

Welcome to our new report format, “Perspectives,” which is the result of feedback I received from a number of our clients who said they wanted to hear more quick takes and observations on things we come across in our day-to-day work. Most of what we present here will be investment-related. Some of it will just be interesting, if not thought-provoking. Always, the core material will draw heavily upon our deep understanding of SEC practice and our vast research library. I hope you like our Perspectives report and, as always, I thank you for your feedback and ongoing support.

- **John P. Gavin, CFA**
Founder and CEO
Probes Reporter, LLC
763-595-0900

Perspectives

OUR PERSPECTIVE ON THINGS WE OBSERVE OR THINK ABOUT,
MOSTLY WITHIN CAPITAL MARKETS

“Perspectives” is a report format created to meet the requests of clients who want to hear more from us regarding observations and anecdotal data points encountered in our day-to-day work and travels. Most of it is investment related.

Company Comments & Updates

AmTrust Financial Services Inc. – AFSI
Maiden Holdings Ltd. – MHLD
National General Holdings Corp. – NGHC

We remain negative on each of these related companies and believe recent positive price action is not sustainable if undisclosed SEC probes and other challenges continue to pressure them. We discuss it further in today’s report, [Recent Positive Price Action in AmTrust Financial Services, Maiden Holdings, and National General Holdings May be Short-Lived](#).

MastTec, Inc. (MTZ) – Put MasTec in the category of misleading management behavior. [Today we posted a report](#) describing documents we recently posted on MasTec that show a 2015-16 SEC probe was far more expansive than the company ever let on. In our opinion, the disclosure shortfalls were so severe that they put a blemish on management credibility.

Mergers, Acquisitions, Deals

Do a quick Google search and you will find an array of articles and well-researched studies that show up to 70% of M&A transactions fail to fully achieve expectations. Worse, over half are believed to destroy value. Deal size and size of the participant companies can magnify negative impacts (i.e., a smaller company has less capacity to take the hit from a bad deal than a big one.). Data from our research library may help you here. With so many people having a vested interest in seeing deals go through once announced, we know from experience that our work will have little impact until after the deal closes. However, if the acquiring company is taking on undisclosed SEC investigative risk, or even disclosed problems, this does raise the bar for making the deal work. Your ideal scenario is a “clean” acquirer buying or merging with a clean target.

Buffalo Wild Wings (BWLD): It would appear Buffalo Wild Wings does not come with an SEC risk for Arby’s if the deal goes through and nothing’s changed since May-2017. In six times we’ve researched Buffalo Wild Wings since Nov-2012, we’ve never received an indication of SEC investigative activity. The most recent data point in this regard was 03-May-2017.

Emerson Electric (EMR) / Rockwell Automation (ROK): Though now rebuffed by Rockwell, it's clear Emerson is on the prowl for making a deal. They would have done well with the likes of Rockwell, as our research shows that company was a relatively "clean" target from the perspective of SEC investigation risk. But we wouldn't go near Emerson; with or without Rockwell. We have evidence Emerson's been far too cozy with its auditor. Emerson Electric's auditor, KPMG, has been the company's auditor for over 50 years (that's not a typo – the company cites it in their proxies). We found KPMG was involved in a sizable SEC probe involving conflicts with Emerson itself. Emerson not only failed to tell investors about this, they also took extra measures to make it hard for people like us to ever see the related records. We overcame some of their ploys, which is how we know what took place. But this is clearly a case where management appears to have protected, rather than abandoned, their auditor. Full details on this can be found in our report from 03-Aug-2015, [Disclosure Insight: Is Emerson Electric Too Close to Its Auditor?](#)

From our library on Emerson Electric: In May-2016 and again in May-2017, our research showed no signs of recent SEC investigative activity at Emerson Electric. However, Emerson had two undisclosed SEC investigations in the few years prior. One was a large, multi-year probe of Emerson's relationship with KPMG which ended in Nov-2014. The second investigation was a FCPA matter involving Saudi Arabia of relatively short duration. It ended Jan-2015.

