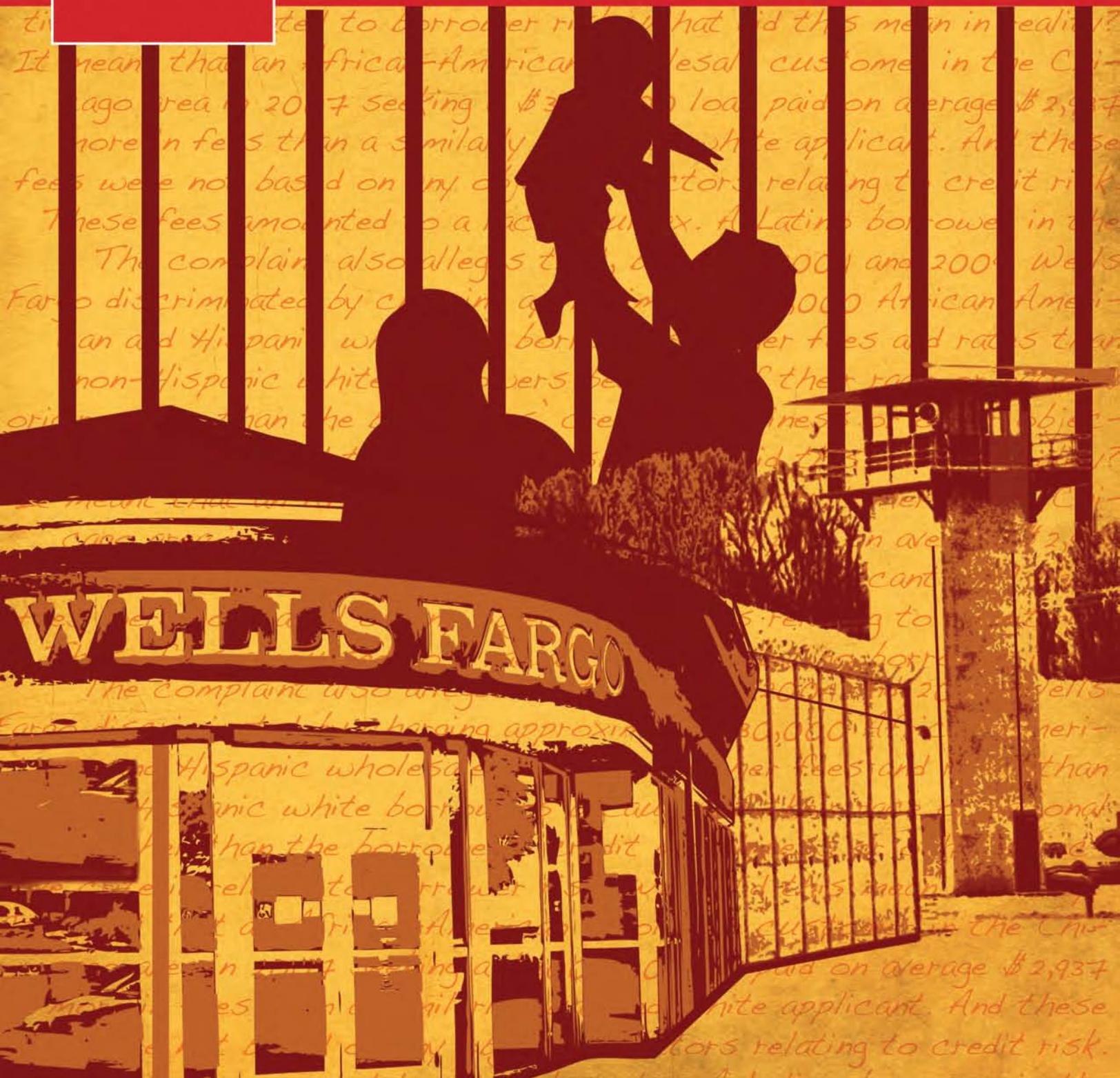


**JAILS  
FARGO**

# WELLS FARGO'S DUPLICITY

Friend or Foe of the Latino Community?



**NATIONAL PEOPLE'S ACTION**

In Collaboration With The  
**National Prison Divestment Campaign**



public  
accountability  
initiative

**National People's Action (NPA)** is a network of community power organizations from across the country that work to advance a national economic and racial justice agenda. NPA has over 200 organizers working to unite everyday people in cities, towns, and rural communities throughout the United States. For 38 years NPA has been a leader in the fight to hold banks accountable to the communities in which they serve and profit.

