

## Evaluating Assertions by a Wells Fargo CEO of a 'Return to Ethical Conduct'

**[a] September 20, 2016**

*I want to apologize to all Wells Fargo customers ... for violating the trust our customers have invested in Wells Fargo... [and] for not doing more sooner to address the causes of this unacceptable activity.*

— John Stumpf, [then] CEO, Wells Fargo.<sup>1</sup>

**[b] October 3, 2017**

*Wells Fargo is a better bank today than it was a year ago ... next year, Wells Fargo will be a better bank than it is today ... because we have spent the past year determined to earn back the public's trust.*

— Timothy Sloan, [then] CEO, Wells Fargo.<sup>2</sup>

**[c] October 4, 2018**

*It has been a year since Mr. Sloan last appeared before the Committee ... yet more scandals have mounted ... despite claims by Mr. Sloan and other executives that Wells Fargo [would] remediate its problems.*

— Senator Sherrod Brown, U.S. Senate Banking Committee and ten Democrat colleagues.<sup>3</sup>

**[d] March 12, 2019**

*... is there a culture of corruption at Wells [Fargo]?*

— Representative Al Green, appearing before a U.S. House of Representatives' Committee.<sup>4</sup>

**[e] March 5, 2020**

*For at least the past fifteen years ... Wells Fargo ... has failed to correct serious deficiencies in its infrastructure for managing risks to consumers and complying with the law ... customers have been exposed to countless abuses, including racial discrimination, wrongful foreclosure, illegal vehicle repossession, and fraudulently opened accounts.*

— Executive Summary, Report of a U.S. House of Representatives' Committee.<sup>5</sup>

**[f] March 10, 2020**

*We have not yet done what is necessary to address our shortcomings.*

— Charles W. Scharf, current CEO, Wells Fargo.<sup>6</sup>

**[g] May 26, 2021**

*...we know there is still much more to be done.*

— Charles W. Scharf, current CEO, Wells Fargo.<sup>7</sup>

In particular times and contexts, the language of leaders can have profound consequences. The import of such consequences depends on the leader's station in society, on personal characteristics such as perceived charisma, and on the context within which the language is used. This 'raw power of language' (Editorial Board, *Toronto Star*, 2019) is demonstrated vividly by the ongoing crises in the United States that have been enabled by the rhetoric of past U.S. president Donald Trump.<sup>8</sup>

However, a leader's language should not be regarded as salient only in situations characterized by 'profound consequences.' Indeed, it is the ongoing language of leadership that helps enact leadership over time and enables the construction of the cultural milieu of the organization, including its reputation. Every utterance by a leader, formal and informal, written and oral, and symbolic, is part of an ongoing broader discourse within and without the organization (Alvesson & Karreman, 2000).<sup>9</sup>

This paper analyses the language claims made at a U.S. Senate Hearing in October 2017 of a prominent corporate leader, Wells Fargo's [then] CEO, Timothy Sloan, that the company had transformed its ethical behaviour. We acknowledge that the language of a corporate CEO—even the CEO of a major company such as Wells Fargo—has a potency which is orders of magnitude lower than that of an American president. However, such CEO language does have considerable potency with the company's stakeholders and as a contributor to the broader corporate and social discourse (Amernic & Craig, 2006).

Quotation [b], above, is taken from the transcript of Sloan's opening statement delivered at the October 3, 2017 Senate hearing. We evaluate Sloan's language in this statement in terms of three inter-related hallmarks: balanced framing; principled use of ideology and metaphor; and justified rhetoric. These illustrative hallmarks are not the only ones that can be used for such purpose. We reveal how a CEO under pressure for a company's poor ethical conduct used framing, ideology and metaphor, and rhetoric in a high-profile setting to sustain a claim of a return to ethical conduct and to win back the trust of customers, employees, and the broader community members. We propose a framework for assessing the language claims of leaders and apply that framework to the high-profile case of Wells Fargo. Thereby, we foster a more nuanced appreciation of the subtleties of the language of leadership.

In this paper, the focus of our analysis is on a single discourse sample, albeit a high-profile one. This approach is consistent with Scheff's (1997: 20) notion of '...examin[ing] individual specimen cases (such as verbatim texts) microscopically' since such specimens are an integral part of 'the largest possible context...'

## **THE IMPORTANCE OF WELLS FARGO AS AN ONGOING CRISIS OF LEADERSHIP AND MANAGEMENT**

The seven quotations above provide a succinct chronology of the continuing saga of scandals at Wells Fargo and how the company's attempts to deal with them over the past several years have been less than publicly persuasive. During that time, a succession of Wells Fargo CEOs have testified before Congressional committees. including: John Stumpf (20 September, 2016), Timothy Sloan (3 October, 2017), and Charles W. Scharf (10 March, 2020; May 26, 2021).

This paper analyses the language deployed by the second of these CEOs, Timothy Sloan, in his opening written statement at a hearing of the Committee on Banking, Housing and Urban Affairs of the U.S. Senate in October, 2017. Sloan was attempting to convince the committee members and Wells Fargo stakeholders that 'Wells Fargo is a better bank today than it was a year ago [and that] next year, Wells Fargo will be a better bank than it is today' (quotation [b], above); and that, as such, the bank was well on its way to a return to ethical conduct. However, as quotations [d], [e], [f] and [g] suggest, this mooted 'return' to ethical conduct was more myth than reality. Indeed, Matt Egan, lead writer for CNN Business, lamented recently that 'Wells Fargo can't seem to escape its troubled past' (<https://www.cnn.com/2021/01/15/investing/wells-fargo-bank-earnings-scandal/index.html>; accessed 4 June 2021).

The text we analyse can be characterized as part of a ‘discourse of renewal’ by a self-styled ‘ethical leader’ – one who was ‘seek[ing] to set [a] positive tone for post-crisis communication and model ethical behavior, including caring for employees, engaging the community, and designing organizational change for a better future...’ (Anderson & Guo, 2020: 215)

The problems that prompted the Senate committee’s initial interest in Wells Fargo arose primarily from the company’s ‘high-pressure sales environment...[that]...drove employees to create as many as two million fake accounts ... and to reach extreme sales goals, some by breaking the law’ (Ochs, 2016). Public attention was drawn to these matters on 21 December, 2013 when the *Los Angeles Times* alleged that because of ‘relentless pressure to ... meet quotas, employees have opened unneeded accounts for customers, ordered credit cards without customers’ permission, and forged client signatures’ (Reckard, 2013). The [then] CEO Stumpf made an explicit and very public apology before the Senate committee in September 2016. He acknowledged that Wells Fargo had failed to fulfill its responsibility to customers, staff, and the American public; and that it had violated the trust of customers by not doing ‘more sooner to address the causes of this unacceptable activity.’<sup>10</sup>

Stumpf was ‘grilled’ by the committee (Glazer, 2017) in a ‘stuttering’ appearance (Gray, 2017) and was castigated widely for saying ‘I care about outcomes, not process’ (Ochs, 2016). A week later Stumpf resigned as CEO. Sloan was appointed his successor on 12 October 2016. In the following year, further disturbing ethical practices were uncovered at Wells Fargo. These set the scene for Sloan’s testimony to the Senate Committee on 3 October 2017 – a hearing the Senate Committee advertised as ‘Wells Fargo: One Year Later.’<sup>11</sup> Sloan’s appearance was a matter of keen media anticipation and public attention (Glazer, 2017).

Sloan's appearance was a high-profile public event that provided an opportunity for the CEO of a major scandal-ridden American financial institution to demonstrate rhetorical leadership. He appeared at a time near the highpoint of the company's history of scandal. The following list of Wells Fargo's transgressions was published in the March 2020 report by the Majority Staff of the Committee on Financial Services, U.S. House of Representatives (titled *The Real Wells Fargo: Board and Management Failures, Consumer Abuses, and Ineffective Regulatory Oversight Report*):

- Discrimination against minority home loan borrowers
- Fraudulent bank accounts
- Erroneous mortgage fees
- Unnecessary auto insurance
- Service member abuse
- Erroneous foreclosures and loan modification denials
- Improper sales of complex financial products.

The report noted that these 'consumer abuses' were only

... a portion of the misconduct that has occurred across Wells Fargo. More alarmingly, Wells Fargo's failure to date to establish effective mechanisms for identifying and mitigating risks ... leaves consumers exposed to countless potential abuses that may be unknown to the firm's management, board, regulators, or the public (p. 14).

Thus, at the time Sloan gave his October 3, 2017 testimony, the bank was apparently continuing to engage in unethical behaviour and/or had not publicly disclosed numerous aspects of its ongoing unethical behaviour.

