

Chapter 3: Wells Fargo: The Stage Coach Went Out of Control : 3-2 Background

Book Title: Business Ethics: Ethical Decision Making and Cases

Printed By: Ileana Gonzalez (Ileana.Paez001@mymdc.net)

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3-2 Background

Wells Fargo has a long and lucrative history spanning over 150 years. In 1852 Henry Wells and William Fargo joined other investors to form financial services company Wells Fargo & Co. The first two offices were opened in San Francisco and Sacramento, California, later that year. Wells Fargo became emblematic of the American West after it helped finance the Butterfield Line and assumed control of the Pony Express. In 1866 Wells Fargo began acquiring stagecoach routes all across the West. The red-and-yellow stagecoach would become the iconic corporate logo of Wells Fargo recognizable by consumers worldwide.

One achievement of which Wells Fargo is particularly proud is its early emphasis on diversity. Within decades of its founding, Wells Fargo was printing financial information in Spanish and Chinese to reach a diverse customer base. In 1888 the firm adopted rules that advocated for the equal treatment of all customers no matter their race, social status, or gender. This reputation for diversity would continue into the twenty-first century, with Wells Fargo securing a place on *DiversityInc's* Top 50 diverse companies in 2015. Today about 44 percent of its board members are comprised of women and 31 percent are of racial or ethnic minorities.

Over the next century, Wells Fargo was an early mover in adopting many innovative financial banking tools, including credit cards, bundled checking, ATMs, and access to online account information. Its success and innovative services allowed it to weather the 2008–2009 Great Recession while other banks struggled or went out of business. In 2008 Wells Fargo acquired Wachovia Corp. for more than \$15 billion, increasing its number of locations to 10,000. Wells Fargo's business, and its reputation, continued to grow. In 2016 Wells Fargo was listed 25th among *Fortune's* Most Admired Companies, scoring particularly high on financial soundness, social responsibility, and product quality. However, none of these positive achievements were enough to prevent the loss of consumer confidence in Wells Fargo's integrity after the massive scandal came to light.

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