

**DATE:** [Insert Date]

**TO:** Executive Management Team / Board of Directors

**FROM:** [Insert Name/Department]

**SUBJECT:** URGENT: Financial Risk Advisory and Bankruptcy Red Flag Report

Dear Executive Team,

This formal advisory is intended to notify management of critical financial indicators that suggest a heightened risk of insolvency. Based on recent internal audits and market analysis, the following "red flags" have been identified:

- **Liquidity Constraints:** Significant decrease in cash reserves and inability to meet short-term debt obligations.
- **Operational Deficits:** Consistent negative cash flow from operations over the last [Insert Number] quarters.
- **Credit Relations:** Default notices or restricted terms from primary vendors and lending institutions.
- **Market Positioning:** Sharp decline in asset value and loss of confidence from key stakeholders.

Given these indicators, it is recommended that the Executive Management Team immediately initiates the following actions:

1. Appoint a specialized restructuring or turnaround consultant.
2. Review all fiduciary duties regarding insolvency to mitigate personal liability.
3. Develop a formal contingency plan for debt restructuring or Chapter 11 reorganization.
4. Suspend any non-essential capital expenditures and executive bonuses.

Failure to address these markers promptly may result in involuntary bankruptcy proceedings or total liquidation. We remain available to discuss these findings in a confidential briefing at your earliest convenience.

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Title]