**Public Accountability Initiative (PAI)** is a non-profit, non-partisan watchdog organization focused on corporate and government accountability. PAI's mission is to facilitate and produce investigative research that supports citizen-led accountability efforts. PAI's hard-hitting research reports on topics such as wasteful government subsidies, corporate lobbying efforts, conflicts of interest, and Wall Street fraud have been cited by the New York Times, the Wall Street Journal, and numerous other media outlets.

## Introduction: A Tale of Two Banks

Wells Fargo sees the Latino market as a key growth segment and has worked aggressively to market and tailor financial services to Latinos. It has pioneered services, such as accepting *matriculas* as identification to open banking accounts, and has donated millions of dollars to organizations that serve the Latino community. As a result, the Latino market is delivering significant fee income for Wells Fargo.

At the same time, though, Wells Fargo provides critical financial support to the private prison industry, lending to and investing in companies that profit by locking up immigrants, most of them Latino, and lobby aggressively for immigration policies that result in higher levels of detention – and profit.

Our last report, “Banking on Immigrant Detention,” reviewed the ways in which Wells Fargo provided this support, lending to two private prison companies, Corrections Corporation of America (CCA) and Management & Training Corporation (MTC), and financing and investing heavily in a third, Geo Group. Wells Fargo provides more financial support to the industry than any other big bank.

Since the release of this report in September 2012, Wells Fargo has reported a significant decrease in its investments in Geo Group. Wells Fargo now owns 4.92% of Geo’s common stock (3.06 million shares or \$82.5 million), down from 6.84% of its common stock as of June 30, 2012 (4.2 million shares). Its current Geo investments represent a nearly 75% decrease since the end of 2011, when it reported owning 19.56% of Geo’s common stock. While Wells Fargo is headed in the right direction, the bank is still a significant investor in and lender to private prison companies and should sever its ties to the industry.

This report identifies the ways in which Wells Fargo has sought to position itself as the Latino community’s bank of choice, including offering remittance services, designing stores in ways that are supposed to appeal to Latinos, establishing a “Wells Fargo Amigos” outreach team, and partnering with Latino community groups.

Wells Fargo’s acceptance of *matricula* cards is laudable. But considering Wells Fargo’s support for immigration detention, as well as its recent settlement for discrimination against Latinos in its lending practices, these efforts appear to be deeply duplicitous and hypocritical. If Latinos are so important to Wells Fargo, why does it invest in immigrant detention?

*This is the second in a series of reports on Wells Fargo and the private prison industry, issued by National People’s Action and the Public Accountability Initiative. The first report, “Banking on Immigrant Detention,” detailed Wells Fargo’s financial support for the private prison industry through investments and lending, and is available at [www.jailsfargo.com](http://www.jailsfargo.com).*

# I. The Latino Market: A Key Part of Wells Fargo's Growth Strategy

The Latino market figures heavily in Wells Fargo's growth strategy, and it has for much of the last decade. The importance of the Latino market to Wells Fargo has been stressed in various articles on the bank, and Wells Fargo executives, including CEO John Stumpf, have repeatedly pointed to the Latino market as one of the bank's biggest customer segments.

In 2004, an article in *Businessweek* noted that "One of [Wells Fargo's] fastest growing markets is the population of Mexican-Americans and Mexican nationals along the border and in California and other border states."<sup>1</sup> The article discussed various ways in which the bank was seeking to bring in more of this business.

In 2006, Wells Fargo CEO John Stumpf told investors that the Latino segment is one of the bank's "biggest opportunities," that 70 percent of Latinos in America live in the bank's geography, and that "Latino growth is disproportionate as far as percentage, and so it's been a big deal for us."

More recently, Stumpf claimed that 95 percent of Latinos in America live in the bank's geography, again emphasizing the Latino market's importance to the bank.<sup>2</sup> The increased reach may be due to Wells Fargo's merger with Wachovia, which occurred in 2008.

