



FOR IMMEDIATE RELEASE

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Media Inquiries: 202-927-8940

Twitter: @SIGTARP

Web: www.SIGTARP.gov

TARP RECIPIENT FIFTH THIRD BANK AND FORMER BANK CFO CHARGED FOR IMPROPER ACCOUNTING OF LOAN LOSSES DURING FINANCIAL CRISIS

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that the holding company of Cincinnati-based Fifth Third Bank and its former chief financial officer, Daniel Poston, were charged on Wednesday by the Securities and Exchange Commission (SEC) with improper accounting of commercial real estate loans in the midst of the financial crisis.

Fifth Third agreed to pay \$6.5 million to settle the SEC's charges, and Daniel Poston agreed to pay a \$100,000 penalty and be suspended from practicing as an accountant on behalf of any publicly traded company or other entity regulated by the SEC.

According to the SEC's order instituting settled administrative proceedings, Fifth Third experienced a substantial increase in "non-performing assets" as the real estate market declined in 2007 and 2008 and borrowers failed to repay their loans as originally required. Fifth Third decided in the third quarter of 2008 to sell large pools of these troubled loans. Once Fifth Third formed the intent to sell the loans, U.S. accounting rules required the company to classify them as "held for sale" and value them at fair value. Proper accounting would have increased Fifth Third's pretax loss for the quarter by 132 percent. Instead, Fifth Third continued to classify the loans as "held for investment," which incorrectly suggested that the company had not made the decision to sell the loans.

"When it mattered most, Fifth Third failed to write down the value of loans it held on its books, and as a result, the bank didn't show its true losses on those loans in the records it used to apply for TARP funds," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Treasury and federal taxpayers, who funded the TARP bailout and who became investors in Fifth Third and other banks, deserved to know the truth about Fifth Third's financial condition."

Fifth Third Bancorp, the parent company of Fifth Third Bank, received \$3.4 billion in TARP funds in December 2008. The TARP funds were repaid by the bank in 2011.

According to the SEC's order, Poston was familiar with the company's loan sale efforts, which included entering into agreements with brokers during the third quarter of 2008 to market and sell loans. Despite understanding the relevant accounting rules, Poston failed to direct Fifth Third to classify and value the loans as required. Poston also made inaccurate statements to Fifth Third's auditors about the company's loan classifications and certified the company's inaccurate results for the third quarter of 2008.

Fifth Third and Poston consented to the entry of the order finding that they violated or caused violations of Sections 17(a)(2) and (3) of the Securities Act of 1933 as well as the reporting, books and records, and internal controls provisions of the federal securities laws. Without admitting or denying the findings, they agreed to cease and desist from committing or causing any violations and any future violations of these provisions. Poston is suspended from appearing or practicing before the SEC as an accountant pursuant to Rule 102(e) of the Commission's Rules of Practice with the right to apply for reinstatement after one year.

The SEC conducted the investigation with assistance from SIGTARP.

About SIGTARP

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

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