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Thousands of New Mexicans were victimized

ALBUQUERQUE – On Nov. 29, Attorney General Hector Balderas announced that he has been investigating Wells Fargo for over a year and will be making a demand for damages on behalf of thousands of New Mexicans who were victimized by an illegal scheme, which created nearly 19,000 fake and unauthorized bank and credit card accounts. Wells Fargo is the largest, most powerful bank in New Mexico with 93 branches doing approximately $9 billion of business in the state. The attorney general's investigation focuses on potential violations of the New Mexico Unfair Practices Act. The focus of the litigation is to strengthen corporate stewardship and increase consumer protection.

"While hard working New Mexico families were struggling to put food on the table, pay their bills and save what's left for the future, Wells Fargo was scamming them and charging them fees for accounts they never authorized," Balderas said. "When New Mexicans choose a bank, especially one with a national reputation, they deserve to be treated fairly and honestly. My office will work directly with Wells Fargo to recover damages for the New Mexicans who were harmed, but if we cannot reach a resolution, I will bring litigation to make New Mexicans whole again."

The attorney general's investigation revealed that Wells Fargo's corporate management pressured employees to put profits over people, which led employees to open millions of unauthorized accounts. The business model was based on a high-pressure tactic known as "cross-selling," where employees faced job loss or other consequences if they failed to meet demanding quotas to enroll customers in more and more products – whether the customers needed them or not.

To meet unrealistic quotas and sales targets imposed by Wells Fargo executives, employees resorted to opening accounts and credit cards for customers without their knowledge or permission. The fake accounts generated fees for Wells Fargo, padding its bottom line while New Mexican families paid the price. New Mexicans could have been paying for groceries, clothes, or college savings, but were instead hit with illegal fees, draining their bank accounts and damaging their credit scores.

Wells Fargo knew about these sales practices but did nothing to stop the employee behavior, as business skyrocketed. The company also failed to create an adequate risk management framework that would have alerted it to questionable sales practices.

When individual customers have attempted to sue Wells Fargo in the past, the bank previously and successfully compelled those cases to arbitration, allowing the fraud to continue for years. Wells Fargo’s customer agreements still contain arbitration clauses, which prevent individuals from suing the bank for fraud or wrongdoing. The arbitration clause does not, however, prevent the attorney general from taking action to protect New Mexico consumers.