The following analysis is based on Sloan's opening *written* statement to the committee only. Journalists and politicians who have assessed Sloan's *oral* evidence *and* his replies to questioning by senators have been very critical of his assertion of good intent. They have dismissed the claim

that ‘the journey’ on which Sloan was taking Wells Fargo would restore trust. This is apparent in the call on 4 October, 2018 (one year after Sloan’s appearance) by Democrat members of the committee for a further hearing with Sloan and the [then] Chair of Wells Fargo’s Board of Directors, Elizabeth Duke.<sup>12</sup> They cited ‘a history of inadequate response on behalf of Wells Fargo’s senior leadership, and continued reports of misconduct.’ Their call was prompted by ‘the bank’s rampant consumer abuses revealed over the last year [and by] more than a dozen widespread and persistent failures by the bank [that] have come to light since Tim Sloan last appeared before the Committee....’

In analyzing Sloan’s opening written statement to the committee, we assess three aspects of the ethicality of his language of leadership or *CEO-speak* (Amernic & Craig, 2006) when First, what does the micro discourse of the submission tell us about its positive and negative features [Research Question 1]? Second, where was agency for Wells Fargo’s ethical lapses located [Research Question 2]? Third, how did the text’s persuasive features project the ethicality and alleged organizational reality of Wells Fargo [Research Question 3]? This latter question is important because the leader is ‘responsible for the whole organization’s approach to truth-telling’ (Bouilloud, Deslandes, & Mercier, 2019: 8).

We reveal how one CEO addressed a responsibility to ‘understand (or build) the truth [and] disseminate it inside and outside the organization’ (Bouilloud, et al., 2019: 10). In general, we find that Sloan’s *CEO-speak* was ineffective rhetorically. Contrary to its apparent intent, we conclude that Sloan’s language likely had a net negative effect on external perceptions of the ethical environment at Wells Fargo.

On 28 March, 2019 (about 18 months after Sloan’s appearance), Wells Fargo announced that Sloan would retire as CEO on 30 June, 2019, a mere two-and-a-half years after his appointment.

In a press release announcing his retirement, Sloan asserted that he had ‘focused on leading a process to address past issues and to rebuild trust’ and admitted ‘there remains more work to be done.’<sup>13</sup> He confided that ‘it has become apparent to me that our ability to successfully move Wells Fargo forward from here will benefit from a new CEO and fresh perspectives.’ Sloan’s language here is tantamount to a confession of failure in his task of rebuilding trust in Wells Fargo.

We begin by reviewing literature on the importance of *CEO-speak* at public hearings and on how the quest for ethical *CEO-speak* should be a normative goal for organizations and their CEOs. We propose three desired hallmarks of ethical *CEO-speak* in a high-profile rhetorical setting: balanced framing, principled use of ideology and metaphor, and justified rhetoric. Then, we contextualize the circumstances of the Wells Fargo case and outline salient aspects of the research method adopted. Thereafter, we analyse Sloan’s opening written testimony in terms of the proposed hallmarks, before addressing our three research questions and offering concluding comments.

## LITERATURE REVIEW

### High Profile Rhetorical Events

Providing testimony before a Senate (or similar government investigating) committee is a serious, high-profile endeavour, with major reputational consequences. This seriousness was captured by Rohrer and Vignone (2012: 8-9) in their commentary on the appearance by five major bank CEOs before investigating committees of the Troubled Asset Relief Program and the Financial Crises Inquiry Commission after the global financial crisis of 2007-2009. They concluded that the testimonies of the bank CEOs ‘were carefully crafted to paint their banks’ actions in the best light possible and to minimize any potential consequences [such as] increased

regulatory scrutiny to criminal charges ... [and] to preserve their own best interests ...' Giglioni (2019: 110) observes that the opening witness statements in Congressional hearings

...seem to trigger a process of ethos building for self-defense ... [and] provide both witnesses and committees' members with high profile moments ...[to] use their argumentation to set out their ideology, enabling them to engage with an increasingly wide and varied audience.

The appearance of a CEO before a Congressional or parliamentary committee is not something limited to the U.S. For example, on 10 February, 2009, four senior executives of major banks appeared before the Banking Crisis Inquiry of the Treasury Committee of the U.K. House of Commons to explain the failures of their banks (Tourish & Hargie, 2012). As another example, Rupert Murdoch, Chairman and CEO of News Corporation, appeared before the U.K. House of Commons Culture, Media and Sport Committee on 19 July, 2011 to respond to questions regarding serious allegations of phone-hacking involving journalists and managers of News Corporation's London-based *News of the World* newspaper (Amernic & Craig, 2013). The U.K. parliamentary committee concluded strongly that Murdoch 'exhibited willful blindness to what was going on in his companies and publications. ... [and] is not a fit person to exercise the stewardship of a major international company' (House of Commons Culture, Media & Sport Committee, 2012: 70).

Such appearances by corporate leaders attract intense media and public attention (Hargie, Stapleton, & Tourish, 2010). They are serious public events. Giglioni (2019: 110), for example, observed that 'Congressional hearings...are widely reported on the front pages of the American press and increasingly accessed in their digital version.'

Sloan's appearance in October, 2017 was rendered of even higher interest by his predecessor's (Stumpf's) lacklustre appearance before the same committee in the previous year; and by newly revealed Wells Fargo scandals in the intervening year. One of these scandals involved the discovery that up to 570,000 car loan customers of Wells Fargo had been charged inappropriately



for failing to maintain qualifying insurance on their cars.<sup>14</sup> The media spotlight was clearly on Sloan. The ethical status of his *CEO-speak* on this occasion ought to have been irreproachable.

### **Importance of *CEO-speak* and ethical leadership**

A leader's language is an important and potent facet of leadership (Fairhurst, 2007). In business, *CEO-speak* can enable the CEO to 'set the tone, to lead, to be reasonable' (Hanlon & Mandarini, 2015: 413). Conger (1991) made the potency of *CEO-speak* vivid in his characterization of how 'the issue of ethics' is associated with the language of leadership. He offered the following cautions:

Language skills can be misused ... leaders may present information or anecdotes that make their visions appear more realistic or more appealing than they actually are. They may also use their language skills to screen out problems or to foster an illusion of control when, in reality, things are quite out of control... (pp. 43-44).

The example here of Wells Fargo's Timothy Sloan reveals the pertinence of the cautions raised by Conger.

The written and oral utterances of corporate leaders deserve sustained scrutiny. Hart, Childers and Lind (2013: 3) observe that 'People [such as CEOs] use words to make impressions on other people [and that] it has always been thus.' But, importantly, the 'impressions on other people' are ever more salient if the people uttering the words, orally or in writing, including via social media such as Twitter (Craig & Amernic, 2020) are powerful actors in society — such as political leaders and CEOs of major companies. The words of leaders matter, at times profoundly, because '*CEO-speak* [is] a framer of rhetorical objectives, a fashioner of perceptions, a shaper of knowledge, and an influencer of social cognition and cultural relations' (Amernic & Craig, 2006: 137).

A close reading of Sloan's written testimony helps to improve observers' understanding of him as an individual, how he made sense of the world, how he discharged his role as 'Chief Truth

Officer' (Bouilloud et al., 2019), and why the Wells Fargo he led was found to have an unsavoury ethical environment. Through close reading we can better understand the important role of a CEO's language in devising and embedding a desirable culture of ethical conduct (Ashforth, Gioia, Robinson, & Treviño, 2008).

As a language genre, *CEO-speak* plays a crucial role in the ongoing construction (or destruction) of an organization's social reality: that is, of its culture and ethical infrastructure. The role language plays in building social realities (Jian, Schmisser, & Fairhurst, 2008) is far more constitutive than regarding language as merely a

... vehicle for the expression of pre-existing 'realities' [and not as] the means by which organizations are established, composed, designed, and sustained. Organizations are (...) ongoing and precarious accomplishments realized, experienced, and identified primarily—if not exclusively—in communication processes (Cooren, Kuhn, Cornelissen, & Clark, 2011: 1150).

*CEO-speak* is also an important means of enabling trust, especially when (as with Wells Fargo) trust is seriously impaired (Bachmann, Gillespie, & Priem, 2015; Kodish, 2017). Although repairing trust requires more than 'mere words,' nonetheless, the words of a corporate leader are crucial, particularly in a high-profile rhetorical setting. The CEO's language can be symbolic in ways that will help to repair or impair trust. Thus, *CEO-speak* has strong potential to affect ethical and unethical behaviours among a CEO's followers and other corporate stakeholders, and to (partially) reveal the leader's thinking.

Ethical *CEO-speak* is a reasonable normative goal for corporate leaders. Consequently, critical evaluation and monitoring of *CEO-speak*, from an ethical perspective, should be an ongoing task for stakeholders. Here we focus attention on, and develop links between, *ethical CEO-speak* and *ethical leadership*. We define 'ethical leadership' as involving

...the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making (Brown, Treviño, & Harrison, 2005: 120).

This definition can be understood better by conceptualizing the role of a leader as partly that of a moral manager whose efforts positively and negatively influence the behaviors of others. An ethical or moral manager

... leads others on the ethical dimension, lets them know what is expected, and holds them accountable. Moral managers set ethical standards, communicate ethics messages, role model ethical conduct, and use rewards and punishments to guide ethical behavior in the organization (Treviño & Brown, 2004: 75).

