

December 18, 2006

1664 Buttercup Road  
Encinitas, CA 92024  
Tele: (760) 436-0183  
[jf@cpc-com.com](mailto:jf@cpc-com.com)

Mr. Richard C. Breeden  
Independent Monitor  
KPMG - Deferred Prosecution Agreement  
Richard C. Breeden & Company  
100 Northfield Street  
Greenwich, CT 06830

7906 3120 1494  
FedEx Airbill

**TIME SENSITIVE MATERIALS**

Re: NOTICE: KPMG DEFERRED PROSECUTION AGREEMENT VIOLATIONS

- The Sarbanes-Oxley Act
- The Americans with Disabilities Act
- Other Federal Laws

Dear Mr. Breeden:

**DEFERRED PROSECUTION AGREEMENT VIOLATIONS**

I am writing to you in your capacity as KPMG's Independent Monitor to transmit evidence (Enclosures) that KPMG has materially violated the terms and conditions of its Deferred Prosecution Agreement (DPA) with the Office of the U.S. Attorney for the Southern District of New York.

KPMG's DPA violations, as the Kaiser Foundation Health Plan's (KFHP) independent auditor, have aided and abetted KFHP to:

- Defraud investors, who have purchased or who intend to purchase KFHP's multi-billion dollar debt securities, due to intentional violation of the Sarbanes-Oxley Act.
- Defraud the federal government by fraudulently billing for healthcare that was not provided as required to disabled/elderly beneficiaries due to the intentional violation of the Americans with Disabilities Act.

- Violate other federal laws, including but not limited to, the Federal Anti-Kickback Law, the Civil/Criminal False Claims Acts, and Medicare/Medicaid Acts.

Investors, the federal government, patients, and other entities/individuals are fraudulently induced to rely to their detriment upon KPMG's purportedly independent audits that, in reality, aid and abet KFHP's fraudulent misrepresentation of compliance with and fraudulent concealment of intentional material violations of the Sarbanes-Oxley Act, the Americans with Disabilities Act, and other federal laws.

#### JUSTIFICATION FOR THE EXTENSION OF KPMG'S DEFERRED PROSECUTION AGREEMENT

The investigation and remedy of KPMG's material violations of federal law substantiate the extension of the Agreement's expiration date past December 31, 2006. (Ref: November 14, 2006 and August 22, 2006 Enclosures)

#### KPMG Will Not Certify KFHP's Sarbanes-Oxley Act Compliance

On November 14, 2006, I provided Notice of KPMG's continuing violations of the Sarbanes-Oxley Act and other federal laws to KFHP's Audit and Compliance Chairman, Mr. J. Neal Purcell and other independent directors.<sup>1</sup>

On December 14, 2006, Mr. Mark S. Zemelman, KFHP Vice President and Assistant General Counsel, contacted me by letter. (Exhibit 1) The fact that his letter states that more time is required to review the "allegations" in my Notice substantiates the need to extend KPMG's Deferred Prosecution Agreement.

- Mr. Zemelman's letter does not state that KPMG's independent auditors have certified and continue to certify that KFHP is in compliance with the Sarbanes-Oxley Act, The Americans with Disabilities Act, and other federal laws.

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<sup>1</sup> In 2002 Mr. Purcell retired as Vice Chairman, National Audit Practice, KPMG, Intl. In 2003 Mr. Purcell joined KFHP's Board of Directors. He was appointed Chair of KFHP's Audit and Compliance Committee in 2004. His duties include supervision of KFHP's independent auditor, KPMG, whose contract with KFHP was awarded in 2003. (Ref: November 14, 2006 Enclosure, pp. 4-7)

- Mr. Zemelman's letter does not state that KPMG has self-reported or will self-report my November 14, 2006 Notice to KPMG's Independent Monitor prior to the DPA's expiration on December 31, 2006.
- Mr. Zemelman's letter does not state that Mr. Purcell and other KFHP directors have received or will receive my Notice.
- Mr. Zemelman's letter does not state that KFHP directors/management have transmitted or will transmit my Notice to KPMG's Engagement Partner/auditors for independent investigation.
- Mr. Zemelman's letter does not state that KPMG/KFHP has referred or will refer my Notice to any independent entity (government or other) for investigation and corrective action.

