

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

Confirmed, Undisclosed SEC Investigation

Watch List Status: Maintained on Watch List of Companies with Undisclosed SEC Investigations

Report Updated. *An undisclosed SEC investigation is again confirmed. Maintained on Watch List.* The first FOIA response indicating an SEC investigation was dated 22-Mar-2017. On-going enforcement proceedings now confirmed on appeal six times since, most recently on 17-Sep-2021.

As of Sep-2021, we learned AT&T was dealing with two recent investigations; one was confirmed as ongoing, the file for the other has been remanded for further processing. If and when we learn about that recently closed investigation, we will let you know.

We have documents from multiple undisclosed SEC probes in recent years, including one focused on policies regarding whistleblowers, and a more recent one involving DirectTV (ended Jan-2020). Documents summarized below.

We filed our first Freedom of Information Act (FOIA) request on this company in **Jun-2012**. Below is the first indication of SEC investigative activity (Mar-2017) and most recent confirmation of the same (Sep-2021) –

2-Apr-2015	FOIA Response	No SEC investigative records found.
4-Feb-2016	FOIA Response	No SEC investigative records found.
22-Mar-2017	FOIA Response with Document(s)	Two-part response: 1) SEC denies access to records over concern their release, "could reasonably be expected to interfere with enforcement activities" ; and, 2) Documents released on separate, closed SEC probe(s) of this company. However, access to certain of these investigative records was denied.
18-Sep-2017	Appeal Response	Three-part appeal response: 1) Existence of on-going SEC enforcement proceedings confirmed on appeal - Access to those records remains blocked.; 2) Appeal to try to access certain records (previously identified) from a closed, but separate SEC probe(s) of this company was also denied on grounds they are internal SEC documents.; 3) Additional documents also released from that closed probe.
Apr-2018 to Dec-2020	Responses and Appeals	Multiple responses and appeals this period. Deleted from this report for brevity.
11-Dec-2020	Appeal Response	Two-part appeal response: Existence of on-going SEC enforcement proceedings officially confirmed on appeal ; Access to those records remains blocked. Appeal to try to access certain records (previously identified) from a closed, but separate SEC probe(s) of this company was also denied on grounds they are internal SEC documents.
21-Jul-2021	FOIA Response	SEC denies access to records over concern their release, "could reasonably be expected to interfere with enforcement activities."

17-Sep-2021	Appeal Response	Two-part appeal response: Existence of on-going SEC enforcement proceedings officially confirmed on appeal; Access to records remains blocked. Records pertaining to closed, but separate SEC probe(s) of this company have been remanded for further processing. Response indicates release of those records would no longer be expected to interfere with enforcement proceedings.
21-Sep-2021	FOIA Response	FOIA Office sends letter indicating it is processing a file, or files, which were remanded to it from the SEC General Counsel for additional processing.

Clients are invited to contact us anytime, in total confidence, to discuss the data, documents, and/or risks we identify here.

Disclosure Insight®

This section offers analysis and opinion regarding the exposure(s) we identify in this report.

The timing of SEC responses to us suggests that **AT&T, Inc. management may have known about an SEC probe since at least Mar-2017.**

As we said above, we also have documents from multiple undisclosed SEC probes in recent years, including one focused on policies regarding whistleblowers, and a more recent one involving DirecTV (ended Jan-2020). What should you make of this?

It appears AT&T had three undisclosed SEC investigations in recent years. They are as follows:

- The whistleblower matter.
- The DirecTV matter.
- An investigation about which we know nothing

The matter regarding whistleblowers does not particularly bother us. Our research shows that the SEC investigated a number of companies regarding the treatment of whistleblowers. It appears the SEC was not happy with how they were being treated and was letting that be known.

The DirecTV matter is potentially troubling, for two reasons: First, DirecTV is an important property within the

AT&T portfolio. Second, we do see evidence that AT&T’s auditor was also dragged into this.

While it is not especially alarming to see an auditor dragged into a company’s SEC investigation, it is also not common. If we were an investor in AT&T, this sounds like the kind of investigation we would want to be told about.

The last matter, the investigation about which we know nothing, is your wildcard. It could be big; it could be small. All we know it is one of three SEC investigations the company was involved with in recent years and chose to not disclose.