Consistent with the concept of a ‘moral manager’, ‘...people may infer ethical leadership from courageous or compassionate ethical action in crisis situations’ (Treviño, Brown, & Hartman, 2003: 29). The appearance of a CEO before a U.S. Senate committee that is investigating the scandalous activities of the company the CEO leads, is akin to a ‘crisis situation.’ Part of the rhetorical potency of such an appearance resides in the symbolic nature of the appearance or what has been referred to as ‘executive symbolism’ (Hambrick & Lovelace, 2018). In the case of Sloan’s appearance, the intent of the ‘executive symbolism’ was to advance Wells Fargo’s new strategic theme: that it was a ‘better bank’ on a journey to ‘earn back the public’s trust’ (quotation [b], above).

Focusing attention on the linguistic and symbolic roles of Sloan’s appearance and on the ethicality of his *CEO-speak* is merited because ‘ethical leadership’ involves ‘...the demonstration of normatively appropriate conduct through personal actions ... and the promotion of such conduct to followers through two-way communication [and] reinforcement...’ (Brown et al., 2005)

### **Analysing *CEO-speak* using Framing, Ideology and Metaphor, and Rhetoric**

## Balanced Framing

The first few words uttered by a speaker or writer offer important clues to the framing of a text. Framing an argument is important since ‘[a]n audience’s interpretation of and reaction to a person, event, or discourse can be shaped by the frame in which that information is viewed’ (Benoit 2001: 72). Framing makes ‘some aspects of a perceived reality ... more salient in a communicating text ... [and] promote[s] a particular problem definition, causal interpretation, moral evaluation, and/or treatment recommendation ...’ (Entman, 1993: 52). Frames function in one or more of four locations in the communication process: communicator, text, receiver, and culture, as follows:

*Communicators* make conscious or unconscious framing judgments in deciding what to say, guided by frames ... that organize their belief systems. The *text* contains frames, which are manifested by the presence or absence of certain keywords, stock phrases, stereotyped images, sources of information, and sentences that provide thematic... reinforce[ment]. The frames that guide the *receiver’s* thinking and conclusion may or may not reflect the frames in the text and the framing intention of the communicator. The *culture* is ... the empirically demonstrable set of common frames exhibited in the discourse and thinking of most people in a social grouping. (Entman, 1993: 52-53, italics applied).

The framing of testimony delivered in a high-profile rhetorical event such as a senate hearing should not be biased by excluding the possibility of other perspectives. A biased framing is likely to be self-defeating.

Our focus on the framing of Sloan’s opening written testimony ignores other, potentially salient aspects of Sloan’s ‘performance’ before the committee. We do not, for example, explore his demeanor and attire, and how he responded to questions. However, focusing on the written text provides at least two benefits in forming a critical assessment. First, it recognizes that Sloan’s written text was not an extemporaneous utterance, but was prepared with intent, and very likely with the assistance of legal and communication advisors. Thus, it is emblematic of an ‘official’

Wells Fargo communication. Second, the written text is an enduring public record of what Sloan intended to say in terms of content and style. This is far different from the back-and-forth exchanges of the question-and-answer part of a public Senate hearing, during which the emotions, fatigue, and grandstanding of the witness (Sloan) and the questioners (the senators) intervene unavoidably.

### **Principled Use of Ideology and Metaphor**

Our critical exploration of ideology is aided by adopting the interrogatory framework suggested by Lye (1997, slightly abridged), in which he highlights important matters of transparency:

Q1: What are the assumptions about what is natural, just and right?

Q2: What (and who) do these assumptions distort or obscure?

Q3: What are the power relations? How are they made to appear as if they are normal or good?  
What negative aspects are excluded?

Q4: Which of the binary oppositions (good/evil, tame/wild, young/old) is privileged? What is repressed or devalued by this privileging?

Q5: What people, classes, areas of life, experiences, are 'left out', silenced?

Q6: What cultural assumptions and what myths shape experience and evaluation?

Q7: What enthymemes are there in the logic of the text?

Q8: How does the style of presentation contribute to the text's logic?

Q9: What vision of human possibility lies at the heart of understanding the ideology?

Lye's interrogatory framework offers a pragmatic way of eliciting elements of a text's ideology and of revealing the potential for language to hide ideology. Although it is not always easy to do so, CEOs should strive to make the ideology inherent in their text transparent. Lye's

nine questions provide a good pragmatic starting point from which to understand the ideology of a text. For practical reasons we address only four of these questions (Q1, Q5, Q6, Q9).

Weick (1995: 113) has described ideology as ‘a crucial resource for sensemaking.’ For Weick (1995: 111) ‘ideologies combine beliefs about cause-effect relations, preferences for certain outcomes, and expectations of appropriate behaviors.’ Weick’s definition of ‘ideology’ rightly emphasizes the sensemaking of those who construct an ideological discourse, such as was constructed in Sloan’s written opening testimony.<sup>15</sup> So, Sloan’s discourse can also be viewed from the perspective of its potential influence as an ‘ideology-creator’ for the various constituencies it affected.

Metaphor contributes to the construction of ideology because it ‘... structures inquiry, establishes relevance, and provides an interpretive system’ (Landau, 1961: 351). Some metaphors ‘transport especially powerful biases, because ... they camouflage the social underpinnings of the reality to which they refer [and because] different metaphors have different ideological attachments’ (Tinker, 1986: 365). Other metaphors should be regarded ‘as a shadowy image for communicating only dimly perceived realities’ (Paparone, 2008).

An important aspect of the blossoming interest in metaphor has been a growing alertness to the dangers of unprincipled use of metaphor, especially by those in power (Kalmoe, Gubler, & Wood, 2017). This new-found alertness is well-merited because the power of metaphor (for example, in constructing ideology) is often nuanced. Among the authors who have drawn attention to the inextricable link between metaphor and ideology are Arcimaviciene & Jonaitiene (2015), Charteris-Black (2009), and Fairclough (1992).

The critical analysis we conduct draws on the four tests of ethicality in metaphor use that were suggested by Duffy (2013):

- (1) History test: ‘How closely does the metaphor correspond to the facts of the case?’
- (2) Resonance test: Does the metaphor ‘have a unique cultural power to incite?’
- (3) Proportionality test: ‘Is the metaphor’s seriousness proportional to that which it is applied?’
- (4) Quiet room test: ‘Deep down, we know [whether] we are arguing to incite or to enlighten.’

Many CEOs are moral role models (Sims & Brinkmann, 2002). They should strive to use metaphors in a principled way. Their metaphors, particularly in high-profile rhetorical events, help to set an organization’s ethical ‘tone at the top’ (Amernic, Craig, & Tourish, 2010). They are not merely ‘linguistic decoration or verbal artistry [but are] indicative of leaders’ thinking and ... a basis of their actions’ (Oberlechner & Mayer-Schoenberger, 2002).

### **Justified Rhetoric**

We focus on ‘rhetoric’ in its non-pejorative, classical sense (Barilli, 1989; Lanham, 1993) of constituting ‘the study of how people persuade’ (McCloskey, 1985: 29). We do not address its less-than-ethical pejorative meaning of constituting bombast. Thus, we regard rhetoric as the process of seeking to have another person ‘look at things from our point of view,’ and to have them share our ‘attention-structure’ (Lanham, 1993: 227; 2006).

Word choice is an important aspect of rhetoric. For example, the strategic choice of language euphemisms can help ‘... to approach unsettling, embarrassing, or distasteful ... topics without appearing inconsiderate to peoples’ concerns’ (Crespo-Fernández, 2018: 1). Language euphemisms are ‘disguised’ stories we tell about our unethical actions (Tenbrunsel & Messick, 2004: 226). They help turn unacceptable behaviours into socially approved behaviors. Thus, euphemisms can make harmful conduct respectable (Bandura, 1999). For example, “‘right sizing’— [is] the favored term for layoffs—[because it] focuses attention toward the economic benefits and away from the human costs of putting people out of work’ (Tenbrunsel & Messick,

2004: 227). Closely related to language euphemisms is the practice of ‘ostensibly descriptive naming’ or recognizing that oftentimes ‘...the only way to escape mortification or victimization is to rename the situation ... [to] affect orientation, interests, perspectives, and pieties’ (Cheney, Garvin-Doxas, & Torrens, 1999: 145).

A CEO in a high-profile setting should be aware of, and be able to justify, the major rhetorical aspects of the discourse s/he presents. These include the metaphors used, the structure of the discourse presented, and the embodied logic, assumptions, euphemisms, appeals to authority, appeals to emotion, and omissions. All are part of the ‘art of persuasion.’