Mr. Zemelman's reply is a delaying tactic to conceal KPMG's DPA violations in order to assure that the DPA is not extended past December 31, 2006.

That neither KPMG nor KFHP has provided written assurance that they have not conspired to violate the Sarbanes-Oxley Act and other federal laws justifies and substantiates the DPA's extension. My findings of fraud, racketeering, and conspiracy have never been disputed.

Congressman John Dingell's assessment of the lawyers' conduct in the Hewlett-Packard pretexting case is applicable to Mr. Zemelman:

"We have a fine display of arrogance, cover-up and gross stupidity... Where were the lawyers? There were red flags waving all over the place... But none of the lawyers stepped up to their responsibilities."<sup>2</sup>

KPMG's Deferred Prosecution Agreement Mandates Compliance with the Sarbanes Oxley Act and KPMG's Code of Conduct.

KPMG's probationary status, pursuant to the Deferred Prosecution Agreement mandated by the U.S. Attorney for the Southern District of New York, requires an extension to enable the thorough investigation of blatant violations of the Sarbanes-Oxley Act and federal law as specified in my November 14, 2006

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<sup>2</sup> "Where Will the Troubles End for Sonsini and HP?" by Susan Beck, The American Lawyer, December 6, 2006.

Notice. Absent a thorough investigation of the violations specified in my Notice by KPMG's Independent Monitor, there can be no certification that KPMG has complied with the Deferred Prosecution Agreement in order to merit the termination of the Agreement.

On information and belief, subsequent to my November 14, 2006 Notice and prior to December 1, 2006, the law firms of Debevoise & Plimpton LLP and Fisher & Phillips LLP were retained by KPMG and/or KFHP in regard to my November 14, 2006 Notice to Mr. J. Neal Purcell, Chair, KFHP Audit and Compliance Committee. That Debevoise & Plimpton have an interest in the KPMG case is supported by an interview with Ms. Mary Jo White, Chair of the Debevoise & Plimpton Litigation Committee. She refused to comment on the U.S. Attorney's KPMG case that produced the Deferred Prosecution Agreement.<sup>3</sup>

#### CONFLICT OF INTEREST/FUTILITY

The Sarbanes-Oxley Act, Section 301, requires an audit committee "to establish procedures for the receipt, retention, and treatment of complaints..." The law is not restricted to employees.

I am a former federal fraud, waste, abuse, and mismanagement investigator. I am a KFHP patient. I am totally disabled from polio.

Due to Mr. Purcell's irreconcilable conflict of interest, it strongly appears that any valid investigation and valid remedy of KPMG's conspiracy with KFHP to violate the Sarbanes-Oxley Act and other federal laws, under his direction, is futile. Mr. Purcell has provided no assurance that the Audit and Compliance Committee and independent Board members have any involvement whatsoever in any matters related to my November 14, 2006 Notice to him.

- In 2002 Mr. Purcell retired as Vice Chairman, National Audit Practice, KPMG, Intl. In 2003 Mr. Purcell joined KFHP's Board of Directors. He was appointed Chair of KFHP's Audit and Compliance Committee in 2004. His duties include supervision of KFHP's independent auditor, KPMG, whose contract with KFHP was awarded in 2003. (Ref: November 14, 2006 Enclosure, pp. 4-7)

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<sup>3</sup> Corporate Crime Reporter, 19 *Corporate Crime Reporter* 48(11), December 12, 2005.

- KFHP retained KPMG to be its independent auditor as a direct consequence of its decision in 2003 to voluntarily comply with the Sarbanes-Oxley Act. (Ref: November 14, 2006 Enclosure)

Although KPMG has been KFHP's independent auditor since 2004, no employee of either organization has reported the violations of Sarbanes-Oxley and other laws that are documented in my Notices.

Indeed, KPMG's "Answers to Ethics and Compliance Questions" (Exhibit 2) directs employees to report "misconduct or unethical behavior by someone in the firm or a client..." Employees are directed to report any concern, including but not limited to the following:

- "Accounting, auditing and professional practice issues..."
- "Accuracy of firm records..."
- "Compliance concerns..."
- "Conflict of Interest..."
- "Discrimination, harassment, threats and other work environment issues..."
- "Illegal or suspected illegal acts..."
- "Independence..."
- "Nepotism..."
- "Retaliation..."

