

## New Woes for LifeLock – Undisclosed SEC Probe Confirmed – Good questions to ask the company.



*Disclosure Insight™ reports provide commentary and analysis on public company interactions with investors and with the SEC.*

### LifeLock, Inc. \$LOCK

#### Confirmed, Undisclosed SEC Investigation – Added to Watch List.

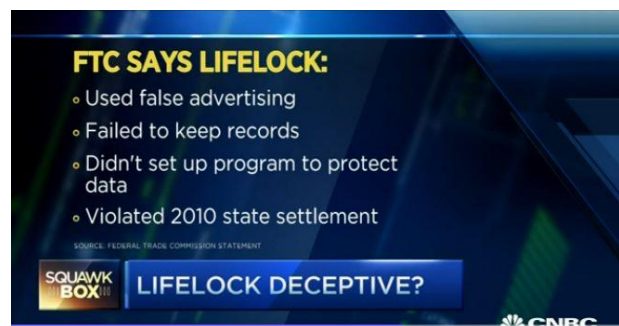
- In a letter dated **27-Aug-2015**, we received information from the SEC suggesting this company was involved in unspecified SEC investigative activity. We found no disclosure of the same as of this date.
- In a letter dated **08-Sep-2015**, the SEC has now confirmed this company's involvement in on-going enforcement proceedings that remain undisclosed as of this date.

This is our first time researching this company.

LifeLock shares were cut in half on 21-Jul-2015 after the Federal Trade Commission accused the company of making deceptive claims.

LifeLock was reported to deny the FTC allegations.

All we know about the SEC investigation of LifeLock at this time is it somehow involves the company's conduct, transactions, and/or disclosures.



Source: [CNBC videos](#)

**Our Take:** Given all the recent data breaches of late, the SEC has grown particularly sensitive to public companies experiencing something related. Therefore, we think it highly possible the SEC initiated an investigation of LifeLock after the story broke about the FTC accusations. Of course, the FTC could have made a referral to the SEC.

Here's an alternative view also worth considering –

LifeLock's now confirmed SEC investigation could be the result of something wholly unrelated to the FTC probe. If so, that might concern investors even more than if the SEC is doing a tag-along to the FTC. The next page lists some great questions to ask the company about the SEC investigation.

## Questions for LifeLock:

If you're an investor interested in assessing the risk posed by the SEC probe of LifeLock, you're going to need answers to the following questions. Absent complete answers, you will be faced with a potentially serious risk that you cannot analyze. Those are companies we generally recommend avoiding.

Keep this in mind: Many companies love to hide behind the notion they "can't" discuss their investigations. For the most part, that's simply not true. They can say whatever they want. It's their attorneys who don't want them saying anything.

We understand attorneys are obligated to protect their clients. But remember, the company is their client, not you, the lowly investor. The attorneys have no obligation to protect you.

When it comes to SEC probes, we've found the word "can't" actually means "won't"; as in, the company simply refuses to answer your questions. We generally recommend avoiding such companies.

Here's the questions we think LifeLock needs to answer –

- What communications has your company had with the SEC's Division of Enforcement in the past two years? (The ideal answer is none, but that's not going to be the case here.)
- When is date of initial contact with the SEC regarding this probe?
- What are the issues involved? The company knows what information, records, or testimony has been requested by the SEC. Ask them.
- We know there's some sort of SEC investigation. Ask the company if it's formal or informal?
- If it's a formal probe, that means subpoenas were issued. Ask to whom the subpoenas were sent within the company, or is it just the company itself? The company will not necessarily know if the SEC sent subpoenas to parties outside of the company though.
- Ask for all the times subpoenas were received and what information, records, or testimony was sought by those subpoenas?
- Where does this investigation stand? When was last the contact with the SEC? What was the purpose of that contact?
- Is there more than one SEC investigation at this time, or have there been in the past two years?
- Have any other governmental entities opened investigations? If so, which and when?
- Why have you not disclosed the SEC probe(s) to investors?

[To learn more on our process and what our findings mean, click here](#)

*Notes: The SEC did not disclose the details on investigations referenced above. 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 this latest information which would not be reflected here.*

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