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# Wells Fargo meeting erupts, as investors fume over scandal

Armed security guards removed a man at Wells Fargo's (WFC) shareholder meeting on Tuesday, as angry investors demanded that the bank's board of directors explain why they failed to stop employees from opening millions of bogus accounts without customers' consent.

"Tell us what you knew and when you knew it!" said Bruce Marks of the Neighborhood Assistance Corporation of America, a nonprofit community advocacy and homeownership group, before being led away and out of the Jacksonville, Florida, hotel where the meeting was held, the first since news of the scandal broke in 2016.

"We wanted to hear from each one of the boardmembers," he said later in an interview with CBS MoneyWatch. "These are supposed to be highly skilled and educated indivdiuals. They are a mouthpiece for the executives."

Marks said that local police issued him a court summons on charges of trespassing.

While others at the meeting also pressed for answers, investors re-elected all 15 Wells Fargo boardmembers, who ran unopposed. The vote highlights the difficulty shareholders face in holding company leaders to account, with institutional investors typically backing management's slate of candidates.

Roughly 77 percent of Wells Fargo shares are held by large investment firms and corporations, according to S&P Capital IQ. Such investors generally side with management, rarely registering their displeasure by voting to oust boardmembers.

This time, however, support for Wells Fargo's board was tenuous. A preliminary tally showed that three of 15 directors received a bare majority of votes to keep their jobs, well short of the 90 percent margins that board members at large corporations usually get.

Wellls Fargo Chairman Stephen Sanger, the bank's independent director, said "stockholders today have sent the entire board a clear message of dissatisfaction."

"We recognize there is still a great deal of work to do to rebuild the trust of stockholders, customers and employees," added Singer, who received only 56 percent support from shareholders.

He noted the company has overhauled its management team and corporate culture to make sure that similar misconduct doesn't happen again.

Two proxy advisory firms, which advise money managers on how to vote at annual meetings, called for some board members to be rejected.

When pressed at the meeting on whether any members would resign given the tepid shareholder support, CEO Timothy Sloan said the company had one of the "best boards" in the financial services industry. Sloan's predecessor, John Stumpf, was ousted in October in the wake of the scandal and was forced to return $43 million in bonuses.

Despite Wells Fargo's pledge to reform, some shareholders questioned the company's commitment to change.

"We believe a lot of things were swept under the rug," said Sister Nora Nash, director of corporate responsibility for the Sisters of St. Francis in Philadelphia. "How could so many things have taken place and they not know about it?"

Shareholders also asked why KPMG, Wells Fargo's auditor, didn't discover the phony accounts, which was initially revealed last year by the Los Angeles Times. Sloan said the sham accounts didn't affect the company's financial controls and that KPMG "did their job properly."

That explanation isn't satisfactory to Sen. Elizabeth Warren, D-Massachusetts, a fierce critic of Wall Street, and Sen. Edward Markey, D-Massachusetts. They called on the  Public Company Accounting Oversight Board (PCAOB), which sets standards for audits of public companies, to review KPMG's work for Wells Fargo.

Wells Fargo shares have gained about 9 percent this year, underperforming rivals such as JPMorgan (JPM), Goldman Sachs (GS) and PNC Financial (PNC), each of which have surged more than 30 percent this year.

-- *The Associated Press contributed to this report*