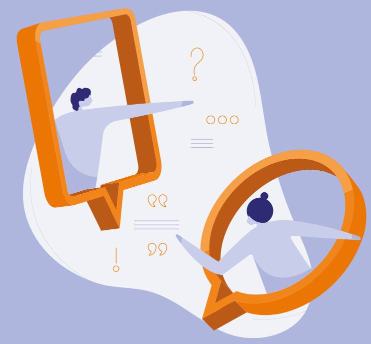
DATE: 06/04/2025

CREATED BY: Jocelyn Renée Garza Canales

CATEGORY / SUBCATEGORY: Anti-Corruption



Case study

Wells Fargo: When Performance Pressure Crosses the Line

Checkpoint

What happens when a trusted financial institution (once seen as a pillar of stability) lets fraud become an unofficial tool for driving performance?

The Wells Fargo scandal uncovered far more than just unauthorized account openings. It revealed a deeply flawed corporate culture where ethical standards gave way to aggressive sales targets, and where relentless pressure led thousands of employees to commit fraud simply to keep their jobs.

Between **2002 and 2016**, millions of fake financial products were created without customer consent. It became one of the most systematically executed fraud schemes in the history of modern banking. What made it even more alarming was that the misconduct was not isolated **(it was sustained, encouraged, and protected** by the bank's internal systems).

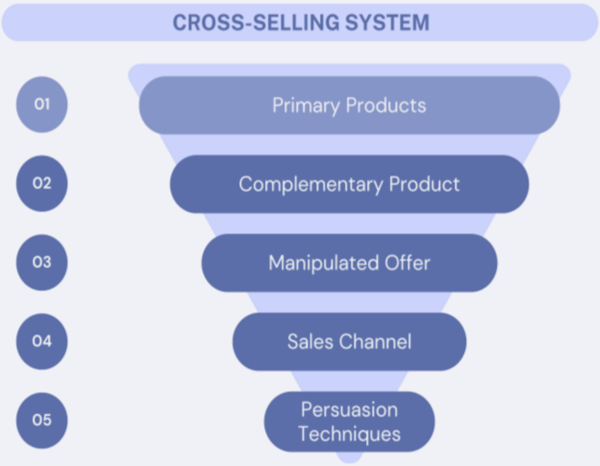
This was not just about individual bad actors. It was a systemic failure, rooted in toxic incentives, a lack of oversight, and a culture of fear. Donald Cressey's **Fraud Triangle** provides a powerful lens here: when pressure, opportunity, and rationalization align, unethical behavior can become routine (even institutionalized).

More than just fines and executive resignations, the Wells Fargo case leaves us with a sobering question:
How many companies today are unknowingly walking the same dangerous path (where operational efficiency silently erodes ethical integrity)?

#beupright
integrity.softtek.com

Softtek®

The Cross-Selling Model: Efficiency Disguised as Productivity



The large-scale fraud at Wells Fargo did not emerge in a vacuum. It was the direct outcome of an aggressive business strategy known as **cross-selling**, aimed at maximizing the number of financial products sold to each individual customer. Instead of simply opening a checking account, employees were pressured to also sell a credit card, savings account, personal loan, insurance, or additional financial services.

Internally, this approach was presented as a sign of commercial efficiency and customer centricity. In reality, it fostered a high-volume sales mindset in which meeting internal quotas took precedence over actual customer needs.

One internal mantra captured the intensity of this pressure: **"8 is great"**. Employees were expected to open eight financial products per customer, every day. This arbitrary target was not based on market demand or ethical standards, but on internal performance indicators that became more about **institutional loyalty than actual value creation.**

The cross-selling model was not just tolerated; it was actively promoted as a competitive advantage. This occurred even as customer data was misused (either without consent or through manipulation), turning a sales strategy into a mechanism of institutionalized misconduct.