## **CONTEXT AND METHOD**

### **Wells Fargo**

Wells Fargo is an American international banking and financial services company, founded in 1852 and headquartered in San Francisco. In 2016, Wells Fargo had \$1.9 trillion in assets<sup>16</sup> and provided banking and associated services at 8,600 locations, 13,000 ATMs, and offices in 42 countries. The company had approximately 269,000 full-time equivalent staff and served one in three households in the U.S. In February 2014, of the top 500 banking brands, Wells Fargo was ranked the world’s most valuable, for the second consecutive year.<sup>17</sup> In 2015, Wells Fargo was ranked the world’s 22nd most admired company and the 7th most respected company. In 2016, Wells Fargo was ranked 27th on FORTUNE’s list of America’s largest corporations and third in assets among all U.S. banks. Despite such accolades, on 2 February 2018, the U.S. Federal Reserve Bank barred Wells Fargo from increasing its asset base until it fixed internal problems and ‘improve[d] governance and controls’.<sup>18</sup>



The scandal that prompted a series of Wells Fargo CEOs to be invited to appear before the U.S. Senate Committee in successive years arose from a violation of trust by Wells Fargo. In 2016, Sanger, the [then] Chairman of Wells Fargo's Board of Directors, described the violations as 'opening accounts for certain retail banking customers that they did not request or in some cases even know about' (Wells Fargo Annual Report, 2016: 3). Sanger continued by asserting that 'this behavior is unacceptable, not only to the Board but also to the overwhelming majority of our people who are hard-working and highly ethical.' The unacceptable behavior mentioned was apparently just a small part of Wells Fargo's troubles that were exposed initially in December 2013. A series of ethically inappropriate behaviours by Wells Fargo was reported subsequently. These continued right through to Sloan's 3 October, 2017 appearance before the Senate Committee. For example, on 31 August 2017, Wells Fargo reported that a third-party review of its retail sales practices had increased estimates of its potentially fake customer accounts from 2.1 million to 3.5 million.<sup>19</sup>

### **Timothy Sloan**

Sloan was a long-serving, highly experienced Wells Fargo employee. He had previously held major leadership positions in the bank, including as chief administration officer (2010 to 2011), chief financial officer (2011 to 2014), Head of Wholesale Banking (2014 to 2015), and chief operating officer (2015 to 2016).<sup>20</sup> His colleagues describe him as a 'no-nonsense professional', a very hard worker, and someone who will 'go anywhere, do anything' but who has 'little time for leisure' (McLannahan, 2016). Sloan was noted for his political influence, 'commitment to the community' and 'won't back down' attitude in the face of political pressure (Berman, 2018).

Thus, Sloan would likely have been very aware of the importance of leadership-through-language and of the political importance of what was at stake when he appeared before the Senate

Committee. He knew Wells Fargo and its recent scandal-ridden history well. He had been CEO for almost one full year and, in that time, had engaged in intensive efforts to redeem the company's reputation. In doing so, he was being consistent with a commitment he made in a Wells Fargo press release (dated 12 October 2016) announcing his appointment as CEO. In this he said that his 'immediate and highest priority [was] to restore trust in Wells Fargo.'<sup>21</sup>

## **Method**

In terms of the typology of eight 'traditions' of communications research highlighted by Merkl-Davies and Brennan (2019), the present study falls within the 'rhetorical tradition.' Consistent with this typology, we analyse how 'corporate narrative can or does persuade audiences to accept organizational actions, policies or performance' (p. 445).

The hearing of the U.S. Senate Committee began at 10:01 a.m. on October 3, 2017 and adjourned after about two hours. We analyse the transcript of approximately 2211 words (reproduced in Appendix 1, with line numbers added) of the part of the hearing in which Sloan's read his opening written statement.<sup>22</sup> This is part of a 181-page document posted to the U.S. government website.<sup>23</sup> This larger document also contains responses to oral and written questions of the Committee, and other supporting material. We do not explore the oral evidence or the verbal exchanges between Sloan and individual senators. Particular passages were chosen for analysis because they were emblematic of CEO Sloan's messaging. They were crucial elements of the narrative that he was constructing regarding the (alleged) redemption of Wells Fargo.

We examined Sloan's opening statement using the close reading approach described by Amernic and Craig (2006: 6). This process involves slowing down the reading of text, re-reading sentences and paragraphs, exploring the sequence and frequency with which ideas and words are used, and reflecting on how various facts, text or arguments are co-related. We searched for

implicit assumptions, ideology, silences, techniques of argumentation, metaphor, apt and inapt juxtapositions, and insights to authorial intent. Further, we applied, where relevant, several of the other strategies of textual analysis described by Martin (1990). These include ‘dismantling dichotomies [to] expose them as false distinctions’; filling voids by ‘attending to disruptions and contradictions [in] places where the text fails to make sense’; and deciphering taboos by ‘focusing on the element that is most alien to a text or context.’ Each author separately read the target text several times until a consensus view was reached.

A limitation of close reading is that although it produces many useful insights, it can also lead to contestable conclusions because there is often a ‘plurality of plausible explanations’ for the matters being considered (Ron, 2008: 291). Another limitation arises from equating an ethical view with telling the truth or being accurate in representing reality. We concede that what is ‘true’ and ‘not true’ is not a clear-cut issue, and that in professing to differentiate ‘truth’ from ‘not truth’, we may be claiming privileged access to knowledge of ‘the real’ situation. However, the seven quotes at the beginning of this paper are supportive because they provide strong signals of ongoing dysfunctional behaviour at the company.

Two contextual factors guide our evaluation of CEO Sloan’s written statement. First is that even as he delivered his comments to the Senate committee, Wells Fargo continued its dysfunctional behaviour in various ways, as evidenced by the quotes at the beginning of this paper. Second, that CEO Sloan himself, as shown by his biographical description, was a long-time Wells Fargo insider and senior leader.

## **ANALYSIS OF SLOAN’S OPENING WRITTEN STATEMENT**

### **Framing**

Sloan's opening paragraphs frame Wells Fargo in a way that is intended to show the company has made 'progress' and that it is better under his leadership. The opening text (lines 10 to 12, see Appendix) emphasizes that Sloan appears before the committee without the compulsion of a subpoena. The pronoun 'I' signals that Sloan, the CEO, is the accountable person. He uses words with positive connotations ('appreciate', 'discuss' and 'opportunity') to frame his appearance in a positive, voluntary and (almost) eager light. The verb 'discuss' envisages an interchange of (presumed) equals: that is, between Sloan and the Senate Committee. The implication is that both parties are interested in a common dialogue. The word 'progress' connotes movement in a desirable direction, an improvement.

Sloan frames the agency and responsibility for the matters under consideration as residing with the entity, Wells Fargo, and not with specific human beings. He asserts that 'Wells Fargo' 'has made' this 'progress.' This ascription of agency to an amorphous entity de-emphasizes the roles and accountability of human beings and plays down their potential culpability. However, because a company is inanimate, it cannot experience 'great disappointment' (line 14), only actual people can. Thus, references to the entity, Wells Fargo, mask the culpability of humans for the scandals that were prompted by actual humans.

The opening four paragraphs frame Wells Fargo and Sloan in favourable light. Sloan acknowledges the 'problems' committed because 'our Community bank' did not recognize the 'full scope and seriousness regarding the problems' (lines 14 to 19). He admits deficiencies in the company's state of knowledge and actions. This key framing paragraph also asserts that 'all of you were right to criticize us.' Crucially, he declares that this criticism was heard and (apparently) is being acted upon. This paragraph of admission and implicit shame acknowledges that insight and

action on the part of Wells Fargo is required to achieve redemption in the eyes of the company's stakeholders, including regulators.

The apparent intent of the introductory framing is to impress the audience with Sloan's 'noble' commitment as CEO to ethical conduct and with his capacity to enter moral judgements. Through his language, Sloan purports to know what is right and wrong ('you [the Committee] were right to criticize us': line 18); what is good and bad ('Wells Fargo is a better bank today': line 26); and what is acceptable and not acceptable ('That was unacceptable': line 24). There is a hint of hubris in his claim that the bank is 'better [under his leadership] today than it was a year ago' and that next year it 'will be a better bank than it is today' (lines 26-27).

In the written testimony, it is revealing to compare the behaviours attributed to Sloan personally with those of Wells Fargo collectively. Sloan takes the high moral ground by accepting the company's responsibility to recognize past mistakes and correct them. He seems keen to legitimize his endeavours to craft an 'ethical culture' and to portray himself as part of the 'solution,' not part of the 'problem.' However, any attempt by Sloan to distance himself, even implicitly, from implication in the mistakes, dysfunctions, and failed responses of the past, ignores that he was at various times (and to varying degrees) part of the senior management team collectively responsible for those 'mistakes.'<sup>24</sup>

Nonetheless, by the personal pronoun 'I', Sloan is the one who 'heard [the committee] ... customers ... and team members' (lines 18-19). He is the one who is 'deeply sorry' (line 21) and who 'apologize[s] for the damage done.' In contrast, the Wells Fargo 'failures' that led to Sloan's appointment as CEO are attributed collectively. Thus, '*we*' failed because '*we* recognized [the seriousness] too late' (lines 14-15); '*we* had not fully grappled with the damage' (line 17); and '*we*

came ... without a good plan' (line 18). His statement that 'the bank's leaders [*we*] acted too slowly' (line 23) seems rather hollow — he ought to have clearly admitted, 'including myself.'

