ICON Notes From Financials

By Jason Rivera

Bolded emphasis throughout is mine. My notes are highlighted.

Also below, I talk about and notated information as I came across it in filings.

As disclosed in its Report on Form 8-K filed on February 18, 2016 (the "Form 8-K"), Iconix Brand Group, Inc. (the "Company") will restate its historical financial statements.

The Company is unable to file its Form 10-K for the fiscal year ended December 31, 2015 (the "2015 Form 10-K") within the prescribed time period without unreasonable effort and expense.

As announced in the Form 8-K, **the Company will restate its historical financial statements in respect of (i) the 2013 and 2014 fiscal years and (ii) the first, second and third quarters of 2015 (the "Restatement Periods") to restate the financial statements for the Restatement Periods in connection with the accounting treatment of certain of the Company's joint ventures and asset sales.**

As a result, the Company's normal process of reviewing and completing the Company's 2015 Form 10-K has been delayed to make the necessary adjustments. The Company intends to file the 2015 Form 10-K as soon as reasonably practicable.

Not off to a good start already.

This was the first thing I came across as I went through ICON's filings. It's never a good thing when a company has to restate these let alone two full years and ¾ of 2015.

IT ACTUALLY ENDED UP BEING FOUR FULL YEARS RESTATED TALKED ABOUT FURTHER BELOW.

When a company has to restate filings it's because they were doing something they shouldn't have in the past. And only "recently" found out about it.

I put recently in quotes because in many cases companies only restate items when they have to. Not when they are found out or the bad policies are implemented.

I think most companies know about these "deficiencies" in their policies far in advance of when they let shareholders know.

Let's continue on to find out if this was an honest mistake. Or if the company is doing stupid/bad things with shareholders money regularly.

This also means I'll have to rely on ICON's last 10 K – 2014 – and most recent quarterly info. But since these are all being restated as I type I'm not sure how much the financial info will remain relevant.

For these notes I'll look at mainly the operations of the company. The brands it owns. And other non financial info.

Pursuant to the Credit Agreement, the Lenders are providing to IBG Borrower a senior secured term loan (the "Senior Secured Term Loan"), scheduled to mature on March 7, 2021, **in an aggregate principal amount of $300 million and bearing interest at LIBOR (with a floor of 1.50%) plus an**

applicable margin of 10% per annum (the "Interest Rate").

These funds are sufficient to pay all outstanding obligations, plus accrued interest, under the **Company's 2.50% convertible senior subordinated notes due June 2016.**

Another wow right off the bat…

Almost 100% of the time I've seen companies take out new debt to pay off earlier debt it's been at interest rates cheaper than the past loan.

In this case ICON had to take out debt at 10% interest rates plus LIBOR – so a minimum of 11.5% interest rate – to pay off convertible debt whose interest rate was 2.5%.

ICON is now paying a minimum of nine percentage points more in interest per year. This will raise interest expenses per year by at least $27 million.

I say at least above because the 1.5% LIBOR rate is the minimum they'll have to pay on top of the normal 10% interest rate. As interest rates rise this will go up.

I DETAIL THE NEW BOND FURTHER BELOW.

This is all incredible…

After the Great Recession and government and Federal Reserve's around the world dropped interest rates many companies took out lower interest debt to pay off older higher interest debt.

This of course is good as long as you can pay it back since it lowers interest expenses and other costs related to debt. It also made the company's debt loads less risky.

ICON is doing the inverse of this.

This only happens when companies ***have to*** refinance debt. The banks know the companies will have to refinance to not default or go bankrupt so they charge the company a higher interest rate.

Also if a company has to refinance debt it usually means the company's ability to pay back the loan is lower making it more risky. This also raises the interest rate.

None of this is good news for shareholders… Though it may be good for bondholders of the company. I may get back to this at some point.

Usually when a company has to pay high interest rates it also means significant collateral has to be put down as well…

IBG Borrower's obligations under the Senior Secured Term Loan will be guaranteed jointly and severally by the Company and the other Guarantors pursuant to a separate facility guaranty.

IBG Borrower's and the Guarantors' obligations under the Senior Secured Term Loan will **be secured by first priority liens on and security interests in substantially all assets of IBG Borrower, the Company and the other Guarantors and a pledge of substantially all equity interests of the Company's subsidiaries (subject to certain limits including with respect to foreign subsidiaries) owned by the Company, IBG Borrower or any other Guarantor.**

The only assets the loaners won't have access to are as follows.