Wells Fargo marketing executives have also stressed the importance of reaching the Latino community. Chief Marketing Officer Sylvia Reynolds said, "The Hispanic segment is a very important part of our growth today. Hispanic customers have un-tapped credit needs that Wells Fargo is well positioned to serve, and we can help them strengthen their financial identities."<sup>3</sup>



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<sup>1</sup> Louise Lee and Shelley Freeman, "Online Extra: How Wells Fargo Banks on Hispanics", *Bloomberg Businessweek*, March 14, 2004. Accessed at: <http://www.businessweek.com/stories/2004-03-14/online-extra-how-wells-fargo-banks-on-hispanics>

<sup>2</sup> Luke Visconti and John Stumpf, "Wells Fargo CEO John Stumpf on Leadership, Corporate Citizenship, Sustainable Business & Accountability", *DiversityInc*. Accessed at: <http://diversityincbestpractices.com/ceo-commitment/wells-fargo-ceo-john-stumpf-on-leadership-corporate-citizenship-sustainable-business-and-accountability/>

<sup>3</sup> Roberto Orci, "What do CMO's say about the Hispanic Market?", *Insights by Acento*, October 24, 2011. Accessed at: <http://acento.com/insights/what-do-cmo%E2%80%99s-say-about-the-hispanic-market/>

## II. Wells Fargo's Efforts to Market to Latinos

Wells Fargo has gone to great lengths to appeal to the Latino market and establish itself as the bank of choice for the Latino community. These efforts range from design aesthetics to targeted ad placements to policies that allow foreign nationals from countries including Mexico to set up bank accounts.

Many of these efforts, particularly Wells Fargo's acceptance of *matriculas*, are laudable, in that they give undocumented immigrants access to banking services that might otherwise be denied to them. But against the backdrop of Wells Fargo's private prison investments, as detailed in our report "Banking on Immigrant Detention," they also appear duplicitous.

### Matriculas

Wells Fargo accepts *matriculas*, identification cards issued to foreign nationals by consulates, as valid forms of identification, allowing undocumented immigrants from Argentina, Guatemala and Mexico to open bank accounts. Wells Fargo began accepting the cards in 2001, and has identified it as a key form of outreach and marketing to the community.

Wells Fargo press releases and marketing materials frequently point to the bank's early acceptance of Mexican *matricula* cards as a major point of pride. In 2006, when the bank began accepting Colombian *matricula* cards, CEO John Stumpf said "We want Latinos to know Wells Fargo welcomes their business and wants to be the financial services company of choice for all communities...Like the Mexican, Guatemalan and Argentinean consular cards, the Colombian Consular Registry Card meets all of the U.S. government's and Wells Fargo's requirements as a valid form of primary identification."<sup>4</sup>

In 2003, Wells Fargo put out a press release saying that over 250,000 Wells Fargo accounts had been opened using Mexican *matricula* cards.<sup>5</sup>

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<sup>4</sup> "Wells Fargo First U.S. Financial Institution to Accept Colombian Consular I.D. Card To Open Bank Accounts", Wells Fargo, March 29, 2006. Accessed at: [https://www.wellsfargo.com/press/20060329\\_colombianconsular?year=2006](https://www.wellsfargo.com/press/20060329_colombianconsular?year=2006)

<sup>5</sup> "Las nuevas cuentas en Wells Fargo abierta con la matrícula consular sobrepasan el cuarto de millón", Wells Fargo, October 24, 2003. Accessed at: <http://www.hispanicprwire.com/News/es/1595/0/wells-fargo-matricula-account-openings-surpass-quarter-million-mark>

\*  I have a Driver's License / State Identification

I have an alternate form of identification

Matricula Card:

\* Number

\* Country Issued 

- Argentina
- Guatemala
- Mexico

\* Expiration Date  /  /  MM/DD/YYYY

Or visit a Wells Fargo branch with an alternate proof of identification.

Wells Fargo's checking account signup page.

## Store design

Wells Fargo designs its stores to appeal to particular racial demographics, including Latinos. CEO John Stumpf has stressed these design initiatives on several occasions. In 2006, he told investors that the bank's store redesign efforts involved transitioning to "ethnic design." In a recent interview with DiversityInc, he described it as one of the main ways the bank markets to the Latino community: "if you're in a largely Latino/Hispanic community, build stores that remind customers that you are in tune with their culture."<sup>6</sup>



## Latino group partnerships

Wells Fargo has entered into partnerships with a number of Latino groups on the local and national level. Wells Fargo and SABEResPODER, a former non-profit now organized as a B-corporation, have also partnered "to provide financial education to the underbanked." The campaign includes printed guides, videos, and community events on banking with Wells Fargo branding to "create generational brand loyalty."<sup>7</sup> The bank is also a sponsor of the Hispanic Public Relations Association's "PRemio Awards" ceremony.<sup>8</sup>

<sup>6</sup> Luke Viconti and John Stumpf, "Wells Fargo CEO John Stumpf on Leadership, Corporate Citizenship, Sustainable Business & Accountability", DiversityInc.

