

# DuDil

## INDEX

### SUMMARY

- Eight new stocks have been added to the DuDil Index
- From revenue recognition policy changes to subtle but critical SEC filing language changes, the DuDil Index identifies stocks with significant accounting, earnings quality, and governance risk
- **UPDATE:** DuDil stocks published in 2021 generated excess returns of 6.03%, 11.99%, and 19.59% three, six, and twelve months, respectively, after publication<sup>1</sup>
- In these periods, DuDil stocks fell, on average, 1.22%, 5.50%, and 18.59% outperforming the S&P 500 which gained 4.81%, 6.49%, and 1%, respectively

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<sup>1</sup> See DuDil.net for methodology and proof of performance

## Additions for January

We added eight names to the DuDil Index in January:

Company	Ticker	Publication	Category <sup>2</sup>	Brief	More
ESCO Technologies	ESE	1/5/2022	RR	Revenue overstated, auditor fired	<a href="#">Link</a>
Synopsys	SNPS	1/5/2022	LR	New BIS subpoena	<a href="#">Link</a>
Mitek Systems	MITK	1/5/2022	A	Rev rec issues, restated financials	<a href="#">Link</a>
Avaya Holdings	AVYA	1/6/2022	RR	Sales overstated yet no control deficiencies	<a href="#">Link</a>
Cerence	CRNC	1/6/2022	A	Profit understated due to multiple accounting errors	<a href="#">Link</a>
FuelCell Energy	FCEL	1/11/2022	M	Product warranty accruals lagging	<a href="#">Link</a>
Flannigan's Enterprises	BDL	1/20/2022	A	Lease accounting issues, late filing, auditor raise	<a href="#">Link</a>
Cimpress	CMPR	1/28/2022	RR	Rev rec, accounting issues	<a href="#">Link</a>

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<sup>2</sup> **KEY:** DuDil Index stocks are categorized by concern and coded as follows: Accounting (A), Revenue Recognition (RR), Earnings Quality (EQ), Internal Controls (IC), Legal & Regulatory (LR), and Management (M).