However, the security interests will not cover certain intellectual property and licenses associated with the exploitation of the Company's Umbro® brand in Greater China, those owned, directly or indirectly by the Company's subsidiary Iconix Luxembourg Holdings SÀRL or those subject to the Company's securitization facility. In addition, the pledges exclude certain equity interests of Complex Media, Inc., Marcy Media Holdings, LLC, and the subsidiaries of Iconix China Holdings Limited.

The above means several things…

First is the sentence first priority liens – this means the loaner will have priority before everyone else including other bondholders and equity shareholders in case of default or bankruptcy.

Second is the most important sentence – ***"and security interests in substantially all assets of IBG Borrower, the Company and the other Guarantors and a pledge of substantially all equity interests of the Company's subsidiaries (subject to certain limits including with respect to foreign subsidiaries) owned by the Company, IBG Borrower or any other Guarantor."***

This means if a default or bankruptcy takes place the loaner will gain all assets of ICON and its subsidiaries. And all equity of the company's subsidiaries. The only things excluded are mentioned above.

In effect the first lien holder will full control of the company in the event of a default/bankruptcy.

Obviously I'm not a debt or distressed debt expert but I've read enough company filings to know this is crazy.

I've never read debt terms this awful.

Most of the time when a company has to pledge collateral it's for a partial amount of the company's assets. I've never seen a pledging of full assets let alone full equity interest.

This shows the deep trouble ICON is in. It wouldn't agree to these terms if it didn't ***have to***.

I knew from my preliminary analysis ICON had some major issues with its debt but this is extreme.

I also knew from my preliminary analysis that I wouldn't invest in ICON.

But going through the filings up to this point – remember not even the 10K, 10Q, or proxy reports yet – I've never seen anything this bad before.

But the notes and case study will continue because it's an extreme example of what not to look for in company management and governance.

For further info on the debt agreement please read the following.

8K filing talking about the debt agreement.

As previously announced, a special committee (the "Special Committee") of the Board of Directors ("Board") of the Company conducted a review of the accounting treatment related to certain transactions. Based on the Special Committee's review and additional review by the Audit Committee (the "Audit Committee") of the Board and the Company's current management team, on October 30, 2015, the Board, the Audit Committee and the Company's current management team concluded that the Company will restate its historical financial statements in respect of (i) the fourth quarter and fiscal year of 2013, (ii) the 2014 fiscal year and each quarterly period thereof and (iii) the first and second quarters of 2015, to correct certain errors in accounting.

These restatements include the correction of errors regarding (i) the classification of contractually obligated expenses, retail support and other costs as selling, general and administrative expenses, as opposed to netting such expenses against licensing or other revenue, as applicable, (ii) inadequate support for revenue recognition relating to certain license agreements, and (iii) inadequate estimation of accruals related to retail support for certain license agreements.

This is too much information to try and parse going through older financials that are being restated. I'll wait until March 30th when everything is supposed to be finished and the redone latest 10K will be finished to keep going through these notes.

Above notes are from recent 8K's including the loan agreement. And the 2015 Proxy form only.

The longtime CEO of Iconix recently resigned – looks like he was forced to after a long list of "accounting irregularities" were found.

Explains why the company is restating two and three quarters years of financials. **Ended up being four years of financials restated when the new 10K was released**. But this still isn't all bad about the old CEO…

According to **this article** he's being sued for sabotaging one of the company's brands – Marc Ecko – and lying to other customers and brands.

Wow… This is just a start since I'm waiting for the fixed financials and most recent 10K to release at this writing. But this may be the most dysfunctional and poorly managed company I've come across.

This article explains the issues at Iconix in more detail.

A new full time CEO – **John Haugh** – has been hired to run ICON. He'll start on April 1st. And has past experience at Luxottica and Build-A-Bear.

UPDATED 10K INFO BELOW HERE.