**THE DPA IS INTENDED TO PREVENT, DETECT, AND REMEDY  
KPMG'S CONTINUING VIOLATIONS OF FEDERAL LAW**

Pursuant to the U.S. Attorney's express reservations regarding the high probability of KPMG's continuing violations of federal laws, code of conduct, and other legal/ethical requirements, the DPA provides:

1. "It is further understood that should the Office in its sole discretion determine that KPMG has, after the date of the execution of this Agreement: (a) given false, incomplete or misleading information, (b)

committed any crime other than a minor state violation, or (c) otherwise violated any provision of this Agreement, KPMG shall ... be subject to prosecution for any federal criminal violation of which the Office has knowledge...Any such prosecution may be premised on any information provided...at any time.” (paragraph 12)

2. “...[I]f a partner or employee is aware of any violation of any law or any unethical conduct that has not been reported to an appropriate federal, state, or municipal agency, the partner or employee is obligated to report such violation to KPMG’s compliance office or the Monitor.” ( paragraph 18 (e) (III) )
3. If potentially illegal or unethical conduct is reported to the Monitor, the Monitor may, at his or her option, conduct an investigation, and /or refer the matter to KPMG’s compliance office, the Office, the IRS, or a designated Agency. (paragraph 18 (e) (IV) )
4. “ KPMG agrees that it is within the Office’s sole discretion to choose, in the event of a violation, the remedies contained in paragraphs 10 through 13...or instead to choose to extend the period of deferral of prosecution pursuant to paragraph 14 and/or to extend the period of Monitorship pursuant to paragraph 18. (paragraph 20 )

An investigation by the Independent Monitor is the only means to satisfy the U.S. Attorney’s Office for the Southern District of New York that repetition of KPMG’s systemic malfeasance in conspiracy with its clients has not recurred. Otherwise, KPMG’s pattern of violating federal laws in conspiracy with its audit clients, such as Xerox (which resulted in the Deferred Prosecution Agreement), may be continuing.

### THE KPMG/KFHP RACKETEERING ENTERPRISE

#### The Conspiracy to Violate the Sarbanes-Oxley Act

The enclosed documents substantiate that:

1. Prior to 2003, J. Neal Purcell, formerly Vice Chairman, National Audit Practice, KPMG, Intl. and other individuals made an illegal agreement with George Halvorson, Chairman and CEO, Kaiser Foundation Health Plan (KFHP) and other individuals to materially violate the Sarbanes-

Oxley Act for the purpose of unjust enrichment. (Ref: November 14, 2005 Enclosure, pp.1-8, 14-15)

2. On October 28, 2003 Mr. Purcell, Mr. Halvorson and other individuals implemented the illegal agreement through illegal and unethical acts, including but not limited to bid rigging, in order to enable KFHP to retain KPMG as KFHP's Sarbanes-Oxley Act independent auditor to perpetrate racketeering enterprise predicate acts. (Ref: November 14, 2006 Enclosure, pp. 4-16)
3. The racketeering enterprise's predicate acts facilitate KPMG's aiding and abetting KFHP to unjustly enrich KPMG, KFHP, and other entities and individuals by violating the Sarbanes-Oxley Act through mail/wire fraud, fraudulent misrepresentation, fraudulent concealment, corporate governance malfeasance, breach of applicable laws, regulations, standards, ethics, and whistleblower retaliation. (Ref: November 14, 2006 Enclosure)
4. On November 14, 2006 I sent a Notice to Mr. Purcell, who supervises KPMG in his capacity as KFHP's Chair, Audit and Compliance Committee. I presented evidence that he, Mr. Halvorson, other individuals, KPMG and KFHP have acted in concert to initiate, perpetuate, and conceal material illegal acts in violation of both the Sarbanes-Oxley Act and the Americans with Disabilities Act. I requested that he propose an acceptable remedy no later than December 15, 2006. (Ref: November 14, 2006 Enclosure)
5. Mr. Purcell has not responded to my Notice. Mr. Zemelman, KFHP counsel, has not disputed any of my findings, although he has had the opportunity to investigate my findings for one month. My findings of violations of the Sarbanes-Oxley Act, the Americans with Disabilities Act, and other federal laws remain undisputed.
6. Mr. Purcell's failure to even acknowledge my Notice constitutes strong circumstantial evidence that KPMG, KFHP, and other entities and individuals have conspired to violate the Sarbanes-Oxley Act. KPMG provides Mr. Purcell with retirement benefits and other benefits, which could be incentive-based, to induce him to act as the conduit between KPMG, its engagement partner/management, other KPMG employees and KFHP, its board of directors/management and other KFHP

employees in conducting the conspiracy. (Ref: November 14, 2006 Enclosure, pp.1- 6)

