

July 17, 2002

*AMEX's Cross Media expects second quarter loss and cuts operations.*

On August 1, 2000 Cross Media Marketing Corporation (AMEX: XMM, Price: \$2.33) was listed on the American Stock Exchange ("AMEX"). On July 9, 2002 Cross Media announced it had been "officially added to the Russell 2000® Index." In the five trading days since Cross Media announced it had been added to the Russell Index its stock price has plunged more than 65%.

On September 12, 2000 Asensio & Company, Inc. sent a letter to the Securities and Exchange Commission ("SEC"). The letter addressed the AMEX's failure to delist companies that were involved in anti-investor conduct. The unusual events described in the letter and the attention of the media led to a congressionally-requested investigation of the AMEX. On September 18, 2000 U.S. Congressman and Ranking Member of the Committee on Energy and Commerce, John D. Dingell requested the U.S. General Accounting Office ("GAO") conduct an audit of the AMEX's listing standards.

In November 2001 the GAO's audit report confirmed the findings of an April 2001 inspection of the AMEX by the SEC Office of Compliance, Inspections and Examinations ("OCIE"). OCIE discovered "weaknesses" in the AMEX listing program. According to the GAO report approximately 22% of companies listed on the AMEX between September 1, 1999 and November 13, 2000 (the test period) did not meet the exchange's own initial quantitative guidelines. The GAO report also states that the AMEX either granted excessive delisting deferrals or did not begin delisting proceedings in a timely manner for 15 percent of the companies reviewed in 2001.

On November 2, 2000 Asensio & Company, Inc. wrote a letter to the SEC concerning a possible stock manipulation scheme that may be causing losses to investors in Russell Stock Index mutual funds. The letter contains a table illustrating the stock performance of eight AMEX listed stocks which were recent additions to the Russell at that time. Within four months of inclusion to the Russell the value of the eight stocks had decreased between 31% and 95%. [Click here to read Asensio & Company, Inc.'s letter to the SEC.](#)

Cross Media was incorporated in 1997 under the name of Brack Industries, Inc. with no businesses or operations. In 1998 Brack changed its name to Symposium Telecom Corp. and began telemarketing magazine subscriptions. On December 31, 1998 the company had \$349,805 in total assets and \$275,018 in stockholders' equity with 7.4 million shares outstanding after a 1-for-2 reverse stock split. Following another name change, shares of Symposium Corp. began trading as an over-the-counter bulletin board stock on June 28, 1999. As of December 31, 1999 Cross Media had no revenues, over \$9.5 million in losses and \$337,615 in cash. Cross Media continued to incur losses through the first quarter of 2001. As of March 31, 2001, Cross Media had incurred \$54.6 million in uninterrupted losses.

According to the notes in Cross Media's form 10-Q for the period ended March 31, 2002, on May 15, 2002 Cross Media had approximately \$300,000 in cash and \$25.3 million outstanding under its \$35 million credit facility. According to Cross Media's credit agreement, "one or more judgments, decrees or orders for the payment of money in excess of \$350,000 in the aggregate" or events "that could reasonably be expected to have a material adverse effect" shall be an event of default.

On April 9, 2002 the United States government filed a complaint on behalf of the Federal Trade Commission (“FTC”) against Cross Media, Ronald Altbach, Dennis Gougion, Richard Prochnow, Media Outsourcing, Inc. (“MOS”) and Direct Sales International, Inc. (“DSI”). MOS and DSI are Cross Media’s subsidiaries. Mr. Altbach is CEO, Mr. Gougion is Senior Vice President, and Mr. Prochnow is a consultant to Cross Media.

The April 9th complaint alleges nine causes of action that violate a 1996 FTC order against Mr. Gougion, DSI and others. The complaint further alleges violations of the FTC’s Telemarketing Act which prohibits deceptive or abusive telemarketing practices. DSI, Mr. Prochnow and Mr. Gougion have already been subject to FTC monetary civil penalties. On March 17, 1997 the FTC ordered DSI, Mr. Prochnow, Mr. Gougion and others identified as “dealers” to pay an aggregate civil penalty of \$395,000.

On July 12, 2002 Cross Media announced it expected to lose between \$0.11 and \$0.14 per share in the second quarter and pared its fiscal 2002 revenues guidance downward approximately 19%. During its July 12th investor conference call Cross Media revealed it had nearly eliminated its online club business and disclosed it is seeking alternative sources of capital to fund its working capital requirements.

Asensio & Company, Inc. is actively engaged in short selling and publishes research on securities it believes are overvalued. A complete documented history of Asensio's published work with short-selling transactions, and the firm's definition of gross overvaluation, is available on the Internet at [www.asensio.com](http://www.asensio.com). John Wiley & Sons, Inc. has published a book about Asensio & Company's short selling titled "Sold Short: Uncovering Deception in the Markets." The book can be ordered on the Internet at [www.asensio.com](http://www.asensio.com).