General

> As of December 31, 2015, the Company's brand portfolio includes Candie's ®, Bongo ®, Badgley Mischka ®, Joe Boxer ®, Rampage ®, Mudd ®, London Fog ®, Mossimo ®, Ocean Pacific/OP ®, Danskin/Danskin Now ®, Rocawear ® /Roc Nation ®, Cannon ®, Royal Velvet ®, Fieldcrest ®, Charisma ®, Starter ®, Waverly ®, Ecko Unltd ® /Mark Ecko Cut & Sew ®, Zoo York ®, Sharper Image ®, Umbro ®, Lee Cooper ®, Strawberry Shortcake ® and Artful Dodger ®; and interest in Material Girl ®, Peanuts ®, Ed Hardy ®, Truth or Dare ®, Billionaire Boys Club ®, Ice Cream ®, Modern Amusement ®, Buffalo ®, Nick Graham ® Hydraulic ®, and PONY ®.

Globally, the Company has over 50 direct-to-retail licenses and more than 1,700 total licenses. Licensees are selected based upon the Company's belief that such licensees will be able to produce and sell quality products in the categories and distribution channels of their specific expertise and that they are capable of exceeding minimum sales targets and royalties that the Company generally requires for each brand.

This licensing strategy is designed to permit the Company to operate its licensing business, leverage its core competencies of marketing and brand management with minimal working capital, and without inventory, production or distribution costs or risks, and maintain high margins.

The vast majority of the Company's licensing agreements include minimum guaranteed royalty revenue which provides the Company with greater visibility into future cash flows.

As of January 1, 2016, the Company had over $850 million of aggregate guaranteed royalty revenue over the terms of its existing contracts excluding renewals.

Finally some good news.

Icon's Brands

In the below examples talking about mall brands I'm talking about them from an investment perspective not a quality or cost perspective.

Most of ICON's brands are known as medium to low end mall brands. And many are sold in stores like Sears/Kmart, Kohl's, Wal-Mart, and Target. These are even lower end than mall brands.

In my eBay business most of what I sell is men's and women's clothes.

I put clothes into three categories when evaluating them.

1. Low end – Wal-Mart, Target, Kmart, and Sears sold clothes among many other lower end options. These clothes have almost no brand value and are almost impossible to sell at a profit on eBay after costs and fees.
2. Medium end – Mall brands like Banana Republic, Calvin Klein, Hollister, Gap, etc. Some of these brands can be sold at a profit on eBay after costs and fees. These brands are also further sub divided into low, medium, and high end as well. I stick to the medium and higher end mall brands to sell on

eBay. Banana Republic and Calvin Klein fall into these categories. These can be sold at a profit most of the time on eBay if you can buy at a low enough price when sourcing.

3. Higher end – These are brands like Polo Ralph Lauren, Ralph Lauren Black Label, Ralph Lauren Purple Label, Lacoste, Patagonia, Tommy Bahama, etc. These can almost always be sold for a profit after costs and fees on eBay. And most of the time they sell quicker than the others as well.

Let's now go through a specific example proving the low demand of most of ICON's brands.

When searching for inventory to sell I look in places like Goodwill, Salvation Army, and other thrift stores.

Typically the most I'll spend on a shirt I plan to resell is $4. And most shirts – unless they are new, higher end, or rare – I sell for $20 to $25 a piece on eBay.

Let's use $20 in the following example because it's an even number and that's what I sell most items for.

I pay shipping for all items I sell and eBay takes its cut off all transactions as well.

If I sell something for $20 that I bought for $4 my potential profit has already dropped 20% to $16. But you also have to add shipping and fees to this as well.

EBay's cut on a $20 item is $2. Plus shipping – this depends on weight but I'll estimate what most things cost me – is another ~$4.

Adding these fees in drops our profit to $10 in the best case. Heavier items will eat into this profit further.

I make a ~50% profit margin on each item I sell on eBay for $20 that I'm able to buy for $4. Pretty good, but it's not going to make you rich fast.

This is on a medium to high end shirt for high demand products like Polo Ralph Lauren and the others I listed above.

Now let's go through a real world example showing how "well" low demand and low priced items sell on eBay because these are the types of brands ICON owns.

If you're following along go to this page showing current **Danskin** – ICON brand – sold recently on eBay.

Most items are selling between $2.99 and $12.99 a piece.

In my experience this means most things sell for $8 to $10 a piece. Let's go with $10 to finish the example.

Using the same numbers above – yes I know some of this stuff is lighter so it would cost a bit less – brings our profit to $0 if we buy the item at $4.

This is in the best case.

Profits go negative if you aren't able to sell for $10.