The totality of the undisputed evidence strongly substantiates KPMG's violations of the Sarbanes-Oxley Act, including but not limited to, corporate governance malfeasance, conflicts of interest, kickbacks and other illegal *quid pro quo* benefits provided to KFHP's board members/management, prior to and subsequent to, KPMG's selection to be KFHP's independent auditor. (Ref: November 14, 2006 Enclosure, pp. 5-7)

### The Conspiracy to Violate the Americans with Disabilities Act

The Americans with Disabilities Act is a federal law that mandates KFHP's reasonable accommodations to disabled patients and prohibits discrimination, retaliation and hostile environment in all KFHP programs, services, and activities. The Americans with Disabilities Act is an unfunded mandate.

In 2001, KFHP settled a class action lawsuit, in which KFHP agreed to pay all costs to bring KFHP-California into full compliance with the Americans with Disabilities Act by 2004. In December, 2006, KFHP is in violation of both the Americans with Disabilities Act and the terms and conditions of the class action settlement agreement. (Ref: November 14, 2006 Enclosure, pp. 7-16)

1. Absent illegal reciprocal inducements in violation of the Sarbanes-Oxley Act, KPMG auditors and KFHP's Audit and Compliance Committee would have detected and remedied Mr. Halvorson's undisputed, multi-year violations of the Americans with Disabilities Act pursuant to my Notices to KFHP's Chairman and CEO, George Halvorson. (Ref: November 14, 2006 Enclosure, pp.7-16 and August 22, 2006 Enclosure.)
2. Rather than cause KFHP to incur substantial expense and to substantially revise its legal contracts, corporate/physician group policies and practices to fully comply with the Americans with Disabilities Act, Mr. Purcell and KPMG have aided and abetted Mr. Halvorson's intentional violation of federal law, condoning discriminatory animus and retaliation against me and my husband, who have blown the whistle by reporting violations of the Sarbanes-Oxley Act and the Americans with Disabilities Act to the U.S. Congress.



3. Both the Sarbanes-Oxley Act and the Americans with Disabilities Act prohibit retaliation against whistleblowers. KPMG's fraudulent concealment of KFHP's violations of the Sarbanes-Oxley Act and the Americans with Disabilities Act has aided and abetted KFHP's retaliation (in the unconscionable form of multi-year, progressive denial of medically necessary healthcare to me and my husband) for reporting violations of federal law to the U.S. Congress. (Ref: November 14, 2006 and August 22, 2006 Enclosures)

### INVESTOR FRAUD

That KPMG's violations of the Sarbanes-Oxley Act, in conspiracy with KFHP, are intentional is substantiated by KFHP's failure to comply with KPMG's written advice to not-for-profit healthcare organizations. Investors, who rely to their detriment in their decisions to purchase KFHP multi-million dollar bond issues, are defrauded by KPMG's fraudulent misrepresentations and concealment of KFHP's non-compliance with the Sarbanes-Oxley Act and other federal laws.

Classes of investors, whose investments are materially adversely affected by fraud, will seek restitution from the parties who defrauded them.

In 2006 KPMG published a Healthcare Advisory, "*The Path to Accountability, Enhancing the Relevance, Reliability, and Transparency of Reporting Through More Effective Risk Management in Not-for-Profit Healthcare,*" which fraudulently misrepresents its commitment to full compliance with the Sarbanes-Oxley Act in its independent audits of not-for-profit healthcare organizations.

KPMG's Healthcare Advisory states (Exhibit 3):

1. "In light of the... proposals at the state and federal level for greater oversight of not-for-profit organizations,' Moody's Investors Service said in June, 2005, 'we believe that governance will continue to be an important dimension of credit quality in the not-for-profit healthcare sector. We also anticipate that the growing complexity of the organizations whose debt we rate, especially in the areas of operations and debt, will lead us to ask for greater participation by board members in the credit evaluation process. We will continue to review and modify our analytical approach in response to evolution in governance practices...'"<sup>4</sup>

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<sup>4</sup> Moody's Investors Service, "Governance in Not-for-Profit Healthcare Organizations," June, 2005.