Here's what we have on Rockwell: We did find signs of an undisclosed SEC probe at Rockwell Automation in early 2016, but it appeared short-lived and we never learned what it was about. In Oct-2016, and Mar-2017, our research showed no signs of recent SEC investigative activity at ROK.

Marvell Technology Group Ltd (MRVL) / Cavium Inc (CAVM): Marvell Technology has shoddy disclosure practices on long-running problems while Cavium has no signs of recent SEC investigative activity. In brief, Marvell Technology has been dealing with an array of problems and probes since at least 2015. This includes a criminal exposure on which scant detail is provided. We also found the most recent disclosures on this probe lacking; that is, they do not include the substantive detail or update needed to make them analytically helpful. We generally view such disclosure practices as dangerous for investors. Details and extensive disclosure history can be found in [our SEC Investigation Update on MRVL published 31-Oct-2017](#). Our brief research history on Cavium, Inc. is clean. Specifically, in the two times we researched the company since Sep-2016, the SEC reported finding no signs of recent investigative activity. The latest response on Cavium was 31-Oct-2017.

Mattel, Inc. (MAT) / Hasbro, Inc. (HAS): Maybe Hasbro should be glad it was rebuffed by Mattel. From an SEC perspective, Hasbro's a clean operator. But Mattel's got itself a history of undisclosed SEC investigative activity. In every one of the six times we've researched Hasbro since 2012, the SEC reported finding no signs of recent investigative activity. The latest response was 10-Mar-2017. Mattel is another story. From [our report on Mattel published 12-Oct-2017](#) – "Mattel, Inc. remains on our Watch List of companies with undisclosed SEC probes. Signs of SEC investigative activity found, off-and-on, back to Sep-2013. First response related to most recent probe was dated 23-Jan-2017. On-going enforcement proceedings confirmed two times since."

Meredith Corporation (MDP) / Time, Inc.: Meredith has a clean SEC history but may be taking on a problem with Time, Inc. In the five times we've researched MDP since Feb-2013, no signs of SEC investigative activity were found. Our last data point is 26-Jul-2016. However, we are still awaiting final response to a request we filed in Jul-2017. We only recently added Time to our Watch List of companies with undisclosed SEC probes. From [our SEC Investigation Update on Time, published 07-Sep-2017](#), "First response indicating SEC probe dated 20-Jul-2017, which was then confirmed on 18-Aug-2017. This is a change from a response we received 22-Jun-2016, at which time no signs of recent SEC investigative activity were found."

From the Political Realm

The sex accusations against Senator Al Franken (D-MN) are troubling, for obvious reasons. But there's also a Freedom of Information Act (FOIA) angle here. Along with Senator Amy Klobuchar (D-MN), both senators happen to be from the Minnesota delegation, our home state. They also serve on the Senate Judiciary Committee, where they were highly supportive of FOIA reform legislation that became law in 2016. We worked with staff in each senator's office while this legislation was in-process. In doing so, it appeared that **Sen. Franken was positioning himself to take on the legacy of the**

aging Sen. Patrick Leahy (D-VT), as the Senate’s “keeper” of the FOIA. Senator Franken has also been staking out a claim as an advocate for personal privacy in a time of constant government and corporate surveillance. Watch this space. At minimum, an emerging advocate for government transparency and personal privacy now appears weakened, and could even be lost.

Good riddance to the Chairman of the Consumer Finance Protection Bureau (CFPB), but not for reasons you might think. Aside from the CFPB’s self-serving press releases and pronouncements, we otherwise have struggled to independently assess the effectiveness of this agency, or more importantly, its interactions with public companies. We found the CFPB was creative, deliberate, and blatant about their contempt for the FOIA. After dozens of requests, thousands of dollars, and over a year’s time wasted, we still have nothing substantive to show you from our FOIA efforts with CFPB. So yes, from that perspective the Republican argument that the agency was not accountable to anyone has some merit for which the Democrats rightly deserve blame. Unfortunately, with a documented fraudster now sitting in the White House, we aren’t holding our breath for improvement. But we do have a trick up our sleeve regarding misbehaving government entities which you’ll be hearing about in the coming months. We will keep you posted.

