

Independent Investment Research Focused on Public Company Interactions with the SEC.

US Companies with Possible SEC Investigations

	Company Name	Ticker	Price	Mkt Cap \$MM
NEW	AstraZeneca PLC	AZN	\$67.04	208,753
NEW	Baxter International, Inc.	BAX	\$39.71	20,146
Update on Disclosed	GE Healthcare Technologies, Inc.	GEHC	\$81.96	37,312
Update on Disclosed	HF Foods Group, Inc.	HFFG	\$4.63	251
NEW	L3Harris Technologies, Inc.	LHX	\$207.71	39,369
NEW	Upstart Holdings, Inc.	UPST	\$33.30	2,832
NEW	Vertiv Holdings Co.	VRT	\$59.12	22,551

Market data as of the close on Tuesday, February 06, 2024

Early Signals™ in this report are only POSSIBLE indicators of SEC investigative activity. They are instances wherein the SEC cited the "law enforcement exemption" of the Freedom of Information Act (FOIA) as basis to block our access to records we sought on the public companies included in this update. As a matter of law, the SEC is acknowledging some sort of investigative activity with this response. We call this an Early Signal of an SEC investigation. However, these signals have not yet been confirmed through the administrative appeal process.

Over the long-term, we found about 80% of these Early Signals are likely to be confirmed as having active-and-ongoing SEC investigations. But not all will be. We give more detail on this at the end of this report.

AstraZeneca PLC – AZN

New Warning. Early signal of a possible SEC investigation received on 15-Dec-2023. Signal is not yet confirmed. No clear disclosure of SEC investigative activity found since the 20-F filed on 21-Feb-2023, at which time AZN referred to having fully resolved a FCPA investigation with the SEC in Jul-2020.

Per the company, "The investigations focused on operations in various countries, including Brazil, Colombia, Japan, Russia and Turkey, and Alexion's compliance with the FCPA and other applicable laws."

Earlier, in May 2020, the DOJ had also closed its inquiry into those same matters. According the company filings, this exposure had a tail back to at least 2015. Our work last confirmed ongoing SEC enforcement proceedings, as of 21-Mar-2023. We have documents and meta-data on closed investigations of AstraZeneca back to 2010, including a 2010 FCPA matter involving China and Russia.

DI's Take: AZN appears to be a FCPA frequent flyer, which can have lasting negative impact on a company. We note that post-settlement compliance periods on FCPA investigations typically last three years. The compliance period for the FCPA investigation cited here would have

ended in Jul-2023. Our latest signal is well past then. For this reason, we are calling this a potentially new, and undisclosed SEC investigation.

Baxter International, Inc. – BAX

New Warning. Early signal of a possible SEC investigation received on 11-Dec-2023. No clear disclosure of SEC investigative activity since the 10-K filed on 09-Feb-2023, as which time Baxter last spoke of an SEC investigation into intra-company transactions on which the company settled and paid a fine in 1Q-2022. Signal is not yet confirmed. This is a change from a response dated 28-Mar-2023, at which time no signs of ongoing SEC investigative activity were found. We have documents and meta-data on closed investigations of Baxter back to 2013.

DI's Take: In 2003, we were sharply critical of Baxter for being manipulative and willfully misleading when disclosing an SEC exposure at the time. We have no view on the present-day company culture on this, but it is worth noting.

GE Healthcare Technologies, Inc. – GEHC

Update on a disclosed SEC investigation. Latest signal, dated 18-Dec-2023, suggests an SEC probe is ongoing. Signal is not yet confirmed. This appears related to a FCPA investigation newly disclosed in the 10-Q filed 31-Oct-2023. We had first warned you before then.

According to that 10-Q, the investigation was described as, "beginning in 2018 regarding tender irregularities and other potential violations of the FCPA relating to our activities in certain provinces in China." The 10-K filed 06-Feb-2024, repeats that language. We have no documents from closed SEC probe(s) of this company. the

DI's Take: It remains troubling to be hearing about a FCPA investigation 5 years after it started. For all that time, GEHC management felt its China FCPA exposure wasn't material enough to disclose. Now they do, yet you [still] don't know why. That's bad. in this case, really bad because of how much time management waited to disclose. This brings to mind the many years Ericsson sat on its long-running FCPA investigation until finally disclosed in 2017. ERIC paid more than \$1 billion to resolve it in Dec-2019.

HF Foods Group, Inc. – HFFG

SMALL CAP COMPANY

Update on a disclosed SEC investigation. Latest signal, dated 19-Dec-2023, suggests a disclosed SEC probe is ongoing. Signal is not yet confirmed. This appears related to a Hindenburg report issued in Mar-2020. A Gong Show of problems disclosed since. In the past we viewed HFFG as a small company, big sleaze. Our current opinion is more positive.

New management/Great strides. In the 8-K filed 16-Mar-2023, CFO Carlos Rodriguez said he was, "pleased with the progress we've made toward Nasdaq compliance, as well as the great strides we've made in addressing the legacy matters related to our financial disclosures and corporate practices ... With our new management team in place and the investigation by the Special Investigation Committee of the Board of Directors and the associated costs largely behind us, we are primed for a successful future."