Yesenia Guitron: The First Steps Against the Current

One of the first people to challenge the system from within was **Yesenia Guitron**, a financial advisor at the Wells Fargo branch in Napa, California. Her experience (featured in the episode *"The Wagon Wheel"* from the Netflix series *Dirty Money*, 2018) shows how a sales strategy can become a form of institutional pressure that crosses both legal and ethical boundaries.

Guitron alerted her superiors to what was happening. **The sales quotas were impossible to meet without using deceptive tactics**, and many of her colleagues had already started falsifying account applications to avoid disciplinary action. She reported these issues to her direct managers, then to Human Resources, and finally to the Audit department. In every case, the response was the same: denial. She was told there was “no evidence of irregularities” and that the problems were probably due to individual mistakes, not ethical or structural failures.

Shortly after raising these concerns, **Guitron was fired for "poor performance"** (despite having had a strong and clean record until then). Her case revealed how the company responded **to ethical red flags not with reform, but with retaliation**. Daily pressure was maintained through a **system of structural fear** (constant oversight, hourly monitoring of account openings, implicit threats of dismissal, and a culture that valued performance metrics over employee well-being).

Guitron’s story was not an isolated case. It was an early warning sign of a deeper institutional problem. Her testimony is now one of the key pieces of evidence that explains how **the organization failed to act on the signs that many chose to ignore** for years.

The Trial: Institutional Responsibility in the Face of Collapse

The Wells Fargo case did not remain a media-only scandal. Beginning in 2016, after a series of federal investigations and mounting public complaints, the bank faced multiple civil lawsuits and **sanctions from regulatory bodies (including the Consumer Financial Protection Bureau (CFPB), the Department of Justice (DOJ), and the Securities and Exchange Commission (SEC)).**

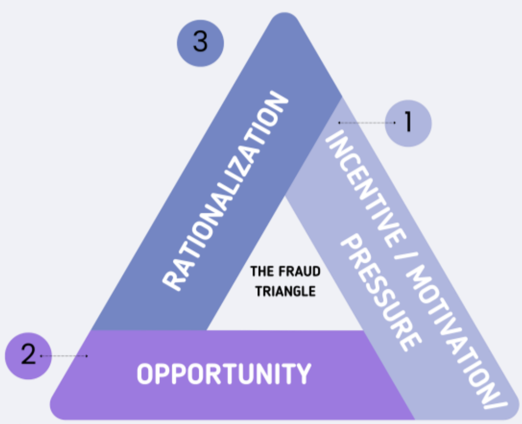
In 2020, Wells Fargo **agreed to pay a historic $3 billion** fine to settle both civil and criminal investigations (without formally admitting guilt). Many analysts interpreted this settlement as a way **to close the case without addressing the structural conditions that made the misconduct possible in the first place.**

During the legal process, several top executives (including then-CEO John Stumpf) testified before the U.S. Senate. While Stumpf resigned and was banned from working in the banking sector, **no senior executive faced criminal charges.** The case was treated as an "operational failure" rather than an "organized corporate crime."

This framing excluded a key issue: **systemic responsibility**. The legal narrative tended to focus on "oversight failures" or "individual misconduct," without acknowledging that the fraud stemmed from a **broader architecture of incentives, pressure, and silence driven by upper management.** This judicial gap drew strong public criticism and left an open question:
Can an institution truly change if those who led it are never held meaningfully accountable?

Cultura organizacional basada en la presión

The **Fraud Triangle**, developed by Donald Cressey, identifies three conditions that must be present for fraud to occur: **pressure, opportunity, and rationalization**. When these elements appear together within an organization, the risk of fraud increases significantly. The Wells Fargo case is a clear example of how this convergence operated on a large scale.