2. "...In August, 2005 Fitch Ratings recommended not-for-profit healthcare institutions focus on internal controls issues by voluntarily adopting provisions of Sarbanes-Oxley... If the institutions do not, 'Fitch will question why [Sarbanes-Oxley] has not been adopted and what steps have been taken by boards and management teams to document, assess, and improve internal controls...'”<sup>5</sup>
3. "...According to Standard & Poor's: 'Implementing appropriate S-O reform measures may lead to several important and positive byproducts for not-for-profit hospitals and health systems, including streamlining communications and decision making surrounding financial matters; ...developing an enterprise-wide risk management program; and promoting greater understanding on the part of boards and management with respect to how their hospital and healthcare-related companies are legally organized.'”<sup>6</sup>

KPMG has aided and abetted KFHP to conceal Sarbanes-Oxley Act violations from securities rating agencies in order to fraudulently induce them to wrongfully inflate KFHP's securities ratings. Investors and prospective investors rely to their detriment upon KPMG's written assurances that KFHP is in compliance with rating agency criteria that materially affect credit ratings. This is precisely the corporate governance malfeasance that the U.S. Congress intended the Sarbanes-Oxley Act to prevent, detect, and eradicate.

#### FRADULENT FITCH RATINGS OF KFHP SECURITIES

Fitch ratings of KFHP securities are materially overstated due to KPMG's participation in a RICO enterprise to fraudulently misrepresent and conceal KFHP's noncompliance with the Sarbanes-Oxley Act, the Americans with Disabilities Act, and other federal laws. (Exhibit 4)

Fitch risks shareholder class action lawsuits due to its negligence and/or intentional failure to properly evaluate KFHP by permitting KFHP to edit Fitch's analytical reports to produce fraudulent ratings of KFHP's securities.

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<sup>5</sup> Fitch Ratings, "Sarbanes-Oxley and Not-for-Profit Hospitals," August 9, 2005

<sup>6</sup> Standard & Poor's, "U.S. Not-for-Profit Healthcare Sector Explores the Benefits of Sarbanes-Oxley Compliance," December 7, 2005.

Investors, who have purchased or who are considering the purchase of KFHP bonds, rely to their detriment on KPMG's independent audits, which fraudulently misrepresent that KFHP is in compliance with the Sarbanes-Oxley Act.

On September 29, 2005 "Fitch affirm[ed] the ratings on approximately \$2.6 billion of outstanding debt issued on behalf of Kaiser Permanente."<sup>7</sup>

That the KPMG/KFHP racketeering enterprise may include individuals representing securities rating agencies is substantiated by a December 12, 2006 article in The New York Times, which reported that:

"...documents raise questions about the independence and integrity of the ratings services, whose reports are relied upon by millions of investors in choosing stocks and bonds...Fitch Ratings [has] been roundly criticized since [it] failed to publicly report the declining fortunes of Enron and WorldCom until it was too late...Congress, investor advocates and even some rival credit ratings agencies questioned the independence and integrity of the credit rating system, in part because... they have been paid by the very companies whose creditworthiness they evaluate..."<sup>8</sup>

Investors, who have relied and will rely, to their detriment, on Fitch ratings in their decisions to purchase of KFHP's multi-billion dollar debt offerings, have been and will continue to be defrauded, due to undisclosed risk as a result of KPMG's conspiracy with KFHP's to violate the Sarbanes-Oxley Act.

#### FRAUDULENT BOND ISSUE RISK DISCLOSURE STATEMENTS

On March 24, 2004, in spite of KFHP's intention to conspire with KPMG to violate the Sarbanes-Oxley Act and other federal laws to put prospective bondholders at material adverse risk, KFHP issued \$350,000,000 in insured revenue bonds.

KFHP's "Bondholders' Risks" disclosure section fraudulently induced prospective investors to believe that KFHP would exercise due diligence to mitigate material adverse risk. No reasonable person would believe that KFHP would intentionally

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<sup>7</sup> Fitch Changes Kaiser Permanente Series 2004J Short-Term Rating to F1; Affirms Outstanding Debt. September, 29.