Wells Notice received in Oct-2023 – SEC declines to proceed. Per the Nov-2023 10-Q, "The Company made a submission in response to the SEC Wells Notice explaining why an enforcement action would not be appropriate. Following that submission, the staff of the SEC determined that it would no longer be recommending that the SEC file an enforcement action against the Company at this time."

DI's Take: it's not every day the SEC decides against an enforcement action after sending a company a Wells Notice. We take that as affirmation the CFO was not just blowing smoke back in that Mar-2023 8-K, when investors were told of those great strides, "our new management team" was making. The disclosures are both detailed and high-quality. We rarely see that. However, it will take you a long time to go through them though if you're considering this as a potential turnaround story. All Access clients can contact us for help.

L3Harris Technologies, Inc. – LHX

New Warning. Early signal of a possible SEC investigation received on 12-Dec-2023. No clear disclosure of SEC investigative activity found in a search of SEC filings back to the 10-Q filed 21-Oct-2021. Signal is not yet confirmed. This is a change from a response dated 06-Feb-2023, at which time no signs of ongoing SEC investigative activity were found. We have documents and meta-data on

closed investigations of L3Harris and its legacy entities back to 2015. [DI's Take](#): Nothing to add at this time.

Upstart Holdings, Inc. – UPST

New Warning. Early signal of a possible SEC investigation received on 19-Dec-2023. No clear disclosure of SEC investigative activity found in a search back to the 10-Q filed 12-Nov-2021. Signal is not yet confirmed. This is a change from a response dated 16-Mar-2023, at which time no signs of ongoing SEC investigative activity were found. This is the first sign of an SEC investigation we found since we started covering Upstart in Jan-2023. We have no documents from closed SEC probe(s) of this company. [DI's Take](#): Nothing to add at this time.

Vertiv Holdings Co. – VRT

New Warning. Early signal of a possible SEC investigation received on 18-Dec-2023. No clear disclosure of SEC investigative activity found in a search back to the initial prospectus filed 28-Jan-2022. Signal is not yet confirmed. This is a change from a response dated 23-Feb-2023, at which time no signs of ongoing SEC investigative activity were found. This is the first sign of an SEC investigation we found since we started covering Vertiv in Feb-2023. We have no documents from closed SEC probe(s) of this company. [DI's Take](#): Nothing to add at this time.

-- Disclosure Insight®

What's an Early Signal?



DI's Early Signals are only **POSSIBLE indicators of SEC investigative activity**. We are publishing these data to give you the earliest indication of the existence of a possible SEC investigation.

That is why we use the term “possible” in describing SEC investigations at this point in our research process. We will only describe an investigation “confirmed” after we file an administrative appeal and have received a response that says as much.

Important: The SEC reminds us that its assertion of the law enforcement exemption should not be construed as an indication by the Commission or its staff that any violations of law have occurred with respect to any person, entity, or security. In its responses, the SEC did not disclose the details on investigative activity referenced herein. All we know is that they somehow pertain to the conduct, transactions, and/or disclosures of the companies.

The data we present here is recently received. New SEC investigative activity could theoretically begin or end after the date covered by the latest information in this report, which would not be reflected here. Unless we indicate otherwise, we will continue the research process on these companies and may publish updates at any time.

The FOIA data reflected in this report are only current as of the dates indicated for each individual company. Similarly, public company activities and/or disclosures

made since the dates indicated herein could impact your analysis.

Only companies with confirmed, undisclosed SEC investigations are maintained on our Watch List of companies with undisclosed SEC investigations. If SEC investigative activity has already been disclosed by a company as we go to print, we will endeavor to tell you as much. Further, we may have researched and published on some of these companies in the past. It's also possible some of the companies are already on our Watch List of companies with Confirmed, Undisclosed SEC Investigations. An update to our Watch List report is published at the beginning of each month.

There are several reasons the SEC might cite the law enforcement exemption as basis to block our access to records. Not all would be of concern to investors today.

After we receive an Early Signal of a possible SEC investigation, we then file an administrative appeal with the Office of the General Counsel of the SEC on the company in question. After careful review of our appeal, the General Counsel's office typically informs us of one of the following:

1. An ongoing enforcement proceeding is confirmed. Only then will we use the term “confirmed” next to the company's name on our Watch List.
2. There was an investigation that is now over and the file has been remanded for further processing. We

may learn more about what took place if the SEC provides documents to us.

3. There are no records responsive to our request. This could be because there was an investigation that concluded in the past but the SEC's records were not current at the time of our request. Alternatively, there may be an investigation involving not the company, but some other person or entity and the

company was incidentally named or tangentially listed.

4. Rarely, the appeal response will inform us a clerical error was made by the SEC's FOIA Office in processing our original request.

Clients are welcome to contact us anytime to learn more.

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