wells Fargo in Jacksonville, Florida.

Bruno and several other current and former Wells Fargo employees said they were instructed by supervisors or human resources managers to interview more women and people of color or were aware of the practice, The New York Times (<https://www.nytimes.com/2022/05/19/business/wells-fargo-fake-interviews.html>) had reported.

"I am in the process of filing a lawsuit against Wells Fargo for wrongful termination and retaliation [that] should be filed within the next two to three weeks," Bruno told ThinkAdvisor.

The lawsuit would be filed in either in Jacksonville or San Francisco, where the company's headquarters are located, said Bruno, now president and managing director of Bruno and Associates, a financial advisor recruiting firm.

The status of that filing was not clear on Monday and he did not immediately respond to a request for comment.

## Loan Discrimination Alleged

Meanwhile, a class action complaint was filed against Wells Fargo on Friday in San Francisco over alleged discrimination in the firm's home loan application approvals.

In the complaint ([http://pdfserver.amlaw.com/legalradar/44872553\\_complaint.pdf](http://pdfserver.amlaw.com/legalradar/44872553_complaint.pdf)), filed in U.S. District Court for the Northern District of California, plaintiffs Elretha Perkins and Laronica Johnson alleged they were looking to "address the substantial injuries they and all others similarly situated sustained arising from Wells Fargo's illegal discrimination."

Wells Fargo's actions violated the Equal Credit Opportunity Act, the Fair Housing Act, the Civil Rights Act of 1866, and the California Unfair Competition Law, the complaint alleged.

Commenting on that complaint Monday, a Wells Fargo spokesperson told ThinkAdvisor: "We intend to vigorously defend ourselves against the claims in this case. We are confident that we follow relevant government-sponsored enterprise guidelines in our decision-making regarding home lending and our underwriting practices are consistently applied regardless of a customer's race or ethnicity."

The firm “has a strong history of supporting minorities in achieving their homeownership goals,” she said, adding: “Over the last decade, 2011-2020, Wells Fargo Bank has helped as many Black families purchase homes as the next three largest bank lenders combined. Additionally, in 2020, Wells Fargo was the largest bank lender for home mortgages to Black families and helped more Black homeowners refinance their mortgages than any other bank.”

## **Diversity Policy**

Wells Fargo has been trying to enhance its diversity initiatives for a few years.

Charlie Scharf, its CEO and president, apologized in September 2020 (<https://www.thinkadvisor.com/2020/09/23/wells-fargo-ceo-apologizes-for-limited-black-talent-remark/>), after a memo became public in which he tied the struggle to find experienced Black executives to a limited talent pool. After that, the firm adopted a formal policy requiring that a diverse group of candidates would need to be interviewed for all jobs paying over \$100,000 a year.

In August 2020, Wells Fargo paid almost \$8 million to settle a claim (<https://www.dol.gov/newsroom/releases/ofccp/ofccp20200824>) by the Labor Department that it had discriminated against more than 30,000 Black job applicants for positions in banking, sales and support roles.

*(Photo: Bloomberg)*