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Auditors Disciplined in Tier One Case

LINCOLN, Neb. (AP) - Two KPMG LLP auditors have been punished by a Security and Exchange Commission judge who cited their work on the TierOne Bank before it failed.

The SEC filed administrative charges last year against KPMG partner John Aesoph, of Omaha, and senior manager Darren Bennett, of Elkhorn. In her order Friday, administrative law judge Carol Fox Foelak said Aesoph and Bennett knew TierOne's loan-loss reserves deserved heightened scrutiny and should not have issued a clean audit opinion because of "red flags (that) indicated that management was inept and had an incentive to understate losses."

Regulators closed TierOne in 2010 and sold its assets.

Aesoph was suspended from working on publicly traded companies for a year and Bennett for six months. Their attorneys say the men are considering appeals.

Associated Press