<sup>8</sup> The New York Times, "Objectivity of a Rating Questioned," by David Cay Johnston, December 12, 2006.

violate laws, while simultaneously disclosing material adverse risks of violating those laws. Investors are fraudulently induced to rely to their detriment to believe that KFHP exercises due diligence to mitigate risk and damage that would materially affect KFHP's ability to protect investors' interests per the purchase agreement.

KFHP's March 24, 2004 "Bondholders' Risks" disclosure section states (Exhibit 5)

1. "...The Credit Group and the other Health Plan Organizations are subject to a wide variety of federal, state, and local regulatory actions and legislative and policy change that could have a significant impact on such entities."
2. "Federal, state, and local legislative bodies have broad discretion in altering or eliminating programs that contribute significantly to the revenues of the Credit Group and the other Health Plan Organizations, including but not limited to the Medicare and Medicaid programs..."
3. "There can be no assurance that, as implemented, Medicare reform would not have a **material adverse effect** [emphasis supplied] on the business, financial condition and results of operations of the Credit Group and the other Health Plan Organizations..."
4. "...[F]ederal, state, and local legislative entities may enact legislation that imposes significant new burdens...There can be no assurance that future health care legislation or other changes in the administration or interpretation of governmental health care programs or policies will not have a **material adverse effect** [emphasis supplied] on the business, financial condition and results of operations..."

KFHP did not put prospective bondholders on notice that its intentional violation of the Sarbanes-Oxley Act and other federal laws substantially increased the material adverse risk of nonpayment.

KFHP's March 24, 2004 bondholders "Fraud and Abuse Enforcement" disclosure section states (Exhibit 6) that:

1. "Health care fraud and abuse laws have been enacted at the federal and state levels to regulate both the provision of services to government program beneficiaries and the methods and requirements for submitting claims for such services rendered to beneficiaries.

Under these laws, individuals and organizations can be penalized for various activities, including submitting claims for services that are not provided, billed in a manner other than as actually provided... **accompanied by an illegal inducement to ...refrain from utilizing a service or product** [emphasis supplied], or billed in a manner that does not comply with applicable government requirements. Congress has extended the scope of certain fraud and abuse laws to include non-governmental private health plans...”

2. “...Federal and state governments have a range of criminal, civil, and administrative sanctions available to penalize and remediate health care fraud and abuse, including exclusion from the Medicare/Medicaid programs, civil money penalties, and suspension of payments...”
3. “...Fraud and abuse cases may be prosecuted by one or more government entities and/or private individuals, and more than one of the available penalties may be imposed for each violation...”
4. “...Fraud and abuse prosecutions can have **a material adverse effect** [emphasis supplied] on such entities and potentially **a material adverse effect** [emphasis supplied] on the financial condition of other that entity is a part...”
5. “...The criminal False Claims Act.... makes it illegal to submit or present a false, fictitious, or fraudulent claim to the federal government...”
6. “...The Federal Anti-Kickback Law is a criminal statute that prohibits anyone from knowingly or willfully soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral (or to induce a referral) for any item or service that is covered by any federal or state health care program. The Anti-Kickback Law applies to any persons and entities with which a health plan or hospital does business. In recent years, it has been aggressively enforced...”
7. “...The civil False Claims Act allows the United States government to recover **significant damages** [emphasis supplied] from persons or entities that submit fraudulent claims for payment to any federal agency. The government, through the United States Attorney’s

Office or the Department of Justice, also may file a civil FCA action. The civil FCA also permits individuals to initiate actions on behalf of the government in lawsuits called *qui tam* actions. These *qui tam* plaintiffs, or ‘whistleblowers,’ can share in **damages** [emphasis supplied] recovered by the government. The civil FCA has become one of the government’s primary weapons against health care fraud...”

KFHP did not put prospective bondholders on notice that, should detection of its intentional violations of the Sarbanes-Oxley Act and other federal laws occur, prosecution of the violations would substantially increase material adverse risk of nonpayment.

#### KPMG/KFHP RICO ENTERPRISE ACCOMPLISHMENTS

KFHP’s own bond issue disclosure statements provide the RICO Enterprise’s *raison d’etre*. KPMG’s rigged independent audits enable KFHP to:

- Evade the cost of compliance with the Sarbanes-Oxley Act, the Americans with Disabilities Act and other federal laws.
- Fraudulently obtain inflated credit ratings.
- Significantly diminish KFHP’s risk of incurring substantial legal costs and penalties associated with government/individual prosecution.

