



## Why Toronto-Dominion Bank Will Bounce Back

### Description

**Toronto-Dominion Bank's** ([TSX:TD](#))([NYSE:TD](#)) stock price has taken quite the hit of late. Over the past three weeks, the bank's stock price is down approximately 5%, stemming primarily from a class-action lawsuit filed against the bank after investigations into the company's selling practices.

The scandal has hindered growth at TD Bank and has led some investors to steer clear of it.

Investors may remember a similar scandal at **Wells Fargo & Co.** ([NYSE:WFC](#)) in which an investigation into the company's selling practices brought to light the lengths that Wells Fargo employees went to meet targets, ultimately setting up two million fake accounts for customers without authorization. Wells Fargo settled the lawsuit for US\$110 million — a large sum — but due to the size of Wells Fargo and the company's retail operations, it was not unexpected.

TD Bank is far from immune from class-action lawsuits. In recent years, TD Bank has been sued for everything from faulty coin-counting machines to Ponzi schemes to overdraft fees. Each time the lawsuits arise, shareholders take notice, and each time, TD Bank settles for a nominal amount (usually less than \$100 million) and walks away from the lawsuit with its \$125 billion market capitalization intact.

Other Fool contributors have made it clear that TD Bank is not exempt from the growth expectations all major financial institutions face. In fact, as one of Canada's leading banks, TD Bank is likely one of the banks under the most investor scrutiny, and actions taken by management to increase revenues at the company's retail branches should be expected.

Shareholders demand growth. TD Bank's management has been there to guide the bank along the path to continued profitability and give the company the means by which to redistribute earnings back to shareholders. It's capitalism is at work, as it is at all other major financial institutions.

In my opinion, the condemnations made by the media over TD Bank's "morally hazardous" practices needs to be extended to the industry as a whole. In the meantime, TD Bank will continue to grow its North American banking business and continue to generate significant amounts of free cash flow for its shareholders. The bank's fundamentals remain strong, and these fundamentals are one of the reasons it is one of the few banks that I believe will continue to thrive in the long run.

Stay Foolish, my friends.

## **CATEGORY**

1. Bank Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. NYSE:WFC (Wells Fargo)
3. TSX:TD (The Toronto-Dominion Bank)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Yahoo CA

## **Category**

1. Bank Stocks
2. Investing

## **Date**

2025/07/21

## **Date Created**

2017/03/31

## **Author**

chrismacdonald

default watermark

default watermark