1 INCENTIVE / MOTIVATION / PRESSURE

- The internal or external drive that leads a person to commit fraud.
- **Employees faced unattainable targets ("8 is great"), hourly sales pressure, and threats of dismissal.**

2 OPPORTUNITY

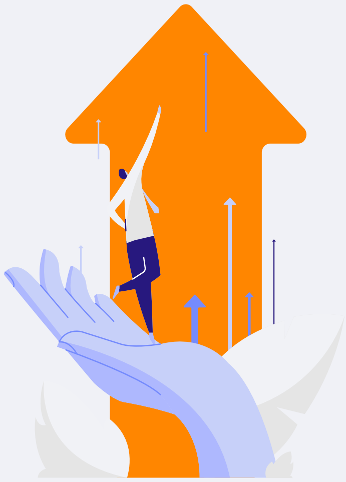
- The ability or access someone has to carry out fraudulent acts (often by exploiting a position of trust).
- **There were weak compliance protocols, ineffective audits, and a lack of executive-level sanctions.**

3 RATIONALIZATION

- The justification a person gives themselves to commit fraud. Fraud usually occurs when the person feels it is acceptable or necessary.
- **There was a culture of silence, normalization of fraud, and institutional rationalization.**

This analysis confirms that the fraud was **institutional, not individual**. The organization not only allowed the conditions for misconduct to exist (it systematically reinforced them).

Final Reflection



Wells Fargo did not collapse because of a flawed financial strategy or operational shortcomings. It fell for something far deeper: a betrayal of its own stated principles. The organization claimed **its mission was "to serve customers with the highest standards" and its vision was "to satisfy all our customers' financial needs and help them succeed financially."** However, what emerged was a corporate culture focused on unattainable commercial goals, excessive pressure on employees, institutional concealment, and a complete disconnect between ethical discourse and actual behavior.

For more than a decade, Wells Fargo systematically violated the very values **it claimed to uphold: ethics, responsibility, transparency, and fairness.** The fraud was not the result of isolated individual actions (it was the product of a structure that institutionalized pressure, normalized abuse, and protected those at the top). The organization built a system that rewarded unethical conduct as long as financial results were preserved.

This case stands as a powerful warning to any company that treats ethics as a marketing tool or a symbolic add-on. **Ethics is not a cultural accessory (it is a structural pillar).** It sustains legitimacy, long-term sustainability, and public trust. Without it, no strategy—no matter how sophisticated—can hold up over time.

Wells Fargo **lost more than money (it lost credibility, trust, and reputation).** And once those intangible assets are destroyed, they are incredibly difficult to restore.
When ethics fails, systems collapse from within.

Questions for Critical Reflection

1. If you had been an employee at Wells Fargo, would you have reported the irregularities even knowing you might be fired?
2. How can we build an organizational culture that actively prevents fraud like this?
3. Do you believe the sanctions imposed on top executives were proportional to the harm caused?
4. What protection mechanisms should be in place for employees who report corruption inside a company?
5. How can incentive systems be redesigned to avoid promoting unethical behavior?

References

BBC Mundo. (2016, September 9). *What Wells Fargo did to get fined US$185 million*. https://www.bbc.com/mundo/noticias-37314856

Freepik. (n.d.). *Customer portrait making a decision in purple mood* [Image]. https://www.freepik.es/imagen-ia-premium/retrato-cliente-tomando-decision-estado-animo-purpura_278198534.htm

Growth Studio. (n.d.). *Triangle shape content strategy Instagram post* [Design template]. Canva. https://www.canva.com/

Hiltzik, M. (2020, January 29). *The Wells Fargo banking scandal was even worse than you can imagine*. *Los Angeles Times*. https://www.latimes.com/espanol/eeuu/articulo/2020-01-29/el-escandalo-bancario-de-wells-fargo-fue-aun-peor-de-lo-que-puede-imaginar

Inza, Y. (n.d.). *Project process stages diagram with modern multicolor related elements* [Design template]. Canva. https://www.canva.com/

Krauss, D. (Director). (2020). *The Wagon Wheel* [TV series episode]. In J. Adler (Executive Producer), *Dirty Money*. Netflix. https://www.netflix.com

OpenAI. (2025). *Images generated with artificial intelligence by ChatGPT (DALL·E)* [Images]. https://chat.openai.com/