

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 74493 / March 12, 2015

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3642 / March 12, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16431

In the Matter of	:	ORDER INSTITUTING PUBLIC
	:	ADMINISTRATIVE PROCEEDINGS
CYNTHIA A. SABOL, CPA,	:	PURSUANT TO RULE 102(e) OF THE
	:	COMMISSION’S RULES OF PRACTICE,
Respondent.	:	MAKING FINDINGS, AND IMPOSING
	:	REMEDIAL SANCTIONS
	:	

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Cynthia A. Sabol, CPA (“Respondent” or “Sabol”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

proceedings, and the findings contained in Section III, paragraph 3 below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions (the "Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Sabol, age 51, is and has been a certified public accountant licensed to practice in the Commonwealth of Virginia. From February 2004 through September 23, 2011, Sabol served as Executive Vice President, Chief Financial Officer, Secretary of the Board of Directors and principal accounting officer of Commonwealth Bankshares, Inc. ("Commonwealth").

2. Commonwealth was, at all relevant times, a Virginia corporation with its principal place of business in Norfolk, Virginia. Commonwealth's common stock was initially registered with the Commission pursuant to Section 12(g) of the Exchange Act and was quoted on the NASDAQ National Market under the stock symbol "CWBS." On July 31, 2006, after the NASDAQ became a national exchange, pursuant to Commission global order, all NASDAQ National Market issuers became Section 12(b) registrants listed on the new NASDAQ Global Market ("NASDAQ"). On September 23, 2011, the Virginia State Corporation Commission's Bureau of Financial Institutions (the "SCC") and the Federal Deposit Insurance Corporation (the "FDIC"), which insured the deposits held by the Bank, closed the Bank and entered into a purchase and assumption agreement with a subsidiary of a privately held bank holding company to assume the deposits of the Bank. Commonwealth remained an inactive corporate entity until May 31, 2013, when the SCC terminated Commonwealth's corporate registration. On July 31, 2013, the Commission revoked Commonwealth Section 12(g) registration by consent.

3. On March 12, 2015, a final judgment was entered against Sabol, permanently enjoining her from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rules 10b-5, 13a-14, 13b2-1 and 13b2-2 thereunder, and from aiding and abetting violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder, in the civil action entitled *United States Securities and Exchange Commission v. Edward J. Woodard, et al.*, Civil Action Number 2:13-civ-16, in the United States District Court for the Eastern District of Virginia. Sabol was also ordered to pay a \$55,000 civil money penalty, and was barred from serving as an officer or director of a public company for a period of five years.

4. The Commission's complaint alleged, among other things, that:

a. Sabol and others engaged in conduct that significantly misrepresented the health of the construction and development loan portfolio of Commonwealth's bank subsidiary and, as a consequence, of Commonwealth itself.

b. Eager to give the impression that, despite the financial crisis, all was well, between in or about November 6, 2008 and August 16, 2010, Sabol and others materially understated Commonwealth's allowance for loan and lease losses (the "ALLL"), materially

underreported Commonwealth's non-performing loans, and materially understated and underreported Commonwealth's other real estate owned in its filings with the Commission.

c. In addition, throughout this period, Sabol and others made, or aided and abetted Commonwealth and each other in making, false and misleading disclosures in Commonwealth's filings and earnings releases regarding Commonwealth's asset quality, underwriting practices, credit monitoring and adequacy of its ALLL based on current collateral values.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Sabol's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Sabol is suspended from appearing or practicing before the Commission as an accountant.

B. After five (5) years from the date of this order, Respondent may request that the Commission consider her reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent's work in her practice before the Commission will be reviewed either by the independent audit committee of the public company for which she works or in some other acceptable manner, as long as she practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent, or the public accounting firm with which she is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent, or the registered public accounting firm with which she is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the respondent's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;

(c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent acknowledges her responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that her state CPA license is current and she has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Brent J. Fields
Secretary