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Wachovia reps won't get retention bonus

Some observers speculate that Wells may look to sell firm

By [Dan Jamieson](#)

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Wachovia Securities LLC brokers won't get retention bonuses from Wells Fargo Corp.

Wachovia Securities chief executive Danny Ludeman delivered the bad news in a conference call with the troops on Friday.

"We needed to consider our clients' reaction [to retention bonuses] at the same time they're dealing with losses in their accounts," Mr. Ludeman said.

In addition, he said that Wachovia Securities will be renamed Wells Fargo Advisors, beginning in May.

It shows that Mr. Ludeman has "got no stroke with Stumpf," said one Wachovia rep on the East Coast who asked not to be identified in a reference to John Stumpf, chief executive of San Francisco-based Wells Fargo.

Mr. Stumpf was one of the seven bank chiefs grilled this month by the House Banking Committee over executive bonuses.

"With the environment we're in, with all the attention we're under — all the firms are under — and with clients down 20%, 30% and 40% ... a [retention] bonus didn't seem to be the appropriate approach," said Tony Mattera, a spokesman for St. Louis-based Wachovia Securities.

Retention bonuses historically have been used to compensate brokers for the disruption caused by a merger, he added, "but in this case, I don't expect the merger



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to change things much at all."

In previous conference calls since Wells Fargo announced it would buy Wachovia, Mr. Ludeman and other executives had assured brokers that they would be compensated if they stayed with the new firm.

Several Wachovia reps reached after the news broke said they weren't surprised and that nixing the bonus was the right thing to do.

"Anybody who didn't see this coming hasn't been reading the paper," said a Wachovia broker based on the West Coast who asked not to be identified.

A Southwest-based broker at the firm, who asked not to be identified, said he was disappointed.

Wachovia brokers are angered because "they were assured they would be receiving some sort of retention compensation and it took over four months to let them know they would be getting nothing at all," said Darin Manis, chief executive of RJ & Makay LLC, a recruitment firm in Colorado Springs, Colo.

Whether all of Wachovia's nearly 16,000 brokers missed out is not known. In other retention deals, lower producers have been left out.

Despite not offering a retention deal, Wachovia is increasing the payouts brokers can receive in the "4front" client loyalty program, which was launched in 2006. Brokers can boost their annual compensation by meeting certain thresholds in the program.

Mr. Mattera said brokers can earn between 0.25 and 0.75 percentage points on clients' assets, which could "add up to a significant percentage of their trailing 12-month production."

Some observers speculate that Wells Fargo may not have wanted to pay a retention bonus because it is trying to sell the brokerage firm.

But a California-based Wachovia broker who asked not to be named said the new Wells Fargo Advisors name indicated the bank wants to keep the firm.

Mr. Luderman sought to put the rumors to rest. "Wells Fargo is totally committed to the brokerage business ... They love consumer-oriented businesses that don't use a lot of capital," he said.

Mark Bruno and Jed Horowitz contributed to this story.

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