



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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OCC Will Hold Hearing on Charges Against Grant Thornton; Agency Seeks Cease and Desist Order and Civil Money Penalty

WASHINGTON, D.C. - The Office of the Comptroller of the Currency (OCC) today announced a public hearing before an Administrative Law Judge beginning Wednesday, November 10, 2004, concerning an enforcement proceeding against Grant Thornton LLP, former external auditor for the failed First National Bank of Keystone, Keystone, West Virginia (Bank).

The OCC is seeking a cease and desist order that would require Grant Thornton to perform various enhanced auditing practices and procedures whenever it audits insured depository institutions. The order would also require the firm to adopt minimum levels of skill and experience for personnel who conduct audits of insured depository institutions and would require the firm to more closely supervise the work performed by the audit personnel assigned to banks.

The agency also seeks the assessment of a \$300,000 civil money penalty against Grant Thornton.

The proceeding arises from Grant Thornton's audit of the year-end 1998 financial statements of Keystone. In April of 1999, Grant Thornton issued an unqualified audit opinion stating that the bank's financial statements were fairly presented in conformity with Generally Accepted Accounting Principles. Less than five months after Grant Thornton issued its audit opinion, the OCC discovered that Keystone had overstated its assets by more than \$500 million. The OCC closed the bank on September 1, 1999, and named the Federal Deposit Insurance Corporation (FDIC) receiver.

The OCC has charged that Grant Thornton acted recklessly with respect to its performance of the audit. The agency believes that if Grant Thornton had performed the audit in accordance with Generally Accepted Auditing Standards it would have discovered the fraudulent misstatement of assets and averted additional losses to the Bank and the Bank Insurance Fund of the FDIC.

The hearing will commence at 9 a.m. in Courtroom 9 of the United States Court of Federal Claims building, 717 Madison Place, NW, 3rd Floor, Washington, D.C. OCC administrative hearings are open to the public as required by federal law.

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The OCC charters, regulates and examines approximately 2,000 national banks and 51 federal branches of foreign banks in the U.S., accounting for more than 56 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.