### **Ideology and Metaphor**

Sloan refers to 'customers and team members' three times (in lines 17-21) and to the 'public's trust' (line 28). Curiously, he does not mention shareholders. This privileging has ideological overtones. Possibly, it reflects the embarrassment Sloan thought he would suffer if he was perceived to be prioritising the interests of shareholders over those of other stakeholders. He needed to be wary of arousing public concerns that shareholders benefited from additional profits generated from the bank's scandalous behaviour. Such exclusion is at odds with Sloan's prior statements about the scandal in which he mentioned shareholders and investors.<sup>25</sup>

Flowing from Lye's (1997) Question 5 (What people, classes, areas of life, experiences, are 'left out', silenced?), the omission of 'shareholders' is surprising since one would expect that being a privileged class within the corporate context, they would naturally be mentioned by the CEO during his Senate committee appearance. This striking omission encourages speculation that it was a rhetorical move intended to shield the ownership class.

Sloan is silent on the extent to which directors and senior managers (including himself) benefited from enhanced remuneration as a result of the bank's unethical practices. Sloan distances himself from his management colleagues despite repeating the keyword 'team members' 20 times. He portrays his colleagues as being late in recognizing issues, having no plan to solve problems, and as responding slowly once issues were recognized. Thereby, Sloan devalues his colleagues and 'silences' them. In a sense, Sloan portrays them 'as scapegoats from which the organization must distance itself' (Anderson & Guo, 2020: 213). As Sloan's soon-to-be-made resignation attests, he seems to have been ensnared himself by such scapegoating.

A striking aspect of Sloan's framing paragraphs is the underlying metaphor of the 'penitent learner, able and willing to learn' (Tourish & Hargie, 2012). Through this metaphor of redemption, Sloan portrays those who have failed Wells Fargo as now determined to redeem themselves by earning back trust. The penance implied in this 'awakening' seems intended to appeal broadly to any of the Senate committee members who were keen to project their endorsement of core American religious values to constituents. Thus, the metaphor seems highly likely to pass the 'resonance test' (Duffy, 2013). Ideologically too, there is an ethically positive 'vision of human possibility' (Lye, 1997, Q9) that would most likely appeal to the senators.

The 'grappling' metaphor (line 16) is likely to have a positive ethical impact because it conveys the difficulties Wells Fargo experienced in coping with the situation it confronted. Nonetheless, 'grappled' is a distracting euphemism because it diverts attention from the company's apparent obliviousness, over several years, to the odious practices it adopted. The metaphor is also confounding: the uncertainty and clumsiness it implies is at odds with the cool cocksureness that Sloan presents in his bold assertion that 'we will get it right' (line 155).

The iconic Wells Fargo stagecoach metaphor courses through Sloan's submission. This metaphor is embedded in larger discourses of capitalism and trust and is deployed as a part of a larger persistent metaphor of Wells Fargo being on a 'journey' to restore trust.<sup>26</sup> Wells Fargo proclaims that its stagecoach is an 'enduring symbol ... of the company's heritage of service, stability, and innovation.'<sup>27</sup> Such symbolism draws upon linguistic and visual discourses of the American West that are embedded in American culture.

For many years, the cover of Wells Fargo's annual report displayed images of a stagecoach. This metaphor 'symboliz[es] a bank that comes through for its customers' (Biel, 1993: 73). The imagery is so potent that the company deployed this metaphor in TV advertisements in 2018 to

help repair its damaged reputation (Peltz, 2018). The metaphor's overriding entailments are the 'Old West' traditions of dependability and commitment (Wells, 1993). Through the use of this 'identity anchor' (Anderson & Guo, 2020) Sloan imagines Wells Fargo to be a bank that will deliver for its customers (just like a Wells Fargo stagecoach seemingly did in the Old West). The metaphor WELLS FARGO IS A STAGECOACH envisages a journey through an often hostile and difficult territory. The implication is that the community can have confidence that Wells Fargo knows the best route through hostile territory and will deliver customers to their planned destinations safely. Use of the stagecoach metaphor can be construed as a way of fostering resilience through promoting an historical organizational image as being 'central, enduring and distinctive' (Albert & Whetten, 1985).

Thus, Sloan exploits a metaphor that has been long-associated with the company. His intent seems to be to display Wells Fargo's contrition to stakeholders, to legitimize its promise to do better in the future, to reinforce a commitment to 'restore our reputation and our customers' trust', and to 'make Wells Fargo the finest and most ethical company it can be' (lines 188-189). The idea that the company is on a path to 'restor[ing] [its] reputation' is a personal pledge by Sloan.

Sloan's metaphors are largely, but not entirely, principled and ethical. They satisfy Duffy's (2013) 'resonance test' and 'history test' but seem to fail the 'proportionality test' and 'quiet room' test. Perhaps those hearing, reading, and watching Sloan's opening testimony are being manipulated just a bit?

## **Rhetoric**

Is Sloan's rhetoric justified? Some of Sloan's euphemisms are inaccurate and 'less than ethical.' Sloan's *CEO-speak* would have been more ethical in the absence of some of his euphemisms or inappropriate 'ostensibly descriptive naming.' For example, the past year is



described euphemistically as ‘a year of great disappointment and transition’ (line 14) rather than a highly unsettled one, or one of turmoil. The patriotic euphemism describing Wells Fargo as ‘this important American institution’ (lines 21-22) seems intended to promote a sense of community and to be a veiled warning to the Senate Committee to ‘tread carefully’ because of the bank’s considerable power and influence.

Sloan’s rhetoric reinforces the ‘cultural assumption’ (Lye 1997, Q6) he promoted on 4 August, 2017 when he referred to Wells Fargo as ‘this treasured 165-year-old institution.’<sup>28</sup> Through this wording, Sloan seems to be seeking to enrol the emotional allegiance of the senators in venerating Wells Fargo. Such allegiance to the iconic brand signalled by the words *Wells Fargo* would be stimulated by the emotions that were likely to be stirred up in individual senators. The beneath-the-surface awareness of each senator was being sensitized to the conflux of ideas, many of them symbolic, that are embedded when the iconic image of ‘Wells Fargo’ was invoked by Sloan’s words.

Commendably, Sloan describes the problems confronting Wells Fargo, free of euphemism, as ‘the sales practices scandal’ (lines 15-17). The word ‘scandal’ acknowledges, through honest and accurate naming, the seriousness of the misdeeds in which Wells Fargo was involved. By naming some of the company’s ‘sales practices’ as a ‘scandal’, Sloan uses the naming power of his language accurately and ethically.

This *naming power* has important implications insofar as rhetoric is concerned. The seemingly straightforward act of ‘naming’ may be rhetorically significant, as Cheney et al. (1999: 145) observe as part of their assessment of the work of Kenneth Burke:

The power of words is further demonstrated in the magic of ostensibly descriptive naming ...Burke notes the great potency of “accurate” naming: our drive to find the best label for something. How objects, feelings and events are named affects orientation, interests, perspectives, and pieties. Whether we ... call a foreign movement

“freedom fighters” or “rebels” has profound implication for policy formation with respect to that other group in another country; each term, with its historical and ideological baggage, is highly suggestive of a policy.

Sloan’s two uses of the word ‘mistakes’ are euphemisms. Calling something a ‘mistake’ is another example of the power of naming. Sloan says ‘... we will compensate every customer who suffered because Wells Fargo made mistakes’ (lines 42-43). The word ‘mistakes’ clouds the location of agency. The ‘practices’ Sloan refers to were caused by human beings (including the senior executive team) and the management control systems those executives designed and implemented. Thus, naming Wells Fargo as the agent of these ‘mistakes’ ignores the agency of the specific people involved. ‘Mistakes’ is deployed in its ‘softer’ sense of ‘misunderstanding’ and not that of ‘blunder.’

Sloan’s eight uses of the word ‘problem(s)’ are more troubling. From an ethical perspective, this usage softens the severity of scandalous actions by some Wells Fargo staff. Sloan ignores the agency of the Wells Fargo leaders who condoned such actions, implicitly or explicitly, and oversaw the dysfunctional management control systems involved.

Sloan describes fundamental changes in the Wells Fargo management control system that prompted the company to move from a relatively decentralized structure to a more centralized one (lines 99-108). However, his description is misleading since this very large company had been led centrally to a significant degree hitherto. Sloan alleges that the prior version of the company’s management control system was too decentralized and caused severe dysfunction. He should have acknowledged that formal decentralization in key areas, such as sales practices, was subject to management override.

