



corporatecompliance.org

Compliance & Ethics PROFESSIONAL®

A PUBLICATION OF THE SOCIETY OF CORPORATE COMPLIANCE AND ETHICS

MAY 2018

Meet Jamie Watts, CCEP-I

Senior Compliance
& Risk Advisor

World Food
Programme

Dakar, Senegal

see page **18**



by Roy Snell, CHC, CCEP-F

A really big show

Please don't hesitate to call me about anything any time.

+1 612.709.6012 Cell • +1 952.933.8009 Direct

roy.snell@corporatecompliance.org

[@RoySnellSCCE](https://twitter.com/RoySnellSCCE) [in /in/roysnell](https://www.linkedin.com/company/in/roysnell)

Wells Fargo set up bank accounts for customers without their approval. Society and the enforcement community are a bit wound up about it. The cost to Wells Fargo has been significant, and it doesn't appear that the enforcement activity and the affiliated pain or cost is over. The following is from an article about the most recent enforcement action against Wells Fargo:



Snell

Wells is not allowed to grow beyond the \$1.95 trillion in assets it had at the end of last year 'until it sufficiently improves its governance and controls,' the Fed said in a statement... Wells Fargo estimated that the cap will cut its annual profit by \$300 million to \$400 million this year, as it reduces some parts of its balance sheet, like corporate deposits and trading assets, in order to continue growing core businesses. That represents 1.5-1.9% of the profit Wells generated in 2017. The bank will also replace three board members by April and a fourth board member by the end of the year, the Fed said, without naming who they should be.¹

This might just be the tip of the iceberg for companies in general. It is natural for society to think that boards should be responsible and engaged. The enforcement community is riding the coattails of the public outrage. They feel empowered. The enforcement community and society also think that what they have tried in the past to correct corporate wrongdoing is not working.

So rather than just go after and penalize companies, they are going after individuals—including board members. I am going to grab some more popcorn, because this show isn't over. What I don't understand is why very smart leaders don't see this coming. I am concerned that leadership is still getting advice from people who have historically told them they are invincible, can defend anything, and that the enforcement community is not correct or capable.

I am afraid we are going to need a lot more popcorn, because it may take leadership a while to realize their historically trusted and often accurate advisers don't understand the new world we are living in. *

1. Reuters: "Federal Reserve orders Wells Fargo to halt growth over compliance issues" February 3, 2018. Available at <http://bit.ly/2EOrLG1>.