

“I called the Wells Fargo ethics line and was fired”

Bill Bado, a former Wells Fargo banker in Pennsylvania, reportedly not only refused orders to open phony bank and credit accounts but also called the Wells Fargo ethics hotline. It was also reported that he sent an email to human resources in September 2013, flagging unethical sales activities that he had been instructed to do.

Rather than receiving a positive response and support for doing the right thing, shortly thereafter he was terminated.

You would not be blamed for thinking this story was made up and look to file it under the heading of fiction. But sadly it seems that there is too much truth in the story.

Lose, lose situation for Heather Brock

A business banker from Texas, reportedly told CNNMoney that “she experienced a similar situation. The 26-year-old single parent of two young boys was fired soon after she contacted the company's ethics line about illegal sales practices she witnessed.” In addition, it was reported that a current Wells Fargo employee who works in Brock's branch said "That's really scary when you're with a big corporation like this and HR doesn't have your back." Brock reported said "You lose if you do complain and you lose if you don't. What does a powerless employee do?"

The above reports are from an article written by Matt.Egan@cnn.com.

The history of whistle-blowing is littered with the failures to support and protect the efforts of the whistle-blower. This example is one that is on steroids.

Elizabeth Warren a Senator described the Wells Fargo CEO's role in this sorry saga as one of “*gutless leadership*”.

Every Board and senior executive team member can be forgiven for now asking “am I? are you? are we? tainted with the tag of Warren’s “*gutless leadership*” descriptor?

In a simplistic way Warren’s “*gutless leadership*” seems to be the very corollary of showing “*independent leadership*”. In Australia sound governance practices highlight the importance on having directors in particular who are truly independent. Would this therefore mean that a Wells Fargo incident could not happen within an Australian organisation? Or is that being too naïve?

The unambiguous take out message for any Board must be as follows: -

1. Is there a Whistle-blower policy in place?
2. Is everyone aware of the system?
3. Has it been used?
4. If so, what was the outcome? And why did I not know about it?
5. If it has not been used, is it because of an acceptable reason or a failure of practicality?
6. How robust is the process and how would I know and therefore satisfy myself on this issue?

Remember that any one complacency is potentially the forerunner of a failure, and that complacencies is the likely parent of a disaster or disasters.

December 2016

Damien J. Smith LLB B Com FAICD FCIS FCSA FAIM CAHRI

Managing Director

Enterprise Care Pty Ltd

and Australian Legal Practitioner – **Damien J Smith Lawyers & Consultants**