# DuDil Index: Trailing 11 Months

COMPANY	TICKER	PUBLISHED	CATEGORY	BRIEF	MORE
Fastly	FSLY	11/28/21	IC	Financial misstatement precedes churn warning	<a href="#">Link</a>
Enovix	ENVX	11/16/21	A	Corrects misstated EPS 7-days later	<a href="#">Link</a>
Upstart Holdings	UPST	11/12/21	EQ	Key metric spikes after methodology change	<a href="#">Link</a>
Phunware	PHUN	11/12/21	A	Miscalculated share count understates loss	<a href="#">Link</a>
Fiesta Restaurant	FRGI	11/12/21	M	Now liable for another restaurant's leases	<a href="#">Link</a>
DoorDash	DASH	11/11/21	RR	Gift card breakage new revenue source	<a href="#">Link</a>
Jones Soda	JSDA	11/11/21	A	Auditor resigns without notice	<a href="#">Link</a>
Hasbro	HAS	11/10/21	M	Dead CEO receives 8% of net income	<a href="#">Link</a>
Planet Fitness	PLNT	11/5/21	A	Balance sheet weaker than it appears	<a href="#">Link</a>
Ritchie Bros.	RBA	11/5/21	A	New metric calculation adds \$55m to profit	<a href="#">Link</a>
Infinera Corp.	INFN	11/4/21	A	Inflated discount rate masks liabilities	<a href="#">Link</a>
Bausch Health	BHC	11/3/21	LR	\$2b tax risk ahead of double spin	<a href="#">Link</a>
TravelCenters of America	TA	11/2/21	A	Keeps 13% of liabilities off-balance sheet	<a href="#">Link</a>
Johnson & Johnson	JNJ	10/30/21	M	Robo-surgery platform delayed 2 years	<a href="#">Link</a>
Edwards Lifesciences	EW	10/30/21	LR	Facing \$180m transfer pricing tax bill	<a href="#">Link</a>
Robinhood Markets	HOOD	10/29/21	A	Hides debt off-balance sheet, warns on cash	<a href="#">Link</a>
Comvault Systems	CVLT	10/28/21	A	Sales commissions stretched, profit inflated	<a href="#">Link</a>
Boeing	BA	10/27/21	A	Tax refund masks cash burn	<a href="#">Link</a>
Enphase Energy	ENPH	10/27/21	A	Secrecy demand in accounting fraud suit	<a href="#">Link</a>
Meta Platforms	META	10/26/21	A	Extends useful life estimates, inflates Op income	<a href="#">Link</a>
Peloton	PTON	10/26/21	M	Director abruptly resigns afer audit approved	<a href="#">Link</a>
Accenture	ACN	10/25/21	A	\$1.2b segment reporting error revealed	<a href="#">Link</a>
Procter & Gamble	PG	10/19/21	M	China weakness overshadowed by inflation	<a href="#">Link</a>
Constellation Brands	STZ	10/7/21	M	Seltzer impairment overdue	<a href="#">Link</a>
Otis Worldwide	OTIS	10/6/21	A	Inflates Op margin 810 bps w/ acctg change	<a href="#">Link</a>
Bristol-Myers Squibb	BMJ	10/3/21	M	Impairs \$230m drug recently acquired	<a href="#">Link</a>
Intuitive Surgical	ISRG	10/2/21	RR	Rev rec to slow as lease program grows	<a href="#">Link</a>
StitchFix	SFIX	9/30/21	A	Accounting change inflates net income 602%	<a href="#">Link</a>
Broadcom	AVGO	9/10/21	LR	Pressured by Apple for indemnification	<a href="#">Link</a>
Pure Storage	PSTG	9/9/21	M	Hints at product defects	<a href="#">Link</a>
Elastic	ESTC	9/2/21	EQ	Decelerating following Amazon spat	<a href="#">Link</a>
Walmart	WMT	9/2/21	A	Stake in Indian firm suspect	<a href="#">Link</a>
Smith & Wesson	SWBI	9/2/21	LR	Accused of arming Mexican drug cartels	<a href="#">Link</a>
Crowdstrike	CRWD	9/2/21	M	CEO pay linked to stock price, not ROIC	<a href="#">Link</a>
Romeo Power	RMO	8/17/21	M	Lied about top tier supplier agreement	<a href="#">Link</a>
Casper Sleep	CSPR	8/17/21	LR	Will likely soon violate debt covenants	<a href="#">Link</a>
Coupang	CPNG	8/17/21	LR	New antitrust, sexual harassment allegations	<a href="#">Link</a>
Tattooed Chef	TTCF	8/17/21	IC	Previously undisclosed control deficiency revealed	<a href="#">Link</a>
DentsplySirona	XRAY	8/5/21	A	FIFO switch inflates margins	<a href="#">Link</a>
CVS Health	CVS	8/4/21	LR	Drug pricing under new regulatory scrutiny	<a href="#">Link</a>
J.P. Morgan	JPM	8/3/21	LR	Multiple unnamed regulators probing bank	<a href="#">Link</a>
Fortinet	FTNT	8/3/21	A	Accounting change inflates net income	<a href="#">Link</a>