<sup>7</sup> "SABEResPODER, Wells Fargo Join Forces to Provide Financial Education to Underbanked", Wells Fargo. Accessed at: [https://www.wellsfargo.com/press/2011/20110419\\_FinEd](https://www.wellsfargo.com/press/2011/20110419_FinEd) and Tim Fitzsimmons, "Wells Fargo is not your amigo", Salon, October 28, 2011. Accessed at: [http://www.salon.com/2011/10/28/wells\\_fargo\\_is\\_not\\_your\\_amigo/](http://www.salon.com/2011/10/28/wells_fargo_is_not_your_amigo/)

<sup>8</sup> "Hispanic Public Relations Association® Honors Industry's Best and Awards Scholarship at 28th Annual PRemio Awards & Scholarship Gala", Hispanic Public Relations Association, October 5, 2012. Accessed at: <http://www.prnewswire.com/news-releases/hispanic-public-relations-association-honors->

## Ancelma's Story

The story of Ancelma, a member of Iowa Citizens for Community Improvement, illustrates the ways in which Wells Fargo's duplicitous business practices – marketing to Latinos while funneling financial support to a private prison industry that lobbies vigorously for harsh, exploitative immigration laws – have difficult real life consequences for Latinos in the United States.

Ancelma opened an account with her husband for their daughter. The small bank account had just \$100, but Wells Fargo began charging fees on the account, to the point that the child's account was drained, and the account was overdrawn. Ancelma wants to close the account, but her husband was recently deported to Mexico. Since he was the primary person on her daughter's account, Ancelma has not been able to close the account. She obtained legal authorization from her husband to close the account. Wells Fargo did not accept the authorization because it is written in Spanish, despite the fact that Wells Fargo has Spanish-speaking staff and sends its clients information in Spanish. Apparently, at Wells Fargo, the marketing department speaks Spanish, but the legal department does not.

Ancelma says, "It's important to put pressure on Wells Fargo because they try to steal as much money as they can from as many people as possible, even if it's a child and their parents. A lot of people in the community are starting to talk about Wells Fargo's negative influence in the Latino community."

## Wells Fargo Amigos

The bank has a number of groups of employees in various locations that work to reach out to and build stronger ties with the Latino community. The Latino-focused "Team Member Resource Groups" (TMRGs) typically have "Amigos" somewhere in their names. For example, Amigos Bay Area is one of the bank's largest TMRGs, with over 100 employees, and its mission is to "facilitate awareness of the value of Latinos to Wells Fargo- as team members, customers, individuals and a diverse culture."<sup>9</sup>

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industrys-best-and-awards-scholarships-at-28th-annual-premio-awards--scholarship-gala-172872141.html

<sup>9</sup> "Amigos Bay Area: About Us", Wells Fargo. Accessed at:  
<https://csc.wellsfargo.com/docs/tmrg/about.cgi?group=Amigos%20Bay%20Area>



Screen capture from “Amigos Bay Area” website.

## Charitable donations and Scholarships

Wells Fargo’s press page announces many contributions to Latino groups, with grants to the United States Hispanic Chamber of Commerce Foundation and sponsorships of the Hispanic Scholarship Fund and the Latin Scholarship Fund. The bank also makes state-level grants for community development, education, and human services organizations that target low- and moderate-income communities. After the earthquake in Haiti, Wells Fargo made a donation of \$350,000 to victims, but drew criticism for exacting transaction fees from people making individual donations.<sup>10</sup>

A 2011 McKinsey report on corporate charitable giving touted Wells Fargo’s charitable contributions as an integral component of its business:

“Wells Fargo is an example of a company that consciously links social and business goals. While supporting ethnic communities, Wells also seeks to develop insights into new markets. President and CEO John Stumpf believes the bank’s charitable giving program significantly accelerated its learning curve on branch design in ethnic neighborhoods. “When we build in ethnic communities, we build ethnic stores. Might we have gotten that concept without our community outreach? Maybe,” says Stumpf. “But we wouldn’t have gotten there as fast.””<sup>11</sup>



