

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

Quick Takes

OUR QUICK TAKES & OPINION ON THINGS WE OBSERVE,
MOSTLY WITHIN CAPITAL MARKETS

Companies in this report –

- **Advanced Drainage Systems – WMS**
- **Bofl Holding, Inc. – BOFI**
- **Tesla Motors, Inc. – TSLA**

Please note: *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.*

Advanced Drainage Systems – WMS Advanced Drainage Systems received a delisting notice for failure to timely file its most recent 10-K. They declared they would file it by 31-July. From the 8-K filed 22-Jun-2016 –

The Company is working diligently to file its Fiscal 2016 Form 10-K as soon as reasonably practicable, which management currently expects will occur by July 31, 2016.

July 31 is this Sunday. That means they have only have one business day, today, to get it filed. They could, of course, file it after the close. Otherwise, come Monday, they'll have some explaining to do. For more, see our report published earlier this week, "[Advanced Drainage Systems: SEC and Accounting Woes Worse Than Investors May Realize](#)"

Bofl Holding, Inc. – BOFI The Company reports earnings Tuesday, 02-Aug-2016, with a conference call after the close. Earlier this week, on 25-Jul-2016, Mr. Brad Berning, a senior analyst with Craig-Hallum, published a research report in which he wrongly concluded that his "SEC FOIA Request Reveals No SEC Investigation Into

BOFI". We don't agree – at all – with Mr. Berning's methods or his conclusion. For more, see our report published 26-Jul-2016, "[No SEC Probe Found at Bofl Holding? That's Not How We See It](#)". Again, our latest data shows an SEC probe was on-going as of 31-May-2016.

As we see it, one of the perception problems for BOFI management is of their own making; that is, how they've gone after their critics. We've historically found this to be a red flag. A management team makes itself look bad by squandering shareholder assets to engage in such antics. The best companies we've seen over time *show* investors how wrong their critics are by letting the results speak for themselves. Indeed, there is nothing like delivering clean and solid earnings growth quarter-after-quarter to crush a short. Away like mice they will scurry!

Having said the above, we do think the SEC would be negligent to not investigate BOFI over claims the company felt compelled to rebut in its press release of 18-Apr-2016 (See: "[Bofl Holding, Inc. Issues Statement Regarding Share Price Volatility](#)"). To our view, the issue is not if the SEC is investigating BOFI, it's now whether the company is going to tell you about it, when, and what they have to say. Investors who still believe in this company need this management team to stop barking and harrumphing about their critics, and instead give them clear answers about what's going on with the SEC.

Tesla Motors, Inc. – TSLA With earnings coming up next Wednesday (03-Aug, after the close), and with the recent news about an SEC investigation, we want to make sure you are clear in your own mind about SEC investigative risk here. It may be different than most investors realize.

Because it was reported in the Wall Street Journal a day before we published our own findings, most people believe Tesla has an SEC investigation, and it supposedly started after questions arose about timing of the disclosure of a crash. That news came out on 30-Jun-

2016. We have no view on the Journal's article. But we do know our first indication of an SEC probe is time-stamped 27-Jun-2016. That's three full days before any news came out about a crash. Thus, we conclude the SEC was already investigating something unrelated.

If Tesla happens to disclose an SEC probe next week, watch or ask for when it started. For more, you can see our report of 13-Jul-2016, [New Data Reveals the SEC Was Already Investigating Tesla Before Any News Surfaced about an Autopilot-Related Crash](#)

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