QuantumScape	QS	7/30/21	M	Delay in battery commercialization revealed	<a href="#">Link</a>
PayPal	PYPL	7/29/21	LR	New SEC probe is 3rd federal investigation	<a href="#">Link</a>
Invitation Homes	INVH	7/29/21	LR	Acused of violating eviction moratorium	<a href="#">Link</a>
Cadence Design Systems	CDNS	7/27/21	LR	Doesn't immediately disclose federal subpoena	<a href="#">Link</a>
Blackberry	BB	7/27/21	RR	New Rev Rec policy masking acquisition troubles	<a href="#">Link</a>
D.R. Horton	DHI	7/24/21	A	Reclassification artificially boosts Op cash flow	<a href="#">Link</a>
BBBY	BBBY	7/2/21	A	Loophole masks balance sheet liability	<a href="#">Link</a>
New Relic	NEWR	6/29/21	A	Op loss to spike on accounting change	<a href="#">Link</a>
Plug Power	PLUG	6/23/21	A	Negative revenue, financials restated	<a href="#">Link</a>
Asana	ASAN	6/22/21	A	Balance sheet health distorted	<a href="#">Link</a>
Ciena	CIEN	6/21/21	EQ	Reorg will temporarily mask weakness	<a href="#">Link</a>
Splunk	SPLK	6/21/21	A	New billing policy to hit near term cash flows	<a href="#">Link</a>
Toro	TTC	6/16/21	A	Off-balance sheet credit exposure spikes	<a href="#">Link</a>
Autodesk	ADSK	6/16/21	EQ	Cash bonuses now paid in stock	<a href="#">Link</a>
Winnebago	WGO	6/4/21	M	Backlog warning resurfaces	<a href="#">Link</a>
Lululemon Athletica	LULU	6/4/21	LR	New language hints at injured customers	<a href="#">Link</a>
Schnitzer Steel	SCHN	6/3/21	LR	Double jeopardy regulatory risk	<a href="#">Link</a>
Salesforce	CRM	6/2/21	A	Balance sheet distortion falls below \$1b	<a href="#">Link</a>
Okta	OKTA	6/2/21	A	Accounting change inflates billings	<a href="#">Link</a>
Fisker Automotive	FSR	5/20/21	M	Insider deals inflate share count	<a href="#">Link</a>
Canoo	GOEV	5/20/21	M	Insider jet deal, balance sheet issues	<a href="#">Link</a>
Signet Jewelers	SIG	5/19/21	EQ	Reserve release inflates profit	<a href="#">Link</a>
Clover	CLOV	5/19/21	A	Restates annual loss 30 days after reporting	<a href="#">Link</a>
Mattel	MAT	5/18/21	EQ	Segment margins inflated	<a href="#">Link</a>
The TJX Companies	TJX	5/18/21	EQ	New metric calculation	<a href="#">Link</a>
McCormick & Co.	MKC	5/11/21	EQ	Recurring costs stripped out, profit inflated	<a href="#">Link</a>
Stryker	SYK	4/29/21	LR	Chinese price controls pressures profit	<a href="#">Link</a>
Deere	DE	4/28/21	EQ	Equipment return rates rise	<a href="#">Link</a>
Microsoft	MSFT	4/28/21	A	Accounting change inflates net income \$500m	<a href="#">Link</a>
Coca-Cola	KO	4/28/21	LR	IRS levies \$12b back tax bill	<a href="#">Link</a>
Centene	CNC	4/28/21	LR	Allegations of double billing, inflated pricing	<a href="#">Link</a>
Verizon	VZ	4/28/21	M	Unexpected \$7b liability	<a href="#">Link</a>
Netflix	NFLX	4/26/21	A	New key metric calculation methodology	<a href="#">Link</a>
Lockheed Martin	LMT	4/25/21	M	Bribery case results in windfall	<a href="#">Link</a>
BestBuy	BBY	4/22/21	A	Total liabilities understated by 5%+	<a href="#">Link</a>
Lowe's	LOW	4/22/21	EQ	New key metric calculation	<a href="#">Link</a>
KB Home	KBH	4/15/21	M	Bankrupt mortgage partner threatens sales	<a href="#">Link</a>
Levi Strauss	LEVI	4/14/21	M	Unexplained cash flow reclassification	<a href="#">Link</a>
Grocery Outlet	GO	4/14/21	M	Related party jet deal, balance sheet distortions	<a href="#">Link</a>
Oracle	ORCL	4/8/21	EQ	Decade of litigation to end w/ \$3B penalty	<a href="#">Link</a>
Paychex	PAYX	4/8/21	M	Client receivables purchase increases risk	<a href="#">Link</a>
Hibbett's Sports	HIBB	4/8/21	M	Insider deals, Board oversight lacking	<a href="#">Link</a>
PetMed Express	PETS	4/7/21	EQ	Non-recurring item inflates earnings	<a href="#">Link</a>
Riot Blockchain	RIOT	4/7/21	M	Chinese bitcoin ban to impact earnings	<a href="#">Link</a>
Blink Charging	BLNK	4/6/21	IC	Lingering control deficiencies, hush money settlements	<a href="#">Link</a>
Netgear	NTGR	3/28/21	RR	Rev rec to become less predictable	<a href="#">Link</a>
Avalara	AVLR	3/25/21	A	Cash flow restated, balance sheet distorted	<a href="#">Link</a>