It is a diabolical RICO Enterprise that is able to simultaneously violate federal law, conceal the violations, and fraudulently procure high ratings on insured revenue bond offerings to unjustly enrich KPMG, KFHP, and other entities/individuals, while putting investors at risk.

#### REQUEST

Pursuant to the Deferred Prosecution Agreement, paragraph 18 (e) (IV), I request that you conduct an independent investigation and pursue appropriate remedies, including but not limited to, those remedies provided in DPA, paragraphs 10-13.

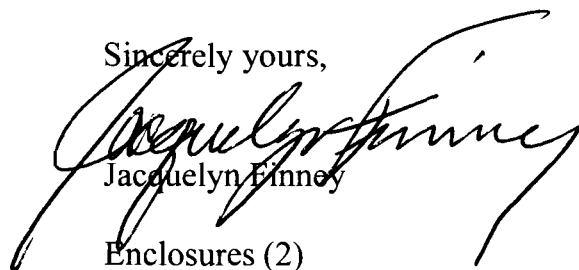
The Sarbanes-Oxley Act provides for the reinstatement of whistleblower employees, who are wrongfully terminated from their employment in retaliation for reporting illegality, if they establish a *prima facie* case.

My husband and I are KFHP whistleblower patients, who have established a prima facie case of Sarbanes-Oxley illegality to the U.S. Congress. Our position is not materially different from employee whistleblowers. We require immediate relief from KFHP's retaliation, which has caused grievous physical and emotional harm.

If it is within your scope of authority, we request, as Sarbanes-Oxley whistleblowers, that you act to assure on your own authority or by referral, to cause KFHP/KPMG to cease and desist from retaliation against my husband and me by their unconscionable continuing denial of medically necessary healthcare, discriminatory animus, hostile environment, and prior restraint on our speech in physician-patient relationships.

I request your preliminary response to this Notice no later than January 15, 2007. This information strongly justifies and substantiates an extension of the U.S. Attorney's Deferred Prosecution Agreement that provides for your oversight as KPMG's Independent Monitor.

Sincerely yours,



Jacquelyn Finney

Enclosures (2)

November 14, 2006 Notice to J. Neal Purcell from Jacquelyn Finney

August 22, 2006, Notice to George Halvorson from Jacquelyn Finney

Cc: Michael J. Garcia, U.S. Attorney for the Southern District of New York  
Senator Charles E. Grassley  
Senator Carl Levin  
Congressman F. James Sensenbrenner, Jr.  
Congressman Steny Hoyer  
Stephen Joynt, Fitch Ratings, President & Chief Executive Officer  
Timothy P. Flynn, Chairman & Chief Executive Officer, KPMG

**PROOF OF SERVICE**

I am over the age of 18 years and am readily familiar with the practice for collecting and processing of correspondence for Federal Express (FedEx) delivery and know that in the ordinary course of business practice the document described below will be deposited in a box or other facility regularly maintained by FedEx or delivered to an authorized courier or driver authorized by FedEx to receive documents on the same date that they are placed for collection.

NOTICE

**KPMG DEFERRED PROSECUTION VIOLATIONS**  
Sarbanes-Oxley Act - Americans with Disabilities Act - Other federal laws

On the following, by placing one original thereof enclosed in one sealed shipment package, with delivery fees provided for, addressed as follows for collection by FedEx at 1150 Garden View Road, Encinitas, CA 92024-9998.

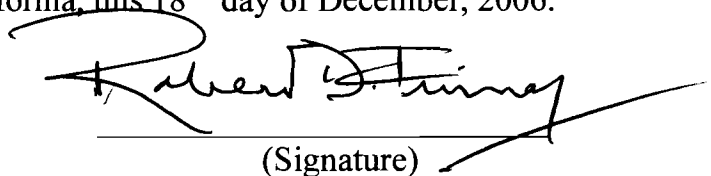
Mr. Richard C. Breeden  
Richard C. Breeden & Company  
Independent Monitor, KPMG - DPA  
100 Northfield Street  
Greenwich, CT 06830

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed at Encinitas, California, this 18<sup>th</sup> day of December, 2006.

Robert D. Finney

(Typed)

  
Robert D. Finney

(Signature)