Not an Inside Job: How Two Analysts Became SEC Whistleblowers

Reuters tells **the story** of how two analysts who liked to swap notes on numbers they thought looked odd took a fateful step and tipped off U.S. regulators about a company that one of them had watched for months.

The story is illustrated with the case of Orthofix International NV, a Texas-based medical device maker that kept hitting ambitious earnings targets and many analysts had "buy" recommendations for the stock.

One of the analysts had a feeling about the company, noticing its earnings reports showed it was taking longer than usual for the company to get paid by wholesale customers, invoices were piling up and executives struggled to offer a convincing explanation, saying logistical problems at foreign offices were partly to blame.

Reporter **Sarah N. Lynch** tells how that analyst spent months tracking quarterly reports and earning calls, using algorithms to compare Orthofix's ratios and patterns of sales and inventory turnover with financial data of its peers.

"By entering the SEC whistleblower program the duo showed how outsiders with analytical skills and tools and time to spare can accomplish what is typically done by those with inside access to confidential information," Lynch writes.

The two could win as much as $2.5 million for their whistleblowing.

Read the Reuters article.

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