This means many things in terms of an eBay business. But in terms of what we're talking about I know from experience running an eBay business ICON's brands are low end to medium low end.

There is zero brand recognition or loyalty for most of its brands. And the brands that were valuable and in high demand at one point – Ed Hardy and Rocawear – are seen almost nowhere in the mainstream anymore after ICON got a hold of them and trends and people's tastes changed.

This all means that no matter what price ICON paid for the brands – and it's almost guaranteed they overpaid for most of them since many have deteriorated since acquisition – that they have overstated value on ICON's balance sheet.

It wouldn't surprise me if goodwill, IA, and "investments" were further written down/impaired soon.

This would not only cut the value of the company even further. But under certain terms this could also lead to default/bankruptcy and shareholders losing ownership of this entire company.

Things of Note

Peanuts, we believe, is the most engaging character brand on Facebook. IN OTHER WORDS THE COMPANY IS SAYING ON FACEBOOK THEY BELIEVE – KEY WORD BELIEVE – THEIR KID IS THE CUTEST AND SMARTEST OF EVERYONE ON FACEBOOK.

There's a lot of talk in the financials about revenue growth. Very little talk of profitability growth.

This is never a good sign because if you grow revenue and the company in an inefficient and unhealthy way the growth won't last. And shareholder value will likely be destroyed.

It's also weird management is talking about revenue growth since revenue is back down to 2011 levels after rising in the last several years and then falling in the TTM period.

ICON is an amalgam of random properties and investments.

Just a few examples include:

- The company owns part of Roc Nation sports agency
- Two separate media companies.
- All the clothing brands it owns or holds the licenses too
- And media properties like PEANUTS and Strawberry Shortcake.

The Company’s in-house fashion team supports the brands by providing licensees with unified trend direction, guidance and coordination of the brand image across all product categories.

The fashion team is focused on identifying and interpreting the most current trends, both domestically and internationally, by helping forecast the future design and product demands of the respective brands’ customers.

THE ABOVE IS IMPOSSIBLE TO DO ON A CONSISTENT BASIS IN THE TEENAGE FASHION ARENA. THIS IS ONE REASON WHY MANY OF ICON’S BRANDS HAVE FALTERED IN RECENT YEARS.

TEENAGERS ARE THE MOST FICKLE SHOPPERS IN THE WORLD AND THEIR TASTES AND WHAT THEY VIEW AS COOL CHANGES RAPIDLY.

Some more good news.

Several of the company’s contracts with big retailers – Wal-Mart, Target, Kohl’s, KMART/Sears for example – state that the retailer has to pay a minimum royalty amount to ICON.

This means no matter what ICON knows it will at least get this minimum payment from the big retailers every year.

RESTRICTIVE DEBT COVENANTS

In an event of default, all unpaid amounts under the Senior Secured Notes and Variable Funding Notes could become immediately due and payable at the direction or consent of holders of a majority of the outstanding Senior Secured Notes.

Such acceleration of our debt could have a material adverse effect on our liquidity if we are unable to negotiate mutually acceptable terms with our lenders or if alternate funding is not available to us.

Furthermore, if amounts owed under the securitized debt were to become accelerated because of a failure to meet the specified financial ratio or to make required payments, the holders of our Senior Secured Notes would have the right to foreclose on the Candie's, Bongo, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific/OP, Danskin/Danskin Now, Rocawear, Cannon, Fieldcrest, Royal Velvet, Charisma, Starter, Waverly and Sharper Image trademarks in the United States and Canada (with the exception of the London Fog brand for outerwear in the United States); on our joint venture interests in Hardy Way, MG Icon, ZY Holdings and Peanuts; on the equity interests in certain of our subsidiaries; and on other related assets securing the notes.

We may not have sufficient cash to pay, or may not be permitted to pay, the cash portion of the consideration that we will be required to pay when our 2.50% Convertible Notes become due in June 2016 or when our 1.50% Convertible Notes become due in March 2018.

Upon conversion of our 2.50% Convertible Notes and our 1.50% Convertible Notes, we will be required to pay to the holder of each such notes a cash payment equal to the par value of those convertible notes.

As a result, we will be required to pay a minimum of $300.0 million and $400.0 million in cash to holders of the 2.50% Convertible Notes and 1.50% Convertible Notes, respectively, upon conversion.