We focus now on the structure of the text after line 26. Sloan asserts that ‘my team and I have been focused on the three tasks that you have invited me to discuss today’ (lines 28-29). The remainder of his written testimony is structured to report on the company’s actions in addressing

these ‘three tasks.’ The first of them is to establish ‘a fundamentally different organization’ (lines 31-34; 45-81). The second is to look ‘beyond the Community Bank to review operations across the entire company’ (lines 31-34; 83-150). The third is to ‘make things right for every customer’ affected ‘by any of our practices’ (lines 41-43; 152-177).

This three-part structure and the headings chosen for each part (‘Transforming Our Community Bank’; ‘Accountability’; and ‘Making Things Right with Our Customers’) are rhetorically potent. ‘Transforming Our Community Bank’ evokes the important organizational and leadership construct of ‘transforming/transformation.’ Thus, Sloan signals he is a transformational leader — a characterization that allegedly ‘inspires, intellectually stimulates, and is individually considerate of followers’ (Bass, 1999: 9).

‘Accountability’ is an important but ambiguous keyword whose meaning ranges from ‘... a condition where one party is answerable to another for some action to an expansive, ambiguous, and often enigmatic term with considerable cultural gravitas cutting across many cultural domains...’ (Dubnick, 2014). This ambiguity has the potential to impair ethical clarity. Sloan’s written testimony describes the specific mechanisms of accountability the company has implemented (lines 85-123). Thus, it employs the keyword ‘accountability’ in a relatively precise manner. Lines 85-97 report details of the specific sanctions meted out to various (but not always named) executives following public revelation of the bank’s behaviour. Details such as this are worthy and constitute ethical *CEO-speak*. However, the rationales gloss over the precise compensation sanctions and dismissals. Thus, this part of the ‘Accountability’ text suffers the deficiency of omission.

The third section, ‘Making Things Right with Our Customers’ begins: ‘The entire Wells Fargo team, all 270,000 of us, is committed to making things right for customers the bank let down. This

is a big job, and we will get it right' (lines 154-155). These cliché-ridden sentences obscure underlying assumptions about the nature of the human world of organizations and the fallible people therein. The bravado of 'we will get it right' invokes an implicit natural assumption of senior management infallibility. Assumptions such as this deserve examination, consistent with Lye's (1997) question 1 ('What are the assumptions about what is natural, just and right?') Cheney (1998: 29) points out that such assumptions, or what he labels 'key organizing terms,' should be examined for their 'powerful ambiguities, ironies, and twists and turns [because they are] slogans that simultaneously command emotional allegiance and are devoid of precise meaning.'

The assertion that 'The entire Wells Fargo team, all 270,000 of us, is committed to making things right for customers the bank let down' uses 'team' as a powerful metaphor for the 'company' as a whole. This clichéd metaphor is enhanced rhetorically when used as part of the larger term 'Wells Fargo team' to evoke the stagecoach/American frontier image. Sloan also asserts that the 'entire Wells Fargo team', literally every human working for the company ('all 270,000 of us'), are thus 'committed.' Thereby, he exaggerates the reality of a large organization's social and human complexity. He makes superficial assumptions about leadership and followership (for example, that everyone in a large organization is committed to a specific goal). Thus, in terms of Lye's (1997, Q6) interrogatory framework, this displays a 'myth [that] shape[s] experience and evaluation.' When viewed metaphorically, Sloan's use of the Wells Fargo 'team' metaphor evokes Hamington's (2009: 473) caution that words and concepts used in sports and games 'have the potential to be ethically problematic.'

What is implied by the word 'committed' is unclear too. This word is used as a slogan to subtly enlist the emotional allegiance of the Senate committee to the three 'tasks' Wells Fargo has set itself. Similarly, the goal of 'making things right for customers the bank let down' is a slogan

‘that simultaneously command[s] emotional allegiance [but is] devoid of precise meaning’ (Cheney, 1998: 29). The euphemism ‘customers the bank let down’ is a very mild acknowledgement that ‘the bank’ (not its leadership and its dysfunctional management control systems, but some abstraction) committed fraudulent acts that adversely affected the lives of numerous customers and employees.

## **DISCUSSION OF RESEARCH QUESTIONS AND CONCLUSION**

The blatant, widely publicised, unethical acts of Wells Fargo over many years, and the management systems and culture which encouraged unethical transactions, were all a prelude to Sloan’s appearance on 3 October, 2017 before the Senate committee. The setting was an opportunity for him to establish and contribute to a tone at the top at Wells Fargo that would reinforce a re-discovered culture of ethical propriety. In addressing this opportunity, Sloan relied strongly on the symbolism of the totem metaphor of the Wells Fargo stagecoach. Such reliance was consistent with ‘Wells Fargo us[ing] past identity anchors [the stagecoach image] to navigate a crisis, enact resilience, and move forward’ (Anderson & Guo, 2020: 222).

In terms of our Research Question 1 (‘What does the micro discourse of the submission tell us about its positive and negative features?’), some aspects of Sloan’s written language at this high-profile rhetorical event demonstrate *positive* ethical features and outcomes and edge Wells Fargo closer to the apparent destination of its ‘journey’ to restore trust. Other aspects of his language reflect *negative* ethical features and outcomes. On the positive side, the contrition implied in the pervasive metaphor of a ‘penitent learner’ is likely to be ethically restorative in the minds of observers. This is because, as Tourish and Hargie (2012: 1062) conclude, ‘learners [presumably including organizations that learn, such as Wells Fargo] are likely to be accorded less blame than powerful pedagogues for errors and mis-judgements.’

On the negative side, use of the stagecoach metaphor seems a blatant attempt to benefit from that metaphor's widespread embedded entailments of commitment and dependability. Used in this way, the metaphor is highly ironic, inappropriate, and possibly manipulative. The sales practices scandal and other scandals clearly show that Wells Fargo is not a company customers can consistently depend on to do the right thing and get them to their (financial) destination. On balance, the negative features of the language outweigh the positive features.

The ethical effect of the euphemisms deployed, as a rhetorical trope, is mixed. The word 'scandal' is an accurate and ethically appropriate term to describe what has occurred. However, the euphemisms 'mistakes' and 'let down' soften the odiousness and the severity of what has occurred.

In terms of Research Question 2 ('Where was agency for Wells Fargo's ethical lapses located?'), the framing of the testimony disguises the human agency for the bank's scandalous practices and excludes Sloan from any personal implication in the 'mistakes.' Sloan's written testimony omits crucial information. This had the effect of 'screen[ing] out problems' (Conger, 1991). This 'screening' is predicated on unsustainable and superficial assumptions about leader/follower relations. All of this was part of an ethically unsatisfactory endeavour to distance senior management, Sloan in particular, from responsibility for the scandals. The fact that senior management had the authority to override decentralized decision-making processes was ignored.

With respect to Research Question 3 ('How did the text's persuasive features project the ethicality and alleged organizational reality of Wells Fargo?'), the written language Sloan used to re-invent Wells Fargo as trustworthy and 'ethical' in such a high-profile rhetorical event should have been ethically pristine, overtly and covertly. Although Sloan's written language presented an alleged ethically virtuous epiphany in managerial mindset, ultimately, it was unconvincing.

Sloan's language before the committee failed to redeem Wells Fargo for its poor ethicality. Sloan's claims that the bank would be better in the coming year and that Wells Fargo 'will get it right', were indeed exposed by subsequent events as 'fake.'

Positioning a microscopic analysis of a single instance of a CEO's language within the larger framework of a part/whole morphology (Scheff, 1997) reinforces the importance of the ongoing constructively-critical assessment of *CEO-speak*. The labour intensive nature of such modes of analysis can reveal important patterns (for example longitudinally, see Amernic, Craig & Tourish (2007) with respect to General Electric's iconic CEO Jack Welch). Such modes of analysis might, with due caution (Murphy, 2013), be extended by employing text analysis software (see, for example, Craig & Amernic's (2014) use of DICTION in their longitudinal analysis of BP CEO John Browne's 125 speeches over many years). Recent applications of machine learning in the analysis of *CEO-speak* (Akstinaite, Garrard & Eugene Sadler-Smith, in press) have strong potential too.

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1 **APPENDIX 1**

2

3 **Statement of Tim Sloan, Wells Fargo & Co.**  
4 **Before the U.S. Senate Committee on Banking, Housing and Urban Affairs**

5 **Wells Fargo: One Year Later**

6 **3 October 2017**

7 (<https://www.banking.senate.gov/public/index.cfm/2017/10/wells-fargo-one-year-later>; last  
8 accessed 10 February 2018)

9

10 Chairman Crapo, Ranking Member Brown, and members of the Committee, thank you for your invitation  
11 to today’s hearing, “Wells Fargo: One Year Later.” I appreciate the opportunity to discuss the progress  
12 Wells Fargo has made.

13

14 The past year has been a time of great disappointment and transition at Wells Fargo because we  
15 recognized too late the full scope and seriousness of the problems in our Community Bank. When my  
16 predecessor testified here last year, we had not fully grappled with the damage the sales practices scandal  
17 had done to our customers, our team members, and their trust in the bank. We came to Congress without  
18 a good plan and all of you were right to criticize us. But I heard you—and I heard our customers and our  
19 team members—loud and clear. You expect us to do better, and so do we.

