2. From July 2000 through December 2003, BISYS engaged in a variety of improper accounting practices in its Insurance Services division that overstated BISYS's reported pre-tax income by roughly $118 million for the fiscal years ended June 30, 2001, 2002, and 2003, and by 34.3%, 38.9%, and 20.6%, respectively, in each of those fiscal years. The improper accounting practices in BISYS's other divisions overstated the company's pre-tax income by an additional $60.9 million over the same period.

3. These improper accounting practices were the product of a corporate focus on meeting aggressive, short-term earnings targets and a lax internal control environment. Throughout the relevant period, Insurance Services was a major factor in the company's success in achieving those targets. The division's finance department responded to the corporate focus on making numbers by engaging in improper accounting practices.

4. As a result of these improper accounting practices, which were knowingly or recklessly perpetrated by former BISYS officers and employees, the company's books and records were not accurate and its publicly filed financial statements did not did not comply with Generally Accepted Accounting Principles (GAAP). Without these improper accounting practices, BISYS's reported earnings would have fallen short of Wall Street expectations.

5. BISYS's internal controls were not sufficient to provide reasonable assurance that the company's books and records were accurate or that its financial statements complied with GAAP. Although Insurance Services had grown rapidly through a series of acquisitions, the company failed to adopt and implement adequate controls over the accounting and financial reporting function of the acquired companies as they were integrated. The company lacked adequate controls for reconciling account balances or tracking receivables and lacked controls adequate to ensure that the assumptions used in estimating revenue were valid.

6. With respect to Insurance Services, among other things, BISYS: (a) improperly recorded as its own revenue commissions earned by companies acquired by BISYS before they were acquired; (b) failed adequately to reserve against a substantial aging receivable balance; (c) improperly accounted for renewal and bonus commissions; and (d) made other improper accounting entries that overstated revenue or reduced expenses.

7. With respect to other divisions, among other things, BISYS: (a) improperly recognized revenue from multi-year service contracts; (b) made improper entries in merger accrual accounts in connection with acquisitions; (c) improperly accounted for leases; and (d) improperly accounted for a rebate from a vendor.

8. As a result of these improper accounting practices, BISYS filed annual and quarterly reports with the Commission that included financial statements that were materially inaccurate and misleading. In addition, the company's overstated financial results were incorporated in annual reports to shareholders, press releases, and offering documents including registration statements.

9. On April 22, 2004, BISYS announced that it would take a charge for the quarter ended March 31, 2004 of $24.7 million to write off commissions receivable in its Insurance Services division. Following the announcement, the closing price of BISYS's common stock on April 22, 2004 was $13.69, representing a decline of $1.89, or 12.1%, from the previous day's closing price of $15.58.

10. After the close of trading on May 17, 2004, BISYS announced: (a) the previously disclosed write-off of $24.7 million in receivables was then estimated to be approximately $70-80 million; (b) the company would restate previously issued financial statements; and (c) the company was unable to file its March 31, 2004 10Q, which was due that day. On May 18, 2004,