

Independent Investment Research Focused on Public Company Interactions with the SEC.

Newly Disclosed SEC Investigation

Inadequate Disclosures Make It Impossible to Assess this Material Risk

What's Been Disclosed: On Friday, 12-Mar-2021, after the market closed, Territorial Bancorp filed an 8-K announcing recent receipt of an SEC subpoena which the company says relates to earnings calculations from 2018. In a troubling note, we found the related disclosure was then left out of the company's 10-K, filed only one week later

Quick Take: In our opinion, Territorial Bancorp management is playing Disclosure Games® with investors over this SEC investigation. We think there's easily more to this story than management is telling you. The SEC doesn't just come along and send a company a subpoena for an EPS calculation from three years earlier. We see enough here to suggest this was an investigation festering in the background, with the announced subpoena amounting to an expansion of that earlier probe. Perhaps because of this, management already made it clear it plans to answer no questions on this matter. Make no mistake: The contempt for investors here is high.

– John P. Gavin, CFA

Disclosure Insight®

From the Territorial Bancorp 8-K filed on Friday, 12-Mar-2021, at 4:30 pm EDT:

SUBPOENA
= FORMAL
INVESTIGATION

On March 8, 2021, Territorial Bancorp Inc. (the "Company") received a subpoena from the United States Securities and Exchange Commission (the "SEC") requesting documents and information concerning the Company's earnings per share calculations for the first fiscal quarter of 2018 through the final fiscal quarter of 2018. The Company intends to fully cooperate with the SEC regarding this non-public, fact-finding inquiry. The SEC has informed the Company that this investigation and subpoena does not mean that the SEC has concluded that any violation of law has occurred or that the SEC has any negative opinion of any person, entity or security. The Company does not intend to comment further on this matter unless and until this matter is closed or further action is taken by the SEC which, in the Company's judgment, merits further comment or public disclosure.

↳ TIMING APPEARS
MANIPULATIVE

HIGHLY
SUSPECT

USELESS
FILLER

SHOWS
CONTEMPT
FOR
INVESTORS

→ 10-K A WEEK LATER, SILENT ON SEC PROBE

Clients are invited to contact us anytime, in total confidence, to discuss how to better assess the risks we identify here.

“Disclosure Games®” is a trademarked term we use to highlight those public companies engaging in disclosure practices that in our opinion may be misleading, confusing, evasive, or otherwise lacking the transparency needed for investors to make well-informed investment decisions regarding a potentially material exposure.

Probes Reporter research provides data, commentary, and analysis on public company interactions with investors and with the SEC. Our work is heavily reliant on company disclosures and our expertise in using the Freedom of Information Act.

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Notes: The SEC reminds us that its assertion of the law enforcement exemption should not be construed as an indication by the Commission or its staff that any violations of law have occurred with respect to any person, entity, or security.

New SEC investigative activity could theoretically begin or end after the date covered by the latest information in this report, which would not be reflected here. The SEC did not disclose the details on investigations referenced herein. All we know is that they somehow pertain to the conduct, transactions, and/or disclosures of the companies referenced above. Companies with undisclosed SEC investigations are maintained on our Watch List of companies with undisclosed SEC investigations.

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