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Wells Fargo Dismisses Bankers in Struggling Muni-Bond Unit.

- **Senior bankers in New York, Los Angeles, Chicago leave**
- **Public finance chief's shake up follows loss of market share**

Wells Fargo & Co.'s new public finance chief Stratford Shields is shaking up the department by dismissing senior bankers in New York, Chicago and Los Angeles and bringing in colleagues from his former employer, Morgan Stanley.

Fifteen employees from its public finance department were removed, retired or quit as the bank shifted its strategy, according to a person familiar with the matter. Shields, who took over in November, has hired six bankers and plans to continue hiring, said company spokeswoman AnnMarie McDonald.

"Wells Fargo has one of the largest balance sheets of municipal lenders and a superior municipal sales and trading operation," McDonald said in an email. "The change in leadership gives us an opportunity to reinvest to position the business for continued growth."

The steps come after Wells Fargo's share of the municipal-bond underwriting business shrank in part because some governments severed ties with the San Francisco-based bank after revelations that employees created bogus accounts in customers' names to meet sales targets. Competition has also increased as debt sales plunged 20 percent this year after Congress eliminated a popular refinancing tactic and interest rates increased.

Wells Fargo was the seventh-biggest underwriter of U.S. municipal bonds last year, falling two spots from the previous year, according to data compiled by Bloomberg. This year, it fell to eighth as it managed $4.9 billion long-term debt sales.

California, Illinois and Chicago suspended no-bid business with the bank after regulators fined the firm for opening potentially millions of bogus customer accounts, while New York City imposed a ban because Wells Fargo received a poor federal Community Reinvestment Act rating. While Chicago's ban has since expired, the others are still in force.

Illinois's ban applies to investments through the treasurer's office, according to Paris Ervin, a spokeswoman for the treasurer.

Lawrence Richardson, who led the Midwest public finance group in Chicago, and David Johnson, who headed California municipal banking, are no longer at Wells Fargo, according to broker registration records. Craig Hrinkevich, a senior banker in New York City, also no longer works at Wells Fargo, records show.

Wells Fargo also cut derivatives and quantitative positions, but is hiring for positions in transportation, infrastructure, affordable housing and health care, McDonald said.

Richardson didn’t return a call seeking comment and Hrinkevich declined to comment. Johnson couldn’t be reached.

Shields ran public finance at Morgan Stanley for five years before joining Royal Bank of Canada in 2014. He has hired former Morgan Stanley colleagues Paula Dagen, Chuck Peck, Randy Campbell and Jim Perry, as wells Kevin Hoecker, a former RBC banker based in Chicago.

Dagen, a managing director in Wells Fargo’s northeast group, was Morgan Stanley’s lead banker covering New York. Peck, based in Denver, is taking over as head of the west and Midwest region.

Campbell and Perry are on so-called garden leave, after giving notice to Morgan Stanley. Campbell will serve as head of public-private infrastructure partnerships and sports finance, while Perry will be a managing director in the south-central region.

Separately, Wells Fargo’s foreign-exchange business cut 22 salespeople, according to a person briefed on the matter, the latest casualties of a slump in market activity.

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