<sup>10</sup> Laura Bassett, “Facebook Page Pressures Wells Fargo to Waive Fees for Haiti”, Huffington Post, April 4, 2010. Accessed at: [http://www.huffingtonpost.com/2010/02/02/facebook-page-pressures-w\\_n\\_446677.html](http://www.huffingtonpost.com/2010/02/02/facebook-page-pressures-w_n_446677.html)

<sup>11</sup> “Charitable Giving in the Property-Casualty Insurance Industry”, McKinsey & Company, 8. Accessed at: [http://www.mckinsey.com/clientservice/Financial\\_Services/~/\\_media/Reports/Financial\\_Services/CharitableGiving\\_AW2.ashx](http://www.mckinsey.com/clientservice/Financial_Services/~/_media/Reports/Financial_Services/CharitableGiving_AW2.ashx)

## Remittances

One major way in which Wells Fargo attracts and serves Latino customers is through its offering of remittance services that can then translate into other forms of business. Wells Fargo's remittance business has seen substantial growth in recent years, outperforming other banks. It processed \$1.4 billion in remittances in 2010, with over 400,000 transactions a month.<sup>12</sup> In 2011, this figure grew to \$1.8 billion. A 2012 press release announced "record growth" of close to 30% in 2011 in terms of both cash remitted and number of transactions.<sup>13</sup>

Wells Fargo's ExpressSend service allows customers to remit money from account to account, from cash to account and vice versa, and from cash to cash. However, by encouraging customers to use account to cash services, the bank hopes to steer customers to other bank services. The bank's average customer uses five products or services.

## Ilumina

In 2007, Wells Fargo partnered with the Hispanic National Mortgage Association to create Ilumina, a mortgage origination company with a "Hispanic-centric approach to mortgage lending." The press release announcing the partnership said that "ILUMINA will offer Hispanics as well as other immigrant borrowers a broad range of mortgage lending products and services in a culturally appropriate environment and with a culturally sensitive experience."<sup>14</sup>

## Advertising

Wells Fargo runs Spanish-language print and television ads in order to reach Latino audiences in the US. The Spanish-language daily *La Opinión* has run numerous Wells Fargo ads, which typically tout what the bank does for Latino families and communities:

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<sup>12</sup> Manuel Orozco, "Future Trends in Remittances to Latin America and the Caribbean", Inter-American Dialogue, May 2012. Accessed at:

[http://www.thedialogue.org/PublicationFiles/IAD8642\\_Remittance\\_0424enFINAL.pdf](http://www.thedialogue.org/PublicationFiles/IAD8642_Remittance_0424enFINAL.pdf)

<sup>13</sup> "Wells Fargo Reports Record Growth for its ExpressSend® Service; Customers Remitted More Than \$1.8 Billion to 15 Countries in 2011", Wells Fargo, February 16, 2012. Accessed at: [https://www.wellsfargo.com/press/2012/20120216\\_WFReportsRecordGrowth](https://www.wellsfargo.com/press/2012/20120216_WFReportsRecordGrowth)

<sup>14</sup> "Hispanic National Mortgage Association and Wells Fargo Home Mortgage Form Joint Partnership", The Hispanic National Mortgage Association, February 17, 2006. Accessed at: <http://www.prnewswire.com/news-releases/hispanic-national-mortgage-association-and-wells-fargo-home-mortgage-form-joint-venture-53371462.html>



*“¿Qué está haciendo Wells Fargo para apoyar a nuestra economía local?”*

*“Hemos prestado cerca de \$4 mil millones a más de 95,000 pequeños negocios en el sur de California sólo durante el último año, y seguimos trabajando para brindar aún más ayuda”.*

- Alejandro G.  
Representante Bancario para Negocios  
Wells Fargo, Los Angeles, CA





*Me gustaría estar más en contacto con mis seres queridos.*

**Recibe recargas de teléfono para tu familia al enviar dinero con el servicio ExpressSend®**

Ahora te vas a poder sentir aún más cerca de tus seres queridos en el exterior con ExpressSend. Envía \$500 o más a México, Guatemala, El Salvador, Honduras, Nicaragua, República Dominicana, Colombia, Ecuador, Perú o Bolivia y podrás calificar para recibir hasta dos recargas de \$5 para el teléfono móvil pagado de tus seres queridos. Pero atención, esta promoción dura sólo hasta el 30 de septiembre. Visítanos en uno de nuestros sucursales y nos veremos cómo como puedes inscribirte en ExpressSend. ¿La manera más sencilla, conveniente y confiable de enviar dinero o más?