We entered into a Credit Agreement pursuant to which the lenders thereto are providing us a $300 million senior secured term loan (the "Senior Secured Term Loan") in March 2016, the net cash proceeds of which must be used to satisfy its outstanding obligations under the 2.50% Convertible Notes.

If for any reason the net cash proceeds from the Senior Secured Term Loan are not able to be accessed by the Company, the Company cannot be certain it would be able to satisfy its obligations under the 2.50% Convertible Notes.

THERE'S NO WAY ICON WILL BE ABLE TO PAY $300 MILLION IN JUNE 2016 AND $400 MILLION IN MARCH 2018 WITHOUT HAVING TO TAKE OUT MORE DEBT. REFINANCING THESE OBLIGATIONS. OR SELLING ASSETS.

$700 MILLION WORTH OF CONVERTIBLE NOTES ARE DUE WITHIN A YEAR AND A HALF FROM THIS WRITING. ICON PRODUCED $768 MILLION IN FCF IN THE LAST FOUR FULL YEARS.

AND IT WILL CONTINUE PAYING DOWN ITS OTHER DEBT IN THE MEAN TIME TO NOT DEFAULT ON THOSE PAYMENTS.

ICON ALSO ONLY HAS $170 MILLION IN CASH AND CASH EQUIVALENTS AS OF NOW AS WELL.

LIKELIHOOD OF PAYING BACK THE ABOVE DEBT IS ALMOST ZERO WITHOUT SALE OF ASSETS, REFINANCING, OR TAKING OUT MORE DEBT. LIKELY AT WORSE TERMS FOR THE COMPANY.

AGAIN REMEMBER THE COMPANY HAS ANOTHER $761 MILLION IT WILL CONTINUE HAVING TO MAKE PAYMENTS ON TOP OF THE $700 CONVERTIBLE NOTES DUE WITHIN A YEAR AND A HALF.

OH WAIT…

AS I'VE BEEN FINSIHING UP THESE NOTES I CAME ACROSS THIS NUGGET.

ICON HAS ALREADY REFINANCED THE JUNE 2016 2.50% CONVERTIBLE BOND TO A NEW LIBOR – WITH A MINIMUM 1.50% RATE - + 10% BOND. OUCH.

MAY BE A GOOD BOND TO BUY THOUGH…

SINCE THE NEW BOND JUST CLOSED YESTERDAY 4/7/16 MY BROKERAGE HASN'T UPDATED ICON'S BOND SITUATION YET SO AS OF THIS WRITING I'M NOT ABLE TO SEE WHAT THE BOND IS PRICED AT OR IF IT WOULD BE A POTENTIALLY GOOD INVESTMENT OR NOT.

We have issued a substantial number of shares of common stock that are eligible for resale under Rule 144 of the Securities Act of 1933, as amended, or Securities Act, and that may become freely tradable.

NOTE ON ABOVE – **RULE 144** ALLOWS COMPANIES TO SELL CONTROL OR RESTRICTED STOCK ON THE PUBLIC MARKET IN CERTAIN CIRCUMSTANCES.

We have a material amount of goodwill and other intangible assets, including our trademarks, recorded on our balance sheet. As a result of changes in market conditions and declines in the estimated fair value of these assets, we may, in the future, be required to write down a portion of this goodwill and other intangible assets and such write-down would, as applicable, either decrease our net income or increase our net loss.

AND THE WRITING DOWN OF THESE ASSETS HAS ALREADY BEGUN…

GOING TO THE COMPANIES CASH FLOW STATEMENT ON MORNINGSTAR IT IMPARED/WROTE DOWN $438 MILLION WORTH OF INVESTMENTS AND INTANGIBLE ASSETS IN THE TTM PERIOD.

THIS NOT ONLY AFFECTS SHORT TERM LOSSES AS SEEN FROM THE $273 MILLION OPERATING LOSS AND $189 MILLION NET INCOME LOSS IN THE TTM PERIOD.

BUT IT ALSO LOWERS THE COMPANIES BOOK VALUE AS WELL…

BOOK VALUE IN 2015 WAS $19.85 PER SHARE. BUT IN THE TTM PERIOD IT'S DROPPED TO $12.18 PER SHARE. A LOSS OF $7.67 PER SHARE – OR 39% - OF BOOK VALUE IN A MATTER OF MONTHS.

