

EXHIBIT 1
Severe Security Alert Level: Code Red

- The accounting information system has been attacked; it is impossible to see the true economic and financial activities of the organization. Unauthorized or inappropriate access to information systems increasingly makes it difficult to ensure that appropriate transactions are recorded and reported.
- Scarce resources are being embezzled and misappropriated by executive management and other employees. Top executive managers are being charged with stealing tens of millions of dollars, violating securities laws, and committing fraud and conspiracy by inflating earnings.
- Investor confidence, already shaken by significant volatility in the capital markets, has been further unsettled by highly publicized restatements of financial statements, which have generated questions about the quality of financial reporting, the effectiveness of the independent audit process, and the efficacy of corporate governance.
- Excessive, costly regulation has been necessary to provide oversight and penalties for fraud and other malfeasance. Reported costs of compliance have exceeded \$35 billion.
- Business management personnel are pessimistic, resulting in a significant decline in capital investment spending and increased unemployment rates.
- Earnings and share prices have nosedived; financial wealth has declined by trillions.
- Increased pressures on management to maintain or achieve financial targets have heightened the risk of improper accounting or failure to disclose related party transactions.
- Future financial stability and plans have been devastated.