20

21 So let me be very clear about this: I am deeply sorry for letting down our customers and team members.  
22 I apologize for the damage done to all the people who work and bank at this important American  
23 institution. When the challenges at Wells Fargo demanded decisive action, the bank’s leaders acted too  
24 slowly and too incrementally. That was unacceptable.

25

26 I also want to be clear about another thing: Wells Fargo is a better bank today than it was a year ago. And  
27 next year, Wells Fargo will be a better bank than it is today. That is because we have spent the past year  
28 determined to earn back the public’s trust. Since I became CEO eleven months ago, my team and I have  
29 been focused on the three tasks you have invited me to discuss today.

30

31 First, in response to the sales practices problems announced in 2016, we are transforming our Community  
32 Bank. Our retail bank has strong new leadership, more effective organization, and incentives that reward  
33 our team members for doing what is right for the customer. This is a fundamentally different organization  
34 from the one that existed in 2016.

35

36 Second, we are looking beyond our Community Bank to review our operations across the entire company,  
37 including in our indirect auto lending business. That review is still in progress, but it has already identified  
38 several ways in which we can improve. I am committed to confronting these problems head-on, and fixing  
39 them.

40

41 Third, we are working diligently to make things right for every customer who was harmed by any of our  
42 practices and, to that end, we will compensate every customer who suffered because Wells Fargo made  
43 mistakes. I am pleased to report that these remediation efforts are well underway.

44

45 **Transforming Our Community Bank**

46

47 No part of our company better reflects the difference between Wells Fargo in 2016 and Wells Fargo in  
48 2017 than our Community Bank. We have dramatically overhauled its leadership, its organization, and its  
49 incentives. At every level of the bank, our efforts focus squarely on the needs of our customers, not on  
50 achieving product sales goals.

51  
52 I appointed a new leader, Mary Mack, to transform the Community Bank. Mary has worked tirelessly to  
53 improve our approach to meeting customer and team-member needs. Together, we have eliminated  
54 product sales goals for retail bankers. Those goals contributed to a high-pressure sales environment that  
55 failed our customers. In some cases, these goals even resulted in customers receiving products they never  
56 requested or realized they had.

57  
58 The old sales goals and pressure failed our team members, too. Our new compensation and performance  
59 plan rewards retail team members for excellent customer service and team performance, not for selling  
60 products. The new goals place a priority on risk management and compliance, demonstrating to team  
61 members that they all have a role to play in ensuring that Wells Fargo is serving customers with integrity.  
62 This begins with revamped hiring and training programs, as well as increased base pay for entry-level team  
63 members.

64  
65 In addition, we have made dramatic changes in the way our team members interact with our customers  
66 by adopting a new customer-service approach across our Community Bank. We have simplified  
67 complicated processes, replaced required questions with relevant tips, and enabled bankers and tellers  
68 to better meet their customers' needs by offering them the right products, services, or referral. Managers  
69 have also been empowered to immediately resolve some customer issues, like fees, at the branch rather  
70 than through a call center. These changes have led to a more personalized experience for our customers  
71 and more fulfilling jobs for our team members.

72  
73 We are equally committed to the former Wells Fargo team members who were affected by the  
74 Community Bank's old ways of doing things. I am proud to report that since last September we have hired  
75 back more than 1,780 team members who left the bank during those years.

76  
77 I have also now made clear that, when team members have concerns, I want to know. I have traveled the  
78 country, visiting more than 100 offices, to meet personally with thousands of team members. Our senior  
79 leadership team has done the same. We have also improved our ethics protections to ensure that every  
80 team member feels empowered to speak up without any fear of retaliation when he or she sees a  
81 problem.

## 82 83 **Accountability**

84  
85 I know that responsibility for Wells Fargo's shortcomings reaches well beyond our bank branches. That is  
86 why our review and our changes have not stopped there. We started by holding executives accountable.  
87 Over the past year, Wells Fargo eliminated a record \$180 million in senior-executive compensation:

- 88 • No member of the Operating Committee who served before September 8, 2016, including me, received  
89 a bonus for 2016.
- 90 • Every member of the Operating Committee who served before September 8, 2016, had his or her long-  
91 term incentive awards for past performance reduced by up to 50%.
- 92 • Neither former CEO John Stumpf nor former head of the Community Bank, Carrie Tolstedt, received a  
93 bonus for 2016.
- 94 • Mr. Stumpf forfeited \$69 million in compensation and equity.



- 95 • Ms. Tolstedt forfeited \$67 million in compensation and equity.
- 96 • And, finally, we terminated four senior leaders of the Community Bank, which cost them their 2016
- 97 bonuses, their unvested equity awards, and their vested outstanding stock options.

98  
99 Looking forward, we have made oversight and compliance much more effective than a year ago. These  
100 are fundamental changes to the way the company runs. We have reviewed and adjusted the roles of tens  
101 of thousands of our team members. We have moved away from a decentralized “Run It Like You Own It”  
102 structure, where business leaders had the discretion to run their operations independently. Now we  
103 follow a more centralized model in which risk, compliance, and human resources leaders have far greater  
104 visibility into, and accountability for, issues across the individual business lines. In addition, I established  
105 a Conduct Management Office with company-wide responsibility for investigations and complaints. This  
106 new team assesses complaints across the company, reports every month to our executive team—  
107 including me—and helps leaders “connect the dots” in ways we never could before. Now when a problem  
108 emerges, we can identify it quickly, escalate it promptly, and address it fully.

109  
110 These changes are consistent with, and designed to address, the findings of our Board’s independent  
111 investigation into the root causes of our retail sales practices issues. That investigation found, and I agree,  
112 that our previous structure contributed to a failure to see the threat that high-pressure sales goals posed  
113 to our Community Bank and our customers. This structure also contributed to our slow and insufficient  
114 response to that threat. My job as CEO is to ensure that never happens again.

115  
116 One important way I have exercised that responsibility is by calling for a comprehensive review of sales  
117 practices and other customer-facing operations across the bank. We decided to go beyond the  
118 requirements of our regulators and conduct a company-wide review, leaving no stone unturned.

119  
120 That review has consumed a big portion of the past year and continues today. This has been, and  
121 continues to be, a massive undertaking. It has involved our own team members, as well as regulators,  
122 independent directors, lawyers, and independent consultants. The mandate is to identify any failures or  
123 practices that could harm our customers.

124  
125 We expected to find more shortcomings through this effort, and we did. You have undoubtedly heard  
126 about some of these problems in the news. Last fall, we reviewed 93 million accounts opened between  
127 2011 and 2015. That review raised concerns regarding whether approximately 2 million accounts had  
128 been properly opened. We told you and others that we would look at even more accounts, and we did.  
129 We searched across 2009, 2010, and 2016— nearly doubling the time frame to eight years. We also looked  
130 at other types of accounts or services, such as online bill pay, that may have been initiated improperly.

131  
132 In August, we announced the result of this broader look at 165 million accounts opened between 2009  
133 and 2016. Our estimate of potentially unauthorized accounts grew by about 1.5 million. This is a  
134 substantial number, but it is important to note that these are not “new” instances of possible misconduct  
135 since last fall; they are newly revealed instances of possible misconduct based upon our own expanded  
136 investigation of the years before 2017. Of the total of 3.5 million accounts, approximately 190,000  
137 incurred fees and charges. Wells Fargo will provide a total of \$2.8 million in additional refunds and credits  
138 on top of the \$3.3 million previously refunded as a result of the original account review. Our commitment  
139 is to refund all fees and all charges imposed with respect to any accounts and services that proved to be  
140 unauthorized.

141

142 During the past year, we also confronted problems in our auto-loan business. We explained in August that  
143 some of our auto loans involved insurance that had been placed by a vendor when the customer was  
144 already insured. This issue is quite different from the previous sales-practices issues in our Community  
145 Bank, because this insurance was not a product that Wells Fargo team members were given an incentive  
146 to sell. Also, this is an issue we found and addressed ourselves. The improper insurance charges occurred  
147 because of flaws in our process for verifying the customer’s insurance status and disclosing the premiums  
148 added. It was a significant mistake that harmed a lot of people, and we are making it right. Last month,  
149 we began issuing checks to affected auto-loan customers, all of whom we expect to reimburse by the  
150 middle of 2018.

151

### 152 **Making Things Right with Our Customers**

153

154 The entire Wells Fargo team, all 270,000 of us, is committed to making things right for customers the bank  
155 let down. This is a big job, and we will get it right.

156

157 To ensure our changes to the Community Bank are working for our customers, we dramatically enhanced  
158 our monitoring and compliance. As an example, we are closely monitoring the opening of new accounts.  
159 Every new account now generates an email within an hour, or a letter within a day, to confirm the account  
160 holder’s authorization. In our branches, we are on pace to conduct 16,000 visits by “mystery shoppers”  
161 this year, so that these anonymous reviewers can test and examine the practices and service that our  
162 customers experience. These visits will help ensure we are proactively identifying any improper sales  
163 practices and delivering customer service that is consistent with our mission.

