

RJ & Makay: 'Wells Fargo & Wachovia: This Isn't Just A Shotgun Wedding, It's Polygamy'

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DENVER, Oct 15, 2008 /PRNewswire via COMTEX/ -- Wachovia (WB) was forced into a shotgun wedding with Citigroup (C) and then before the honeymoon started reneged for another forced marriage with Wells Fargo (WFC)

"This isn't just a shotgun wedding between Wachovia and Wells Fargo. It's a marriage of three firms at least. Its corporate polygamy," says RJ & Makay CEO Darin Manis. "You have a marriage of Wachovia and all its parts, AG Edwards and Wells Fargo. No one likes a shotgun wedding. A shotgun polygamous wedding is even worse."

"Wachovia is a culmination of many previous takeovers," says Manis, "First Union, Evergreen, Prudential, Golden West and AG Edwards all fly under the Wachovia banner -- now make that riding the Wells Fargo horse carriage."

"A year and a half after the Wachovia/AG Edwards marriage they still haven't been able to merge their platforms or technology. The two still aren't on the same compensation grid. A new and revised combined grid was expected in the fourth quarter," adds Manis.

"It's been a year now and Wachovia and AG Edwards are still not on the same page. Now throw Wells Fargo in the mix. This won't take just a couple of years. This is going to take many years, perhaps nearly a decade before these three truly become one," says Manis.

Wachovia's divisions could prove to be as difficult and dangerous as Medusa. Eight arms at least, each with their own issues. Wachovia Securities (brokerage arm), FiNet (independent arm), Investment Services Group (banking brokerage arm), the Private Bank arm the Investment Bank arm (which Wells is getting rid of), the bank branch arm, Evergreen Investments and AG Edwards.

AG Edwards advisors received a retention package (as well as Wachovia advisors to a lesser degree) when Wachovia bought them. Questions are being raised if Wells Fargo will offer an additional retention deal and if so how much. "I don't believe Wells will offer any meaningful retention package if they offer one at all. The advisors are already under a retention deal that is only about a year old," says Manis.

Manis adds, "The only position of strength Wachovia had going into this deal with Wells Fargo was that Citi came to their rescue, keeping them out of bankruptcy. I don't expect they will be receiving anything more than a nominal token retention deal. I wouldn't be shocked if they didn't get one at all."

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