— Better Disclosure for Better Decisions.®



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

Notes: If we alert you to existence of an undisclosed SEC probe, that means we filed a Freedom of Information Act (FOIA) request with the SEC on the company in question and have a response, in black-and-white, on government letterhead that supports our statement. The only thing we know at this time is that the probe(s) somehow pertains to the conduct, transactions, and/or disclosures of the companies referenced. 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.

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. The SEC did not disclose the details on investigations referenced herein. All we know is that they somehow pertain to the conduct, transactions, and/or disclosures of the companies referenced above. Companies with undisclosed SEC investigations are maintained on our Watch List of companies with undisclosed SEC probes.

Our **Disclosure Insight**® reports, like those coming from other financial news and data providers, provide the investing public with commentary and analysis on public company interactions between investors and/or with the SEC and other agencies. They are journalistically based in large part on our expertise with federal filings using the Freedom of Information Act.

“**Disclosure Games**”® is a trademarked term we use to highlight those public companies engaging in disclosure practices that in our opinion may be misleading, confusing, evasive, or otherwise lacking the transparency needed for investors to make well-informed investment decisions regarding a potentially material exposure.

To learn more about our research process, including how to best use this information in your own decision-making, [click here](#).

Our Terms of Service, relevant disclosures, and other legal notices [can be found here](#).

Copyright Warning and Notice

The works of authorship contained in the accompanying material, including but not limited to all data, design, text, images, charts and other data compilations or collective works are owned by Probes Reporter, LLC or one of its affiliates and may not be copied, reproduced, transmitted, displayed, performed, distributed, rented, sublicensed, altered, or stored for subsequent use, in whole or in part in any manner, without the prior written consent of Probes Reporter, LLC.

Photocopying or electronic distribution of any of the accompanying material or contents without the prior written consent of Probes Reporter, LLC violates U.S. copyright law, and may be punishable by statutory damages of up to \$150,000 per infringement, plus attorneys' fees (17 USC 504 et. seq.). Without advance permission, illegal copying includes regular photocopying, faxing, excerpting, forwarding electronically, and sharing of online access.

Intellectual Property

© 2017 Probes Reporter, LLC. All rights reserved. Probes Reporter®; They Know it. Now You Know It.®; Better Disclosure for Better Decisions®; Disclosure Insight®; and, Disclosure Games®, are trademarks of Probes Reporter, LLC and are proprietary.

DISCLAIMER

Probes Reporter, LLC is not an investment adviser and does not offer or provide personalized investment advice. The information in our reports and appearing on ProbesReporter.com is not a solicitation connected to any security. The information we provide is obtained from company submissions and our own Freedom of Information requests made to the Securities and Exchange Commission. No representation or warranty is made as to the timeliness or completeness of any information found in our reports or on ProbesReporter.com.

Probes Reporter does not adopt the truth or falsity of the contents of any of the documents or filings referred to on this website, and no conclusion of wrongdoing should be inferred from the fact that an investigation has been initiated by the SEC. Probes Reporter is not the guarantor of any investment and cannot be held liable for any losses or expenses incurred as a result of reliance upon any information contained herein, and ProbesReporter.com is not a substitute for your own due diligence, which may include advice from an investment professional.

With few exceptions, Probes Reporter, LLC prohibits its employees and principals from trading of any kind in any individual public company securities, or derivatives thereof, on any company on which production of any new research report has commenced. Such prohibitions shall remain in place until either 5 days after the individual research report has been published or its production otherwise ceases.

Probes Reporter, LLC does not engage in investment banking activities or take any security positions, except those necessary for routine corporate treasury functions

Our full trading policy, along with our Terms of Service, relevant disclosures, and other legal notices [can be found here](#).

Visit www.probesreporter.com to learn more about becoming a subscriber. Or call 763-595-0900 (USA).