**Juntos Llegamos lejos**



Two ads that recently ran in Spanish language daily La Opinión.

### III. Wells Fargo's "Racial Surtax"

A recent mortgage lending scandal exposed the degree to which Wells Fargo's Latino marketing strategy disguises the bank's exploitative relationship with the Latino community.

In July 2012, Wells Fargo paid \$175 million to settle charges that it engaged in systemic discrimination against Latino, black, and other minority borrowers between 2004 and 2009. The Justice Department charged that the bank levied higher fees on thousands of such borrowers, despite having the same credit scores and other characteristics as white counterparts.

The assistant attorney general assigned to the case, Thomas Perez, slammed Wells Fargo for levying the equivalent of a "racial surtax:"

The complaint also alleges that, between 2004 and 2009, Wells Fargo discriminated by charging approximately 30,000 African-American and Hispanic wholesale borrowers higher fees and rates than non-Hispanic white borrowers because of their race or national origin rather than the borrowers' credit worthiness or other objective criteria related to borrower risk. What did this mean in reality? It meant that an African-American wholesale customer in the Chicago area in 2007 seeking a \$300,000 loan paid on average \$2,937 more in fees than a similarly qualified white applicant. And these fees were not based on any objective factors relating to credit risk. These fees amounted to a racial surtax. A Latino borrower in the Miami area in 2007 seeking a \$300,000 paid on average \$2,538 more than a similarly qualified white applicant. The racial surtax for African Americans in Miami in 2007 was \$3,657.<sup>15</sup>

“And these fees were not based on any objective factors relating to credit risk. These fees amounted to a racial surtax. A Latino borrower in the Miami area in 2007 seeking a \$300,000 [loan] paid on average \$2,538 more than a similarly qualified white applicant.”

- Assistant Attorney General Thomas Perez, on Wells Fargo's mortgage fraud settlement

Perez also noted that “People with similar qualifications should be treated similarly; they should be judged by the content of their creditworthiness and not the color of their skin.”

At the same time Wells Fargo was positioning itself aggressively to attract more Latino business, it was apparently engaging in blatantly discriminatory behavior towards Latinos who chose to do business with the bank. While devoting significant resources to initiatives such as store design, the bank apparently did not see fit to implement adequate oversight and controls that would ensure that discrimination did not take place.

<sup>15</sup> Thomas Perez, “Assistant Attorney General Thomas E. Perez Speaks at the Wells Fargo Press Conference”, United States Department of Justice, July 12, 2012. Accessed at: <http://www.justice.gov/crt/opa/pr/speeches/2012/crt-speech-120712.html>

The episode illustrates how Wells Fargo's marketing practices disguise a strategy of profit through exploitation. The company's private prison investments may simply be a major manifestation of what appears to be its only guiding principle: a thirst for profit at all costs.

## IV. Conclusion

The contradictions embedded in Wells Fargo's business model ultimately betray a deep hypocrisy at the core of the bank's corporate culture. As our first report, "Banking on Immigrant Detention," illustrated, the bank provides critical financial backing to the private prison industry, in turn fueling the vicious cycle of lobbying, increased detention, and profit that helps drive the country's nightmarish immigration crisis.

This report shows that Wells Fargo has pursued a multi-faceted marketing strategy in order to attract Latino customers, which it sees as one of its most important growth segments. Advertising, community partnerships, service offerings, and charitable contributions all help attract Latino business to the bank. In some cases, such as Wells Fargo's acceptance of *matricula* cards, these efforts are laudable. But stories like Ancelma's and the bank's recent mortgage fraud settlement expose the degree to which these efforts disguise a corporate culture premised on profit through exploitation.

Wells Fargo's executives and investors must confront these contradictions. Have Wells Fargo's various "Amigos" teams considered the damage that the bank's private prison ties will do to the bank's relationship with the Latino community? Has CEO John Stumpf, who is so quick to tout the bank's Latino marketing initiatives and product offerings, considered that his bank's private prison investments and lending could ultimately alienate the very customers the bank is seeking to attract? Have the bank's major investors, such as Berkshire Hathaway CEO Warren Buffett, considered this reality?

And will Wells Fargo continue to attempt to profit from this deception?