164

165 We also are reaching out to customers all across America to determine if they were affected by the bank’s  
166 practices and, if so, how we can fix it. During the fourth quarter of 2016, we contacted more than 43  
167 million individual and small business customers. We are issuing refunds to every affected customer who  
168 has responded or has been identified by our third-party review. Wells Fargo has already paid millions in  
169 refunds and credits to Community Bank customers we spoke with between September 2016 and July  
170 2017. In addition, customers harmed by our discontinued sales practices will receive a total of \$142 million  
171 in compensation (after deducting plaintiffs’ attorneys’ fees and administration costs) under our class-  
172 action settlement. This will compensate customers for claims dating back to 2002, including claims by  
173 customers for increased borrowing costs resulting from credit-score impact.

174

175 Beyond these formal reimbursement mechanisms, I want to be clear that Wells Fargo is committed to  
176 addressing every concern any customer may have about an unwanted product or service— no matter  
177 where or when it may have occurred.

178

179 \* \* \*

180

181 The past year has been humbling and challenging. We are resolving past problems even as we make  
182 changes to ensure nothing like this happens again at Wells Fargo. We are doing this by strengthening our  
183 culture, holding leaders accountable, and improving our business practices and risk management. I want  
184 to thank all our team members for their hard work in this transformation.

185

186 Together, we will do whatever is necessary to put our customers first. I see the improvement every day,  
187 and so do the team members I visit in our bank branches. I think our customers have noticed the  
188 improvement, too. I pledge to you that we will not stop until we restore our reputation and our customers’  
189 trust, and make Wells Fargo the finest and most ethical company it can be.

190

191 Thank you again for the opportunity to address this Committee. I look forward to your questions.

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## Notes

<sup>1</sup> Prepared testimony to the U.S. Senate Committee on Banking, Housing and Urban Affairs. Retrieved on May 25, 2020 from [https://www.banking.senate.gov/imo/media/doc/092016\\_Stumpf%20Testimony.pdf](https://www.banking.senate.gov/imo/media/doc/092016_Stumpf%20Testimony.pdf)

<sup>2</sup> Prepared testimony to the U.S. Committee on Banking, Housing and Urban Affairs. Retrieved May 25, 2020 from [www.banking.senate.gov/public/index.cfm/hearings?ID=FE4441A6-5D3B-4C88-9637-16F9BD71DCAC](http://www.banking.senate.gov/public/index.cfm/hearings?ID=FE4441A6-5D3B-4C88-9637-16F9BD71DCAC)

<sup>3</sup> Letter to the chair of the U.S. Senate Banking Committee. Retrieved May 25, 2020 from <https://www.banking.senate.gov/newsroom/minority/banking-committee-democrats-call-for-hearing-to-hold-wells-fargo-accountable-for-consumers>

<sup>4</sup> Statement made during the hearing on ‘Holding Megabanks Accountable: An Examination of Wells Fargo’s Pattern of Consumer Abuses’ (p. 4), U.S. House of Representatives’ Committee on Financial Services. Retrieved May 25, 2020 from <https://www.govinfo.gov/content/pkg/CHRG-116hhrg36462/pdf/CHRG-116hhrg36462.pdf>

<sup>5</sup> ‘The Real Wells Fargo: Board and Management Failures, Consumer Abuses, and Ineffective Regulatory Oversight.’ *Report Prepared by the Majority Staff of the Committee on Financial Services*, U.S. House of Representatives, March 2020. Retrieved May 24, 2020 from [https://financialservices.house.gov/uploadedfiles/wells\\_fargo\\_staff\\_report\\_final\\_mm.pdf](https://financialservices.house.gov/uploadedfiles/wells_fargo_staff_report_final_mm.pdf).

<sup>6</sup> Opening statement to the United States House Committee on Financial Services. Retrieved May 24, 2020 from <https://financialservices.house.gov/uploadedfiles/hhrg-116-ba00-wstate-scharfc-20200310.pdf>

<sup>7</sup> Opening statement to the United States Senate Committee on Banking, Housing, and Urban Affairs. Retrieved May 27, 2021 from <https://www.banking.senate.gov/hearings/annual-oversight-of-wall-street-firms>

<sup>8</sup> <https://www.thestar.com/opinion/editorials/2019/08/09/toni-morrison-knew-the-raw-power-of-language.html>; accessed 15 March 2021. The Toronto *Star* Editorial Board was reflecting on the passing of Nobel Prize recipient Maya Angelou and her critical assessment of then-President Trump’s language before his election.

<sup>9</sup> It is important for our purposes to appreciate the inter-relation between ‘discourse at *close range*, considering and emphasizing local, situational context’, and ‘discourse as a *rather universal*, if historically situated, set of vocabularies, standing loosely coupled to, referring to or constituting a particular phenomenon’ (Alvesson & Karreman, 2000, p. 1133, italics applied).

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- <sup>10</sup> <https://www.banking.senate.gov/hearings/an-examination-of-wells-fargos-unauthorized-accounts-and-the-regulatory-response>; accessed 11 August 2018.
- <sup>11</sup> <https://www.banking.senate.gov/public/index.cfm/2017/10/wells-fargo-one-year-later>; accessed 10 February 2018.
- <sup>12</sup> The source for this and the subsequent three sentences is ‘Banking Committee Democrats Call for Hearing to Hold Wells Fargo Accountable for Consumer Abuses’. Press release, 4 October 2018. Accessible at <https://www.banking.senate.gov/newsroom/minority/banking-committee-democrats-call-for-hearing-to-hold-wells-fargo-accountable-for-consumers->
- <sup>13</sup> All references in this paragraph are drawn from <https://newsroom.wf.com/press-release/corporate-and-financial/wells-fargo-ceo-and-president-tim-sloan-retire-board>; accessed 15 June 2019.
- <sup>14</sup> <https://newsroom.wf.com/press-release/consumer-lending/wells-fargo-announces-plan-remediate-customers-auto-insurance>
- <sup>15</sup> Eagleton (1991: 1-2) has listed sixteen ‘definitions of ideology currently in circulation.’
- <sup>16</sup> The source for this paragraph is the Wells Fargo Annual Report for 2016.
- <sup>17</sup> [http://brandirectory.com/league\\_tables/table/banking-500-2015](http://brandirectory.com/league_tables/table/banking-500-2015); accessed 28 November 2018.
- <sup>18</sup> <https://www.federalreserve.gov/newsevents/pressreleases/enforcement20180202a.htm>. For another profile of Wells Fargo, see Anderson and Guo (2020: 214).
- <sup>19</sup> <https://newsroom.wf.com/press-release/wells-fargo-reports-completion-expanded-third-party-review-retail-banking-accounts>
- <sup>20</sup> <https://www.wellsfargo.com/about/corporate/governance/sloan/>; accessed 3 September 2018.
- <sup>21</sup> <https://newsroom.wf.com/press-release/corporate-and-financial/wells-fargo-chairman-ceo-john-stumpf-retires-board-directors>; last accessed 20 January 2019.
- <sup>22</sup> <https://www.banking.senate.gov/public/index.cfm/2017/10/wells-fargo-one-year-later>; accessed on February 10, 2018. Sloan read his opening testimony to the Committee. The transcript of his reading varies slightly, but in non-consequential ways, from the previously-posted version.
- <sup>23</sup> <https://www.govinfo.gov/content/pkg/CHRG-115shrg28111/pdf/CHRG-115shrg28111.pdf> ; accessed 25 August 2018.

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<sup>24</sup> ‘Sales Practices Investigation Report April 10, 2017’, Independent Directors of the Board of Wells Fargo & Company, <https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/presentations/2017/board-report.pdf>; last accessed 20 January 2019.

<sup>25</sup> See, for example, Sloan’s open letter to the bank’s customers, dated 4 April 2017. <https://newsroom.wf.com/press-release/wells-fargo-reiterates-commitment-building-better-bank-open-letter-customers>

<sup>26</sup> The ‘journey’ metaphor is apparent in various company press releases: for example, those dated 28 March 2017 (<https://newsroom.wf.com/press-release/wells-fargo-announces-agreement-principle-settle-class-action-lawsuit-regarding>); 21 April 2017 (<https://newsroom.wf.com/press-release/wells-fargo-expands-class-action-settlement-retail-sales-practices-142-million-adds>); and 4 August 2017 (<https://newsroom.wf.com/press-release/corporate-and-financial/wells-fargo-ceo-shares-updates-companys-rebuilding-trust>). All retrieved on 3 June 2019.

<sup>27</sup> <https://www.wellsfargo.com/about/corporate/stagecoach/> accessed 3 June 2019.

<sup>28</sup> <https://newsroom.wf.com/press-release/corporate-and-financial/wells-fargo-ceo-shares-updates-companys-rebuilding-trust>