And let us not forget, we have at least one current and recently confirmed ongoing SEC investigation about which we know nothing at this time.

Since we know there was at least one investigation in the recent past, we recommend those with an interest ask AT&T, Inc. what contact it had with the SEC’s Division of Enforcement in the past two years.

Keep in mind that a public company can be involved in more than one SEC investigation at a time. As such, we routinely recommend asking a company if there are any investigations beyond what is disclosed or reported in media stories – or even in our research.

– John P. Gavin, CFA

Additional research history appears below.

Documents Acquired Under the Freedom of Information Act

Regarding the Current Warning –

If we alert you to the existence of an undisclosed SEC investigation – or any response from the SEC – that means we filed a Freedom of Information Act (FOIA) request on the company in question and have a response, in black-and-white on government letterhead, that supports our statement.

As can be seen in the table above, at least once in the past the SEC cited the "law enforcement exemption" of the FOIA as basis to deny the public's access to the detailed records we sought on this company. As a matter of law, the SEC is acknowledging some sort of investigative activity with this response.

We filed an appeal with the SEC's Office of the General Counsel to challenge that response. In response to our latest appeal(s), the date(s) of which is/are also shown in the table above, the SEC stated,

"The FOIA Officer asserted Exemption 7(A) to withhold investigative records from one investigative proceeding concerning AT&T. In considering your appeal, I have determined that there is a second enforcement proceeding concerning AT&T that the FOIA Office did not address ...

... We have confirmed with Division of Enforcement staff that one investigation from which you seek records is still active and ongoing."

Sep-2020: The SEC released 33 pages of records from a 2019-2020, undisclosed SEC investigation. This investigation, which also involved document requests made to AT&T's auditor, included the following regarding DirecTV –

Assuming your client will agree to make a voluntary production, we ask for the following documents, for the period from December 1, 2016 through November 1, 2018:

Based on Preservation Requests #2 and 6, the weekly, monthly, and quarterly reports, if any, delivered or available to the executives named in the Preservation Request, regarding DirecTV Now subscriptions, cancellations, churn, customer complaints, and DirecTV Now's operational performance (that is, did the app do for subscribers what AT&T promised).

Based on Requests #4 and 5, any internal investigations into sales of DirecTV Now subscriptions.

March 2019: The SEC releases a one-page Case Closing Report from an investigation that ended 11-Feb-2019. We have no idea what this investigation was about or whether it would matter to investors. Relative to this investigation the SEC also said, "We are withholding 5 pages of the case closing recommendation and the one page case opening narrative in full ..."

A Case Closing Recommendation is the SEC's report that tells you why an investigation was opened, what work was done, and the conclusions reached.

March 2017 and September 2017: The SEC releases 34 pages of mostly heavily-redacted records from an undisclosed February to Aug-2016 SEC investigation of AT&T's policies concerning whistleblowers. Relative to this investigation the SEC also said, "we are withholding the case closing recommendation in open summary (5 pages) in full... [sic]"

We have no other documents or information that would help the investor gauge the timing, duration, or scale of these now closed matters.

Editor's Note: When the SEC denies access to records on closed SEC investigations, they are frequently blocking internal SEC documents known as "Opening and Closing Reports, including 'Case Closing Recommendation,' 'Matter Under Inquiry Summary,' 'Investigation Summary,' and/or similar documents and/or reports." A Case Closing Report is merely the cover page for a report called a Case Closing Recommendation. A Case Closing Recommendation is the SEC's report that tells you why an investigation was opened, what work was done, and the conclusions reached. To date, the SEC almost always refuses to release its Case Closing Recommendations and similar documents, a practice for which we remain sharply critical of the agency.

Notable Events and Disclosures

Repeated searches of this company's filings back to Sep-2015, found no clear disclosures of SEC investigative activity.

Probes Reporter research provides data, commentary, and analysis on public company interactions with investors and with the SEC. Our work is heavily reliant on company disclosures and our expertise in using the Freedom of Information Act.

**Clients may visit www.probesreporter.com
to get access to our full research archive.**

**Email: clients@probesreporter.com
Telephone: 763-595-0900 (USA)**

Notes: 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 investigations.

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

© 2021 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](#).