Guidewire	GWRE	3/25/21	RR	Lumpier rev rec sen	<a href="#">Link</a>
Grow Generation	GRWG	3/25/21	A	Inflated profit restated	<a href="#">Link</a>
Adobe	ADBE	3/24/21	EQ	\$1.3 billion tax benefit lifts earnings	<a href="#">Link</a>
Kodak	KODK	3/23/21	M	55% discount rate used to test goodwill	<a href="#">Link</a>
Thor Industries	THO	3/22/21	M	Supply chain worsens	<a href="#">Link</a>
Block	SQ	3/22/21	EQ	Bitcoin accounts for 85% of sales growth	<a href="#">Link</a>
Tupperware Brands	TUP	3/18/21	A	Financials misstated, controls lacking	<a href="#">Link</a>
Fleetcor Technologies	FLT	3/17/21	EQ	New key metric calculation	<a href="#">Link</a>
WDAY	WDAY	3/16/21	M	\$171m related party transaction	<a href="#">Link</a>
Carvana	CVNA	3/12/21	A	Lease liabilities understated	<a href="#">Link</a>
Turtle Beach	HEAR	3/12/21	M	New gaming license in peril	<a href="#">Link</a>
Stanley Black & Decker	SWK	3/12/21	LR	Violated debt covenants	<a href="#">Link</a>
Sleep Number	SNBR	3/11/21	A	Balance sheet distortion, product claims	<a href="#">Link</a>
MercadoLibre	MELI	3/8/21	A	Lease acctg. distorts balance sheet	<a href="#">Link</a>
Live Nation	LYV	3/8/21	EQ	Expense accounting treatment questioned	<a href="#">Link</a>
Prologis	PLD	3/2/21	RR	Aggressive revenue recognition identified	<a href="#">Link</a>
Intuit	INTU	2/26/21	A	Segment reporting inconsistencies uncovered	<a href="#">Link</a>
SONOS	SONOS	2/25/21	M	Increased DTC, Apple risk	<a href="#">Link</a>
The Chef's Warehouse	CHEF	2/22/21	A	Inflated margins prompt presentation change	<a href="#">Link</a>
Sysco	SYX	2/18/21	EQ	New ROIC calculation method	<a href="#">Link</a>
Garrett Motion	GTX	2/17/21	A	Misstates EPS after bankruptcy	<a href="#">Link</a>
Alteryx	AYX	2/17/21	EQ	Signals loss of major customer	<a href="#">Link</a>
Meritage Homes	MTH	2/17/21	RR	Recognizes not yet renewed insurance policies as sales	<a href="#">Link</a>
Cisco	CSCO	2/17/21	LR	Targeted in Chinese kickback probe	<a href="#">Link</a>
Wyndham Hotel & Resorts	WH	2/16/21	A	Goodwill impairment understated	<a href="#">Link</a>
Cummins	CMI	2/12/21	M	Footnote contradicts emissions scandal disclosure	<a href="#">Link</a>
Masco	MAS	2/11/21	EQ	Inventory & receivables soar	<a href="#">Link</a>
Ares Capital	ARCC	2/11/21	M	Lowers investment quality standards	<a href="#">Link</a>
II-VI	IIVI	2/10/21	M	Deal closure timeline slips 45-days	<a href="#">Link</a>
Mettler-Toledo	MTD	2/10/21	M	Revenue growth forecast questioned	<a href="#">Link</a>
Hexcel	HXL	2/10/21	M	Loses key customer	<a href="#">Link</a>
Citrix Systems	CTXS	2/9/21	M	Signals potential end of SAP partnership	<a href="#">Link</a>
Core Laboratories	CLB	2/9/21	M	Project cancellation risk rises	<a href="#">Link</a>
Mondelez Intl	MDLZ	2/9/21	LR	Mexican junk food ban threat	<a href="#">Link</a>
Tesla	TSLA	2/8/21	LR	FSD de-emphasized in annual report	<a href="#">Link</a>
Pinterest	PINS	2/8/21	LR	Suit accuses firm of misleading investors	<a href="#">Link</a>
Ford	F	2/8/21	M	New recall	<a href="#">Link</a>
Tyson Foods	TSN	2/7/21	LR	New antitrust suits, \$380m tax bill	<a href="#">Link</a>
Silicon Laboratories	SLAB	2/5/21	M	Signals chip industry consolidation	<a href="#">Link</a>
Amazon	AMZN	2/4/21	LR	Price fixing allegations revealed	<a href="#">Link</a>
Alphabet	GOOGL	2/4/21	M	Removes AI/cancer claim	<a href="#">Link</a>
Sally Beauty	SBH	2/3/21	EQ	New key metric calculation	<a href="#">Link</a>

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