



FOR IMMEDIATE RELEASE

Friday, May 2, 2014

Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

**FORMER CFO OF MASSIVE TARP RECIPIENT BANK OF AMERICA
BARRED FOR 18 MONTHS FROM SERVING AS
OFFICER OR DIRECTOR OF ANY PUBLIC COMPANY**

*\$7.5 Million Settlement Reached for Alleged Concealment and Misrepresentation of
Material Financial Forecasts while Seeking Merger with Merrill Lynch in 2008*

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that a \$7.5 million settlement has been reached with Bank of America Corporation's former Chief Financial Officer, Joe L. Price, regarding the bank's actions as it sought to merge with Merrill Lynch & Co. in 2008. The settlement was first announced by the New York State Office of the Attorney General on Friday, April 25. As part of the settlement, Price is barred from serving as an officer or director of a public company for 18 months.

On March 26, it was announced that a \$25 million settlement had been reached with Bank of America Corporation and its former Chairman and Chief Executive Officer, Kenneth D. Lewis, for actions during the bank's merger with Merrill Lynch. As part of that settlement, Lewis was barred from serving as an officer or director of a public company for a period of three years.

Despite Bank of America top executives' specific knowledge of mounting losses at Merrill Lynch that were forecast at more than \$9 billion, the TARP recipient bank failed to disclose that information to shareholders prior to their vote on the proposed merger. It was also alleged that Lewis and Price misrepresented to shareholders the impact that the merger with Merrill would have on Bank of America's future earnings.

"One of the legacies of the TARP bailout is the dangerous concept of moral hazard: The belief that someone can play by their own set of rules without worry about facing the consequences of their actions because taxpayers will bail them out," said Christy Romero, Special Inspector General for TARP (SIGTARP). "SIGTARP's investigation with the New York Attorney General's office revealed that Joe Price and Ken Lewis thought they could play by their own rules and mislead shareholders without any consequence and then mislead the Government into another TARP bailout. This settlement makes clear that those who break the law and try to turn to taxpayers will face serious consequences. SIGTARP and our law enforcement partners will aggressively enforce the law and bring individual and corporate accountability that contributes to ending moral hazard."

"This settlement is one more step in our effort to hold top financial executives accountable for their actions," said Attorney General Schneiderman. "As with our settlement last month with CEO Ken Lewis,

this action sends a message that conduct harming investors, shareholders, and the public will not go unpunished. I'm pleased to close the final chapter in our litigation over Bank of America's merger with Merrill, and I will continue to hold individuals – as well as corporations – accountable for their actions.”

After a lengthy investigation of the conduct of Bank of America and its top executives concerning the bank's efforts to consummate a merger in late 2008 with Merrill Lynch, the bank and two of its top executives were sued by then-Attorney General Andrew Cuomo under the Martin Act and the Executive Law. The lawsuit alleged that they fraudulently withheld from investors material financial information that forecast rapidly escalating, multibillion-dollar losses at Merrill for its 2008 fourth quarter, while at the same time they asked shareholders to approve a merger with Merrill. Despite concealing these forecast losses from investors as immaterial, the bank then immediately sought massive financial assistance from the federal government, claiming that there had been a “material adverse change” in Merrill's financial condition over the previous three months. Bank of America continued to conceal Merrill's forecast losses until mid-January 2009, when disclosure of Merrill's multibillion-dollar fourth quarter losses led to a \$50 billion sell-off in shares of Bank of America.

Bank of America received \$15 billion in federal funds through the U.S. Department of the Treasury's Troubled Asset Relief Program (TARP) on October 28, 2008; an additional \$10 billion on January 9, 2009; and \$20 billion on January 16, 2009. Bank of America repaid taxpayers' combined \$45 billion TARP investment in full on December 9, 2009.

This case was investigated by SIGTARP. Litigation and settlement of this case was handled by New York Attorney General's office Executive Deputy Attorney General for Economic Justice Karla G. Sanchez and Senior Enforcement Counsel Philip G. Barber.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

To receive alerts about quarterly reports, new audits, and media releases issued by SIGTARP, sign up at www.SIGTARP.gov/pages/press.aspx. Follow SIGTARP on Twitter @SIGTARP.

###