WHEN A COMPANY HAS TO WRITE DOWN/IMPAIR ASSETS IT MEANS THEY WERE A.) OVERVALUED ALREADY OR B.) THEY BECAME OVERVALUED AFTER LOSING BUSINESS AND SALES.

BOTH CAN BE TRUE AT THE SAME TIME AND BOTH ARE LIKELY HERE. I ALREADY TALKED ABOUT THE DROP IN SALES IN THE LAST FEW YEARS ABOVE.

Outlay of Debt Payments

Senior Secured Notes	$ 61,123	$ 61,123	$ 61,123	$ 61,123	$ 61,123	$ 407,292	$ 712,907
1.50% Convertible Notes	—	—	400,000	—	—	—	400,000
2.50% Convertible Notes(1)	300,000	—	—	—	—	—	300,000
Variable Funding Notes	—	—	100,000	—	—	—	100,000
Operating leases	2,384	2,404	2,202	2,099	2,158	7,284	18,531
Employment contracts	5,445	2,128	1,000	152	—	—	8,725
Interest	42,329	36,559	28,915	21,483	18,838	58,059	206,183
Total contractual cash obligations	$ 411,281	$ 102,214	$ 593,240	$ 84,857	$ 82,119	$ 472,635	$ 1,746,346

As noted above the 2.5% notes have been paid off and in their place is a minimum 11.5% coupon bond.

The Company evaluated its market capitalization as a consideration of goodwill impairment. However, the Company does not believe that the significant decline in the Company's stock price in FY 2015 (resulting in the Company's market capitalization being below its enterprise value) was an indicator of impairment as management believes that the decline in the stock price is temporary given various factors as follows: (i) appointment of the new CEO, (ii) refinancing of the Company's 2.50% Convertible Notes which are due June 2016, (iii) completion of the restatement of its historical financial statements and the related management review of historical accounting transactions Restatement in Notes to Consolidated Financial Statements for further details).

WHAT?

I DON'T THINK MARKET PRICE DROP IS A GOOD INDICATOR OF POSSIBLE IMPAIRMENT EITHER. BUT THE REST OF THE REASONS GIVEN FOR NOT IMPAIRING GOODWILL ARE ASININE.

IN OTHER WORDS THEY ARE SAYING *"YEAH WE MESSED UP IN THE PAST AND LIED – INADVERTANTLY – ABOUT FOUR YEARS OF FINANCIALS THAT WE HAD TO RESTATE. AMONG THE MYRIAD OF OTHER ISSUES WE HAD DURING THAT TIME WE PROMISE WE'RE GOING TO STOP SCREWING UP NOW. PLEASE BELIVE US."*

Retention Stock Grant. On January 7, 2016, the Company awarded to certain employees a retention stock grant of approximately 1.3 million shares with a then current value of approximately $7.7 million.

REALLY?

WITH THE FIRING/FORCING OUT OF ITS FOUNDER. FOUR YEARS OF RESTATEMENTS WITH THE IRS – LEGAL COSTS OF WHICH EXCEED $11 MILLION AT THIS TIME. THE IMPAIRMENT OF MORE THAN $400 MILLION OF ASSETS. A 39% REDUCTION IN BOOK VALUE ALONG WITH ALL THE OTHER STUFF WRONG THIS COMPANY HAS DONE IN THE LAST SEVERAL YEARS THEY STILL DECIDED TO PAY THEMSELVES BONUSES… WOW.

THIS IS THE EPITOME OF DOING WRONG WITH SHAREHOLDER MONEY ON ALL LEVELS.

Concluding Thoughts

After going through ICON's financials there's nothing I like about this company other than its business model and huge FCF/Sales generation.

But management has ruined even these two great things with its poor acquisitions, corporate malfeasance, and hubris.

The only company I've come across that's even close to this bad was Koss and their business model was a lot more difficult to manage than ICON's.

As a company that collects royalties ICON could have just sat back, collected those royalties, do nothing else, and made a ton of money for themselves and shareholders.

Monkeys could have run this company better than its current and recent past managers.

For now ICON takes that cake as the worst run company I've ever researched.

Thank you Professor Andrew for sending this recommendation to me to do a case study on. It was a great learning experience on what not to look for when evaluating an investment.

A great use of Charlie Munger's principle of inversion.