

■ **Key Facts**

Business address: **South Portland, Maine, United States**
 Industry: **Financial Transactions Processing, Reserve, and Clearinghouse Activities** (NAICS 522320)
 SEC filer status: **Large Accelerated Filer** as of Mar 2020
 Index member: **S&P 400, Russell 1000**
 Market Cap: **\$7.11b** as of Jul 27, 2020
 Annual revenue: **\$1.72b** as of Dec 31, 2019

■ **Corporate Governance**

CEO: **Melissa D. Smith** since 2014
 CFO: **Roberto Simon** since 2016 1st level

Board Chairman: **Melissa D. Smith** since 2019
 Audit Committee Chair: **Regina O. Sommer** 2nd level

Auditor: **Deloitte & Touche LLP** since 2003
 Outside Counsel (most recent): **Wilmer Cutler Pickering Hale & Dorr LLP** 3rd level

SEC Reviewer: **Craig D. Wilson** 4th level

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How to analyze this company's Watchdog Report? [Skip to the last page](#)

Information in this report is effective Jul 28, 2020 and is taken from the company's public financial and regulatory filings. Latest filing 10-Q filed 05/11/2020. Over 75 accounting and data analysts scrutinize and review crucial information, footnotes, disclosures, etc., from these filings. Material facts are captured and processed using our proprietary methods which identify key risk factors our readers need to know. Each Watchdog Report represents 30 or more hours of analysis and processing.

Accounting and financial disclosure data from [Audit Analytics](#).
 Executive compensation data from [Shore Group and Intrinio](#).
 Data from [Sharadar](#).
[Data from Barchart via Quandl](#).
[Data from Exchange Data International via Quandl](#).

Jul 28, 2020 Jan 1, 2019 Jan 1, 2015

RECENT PERIOD HISTORICAL PERIOD

10-Q filed on May 11, 2020 for period ending Mar 2020

Reporting Irregularities

| RECENT | | HISTORICAL |
|--------|---------------------------------|------------|
| ✓ | Financial Restatements | ✓ |
| ! | Revisions | ✓ |
| ! | Out of Period Adjustments | ✓ |
| ! | Late Filings | ! |
| ! | Impairments | ! |
| ! | Changes in Accounting Estimates | ! |
| ! | Disclosure Controls | ! |
| ! | Internal Controls | ! |
| ! | Critical / Key Audit Matters | ✓ |

Anomalies in the Numbers

| RECENT | | HISTORICAL |
|--------|----------------------------------|------------|
| ✓ | Benford's Law | ✓ |
| — | Beneish M-Score | — |
| ✓ | Accounting Disclosure Complexity | ✓ |

Securities & Exchange Commission Concerns

| RECENT | | HISTORICAL |
|--------|---------------------------|------------|
| ✓ | SEC Oversight | ✓ |
| ✓ | SEC Letters to Management | ! |
| ✓ | Revenue Recognition | ✓ |
| ✓ | Non-GAAP Measures | ✓ |

Litigation & External Pressures

| RECENT | | HISTORICAL |
|--------|------------------------|------------|
| ✓ | Significant Litigation | ! |
| ✓ | Class Actions | ! |
| ✓ | Securities Law | ✓ |
| ✓ | Shareholder Activism | ✓ |
| ✓ | Cybersecurity | ✓ |

Management Review

| RECENT | | HISTORICAL |
|--------|------------------------|------------|
| ✓ | CEO Changes | ✓ |
| ✓ | CFO Changes | ! |
| ! | Insider Sales | ! |
| ! | Mergers & Acquisitions | ! |
| ✓ | Sales of Assets | ✓ |

Auditor Assessment

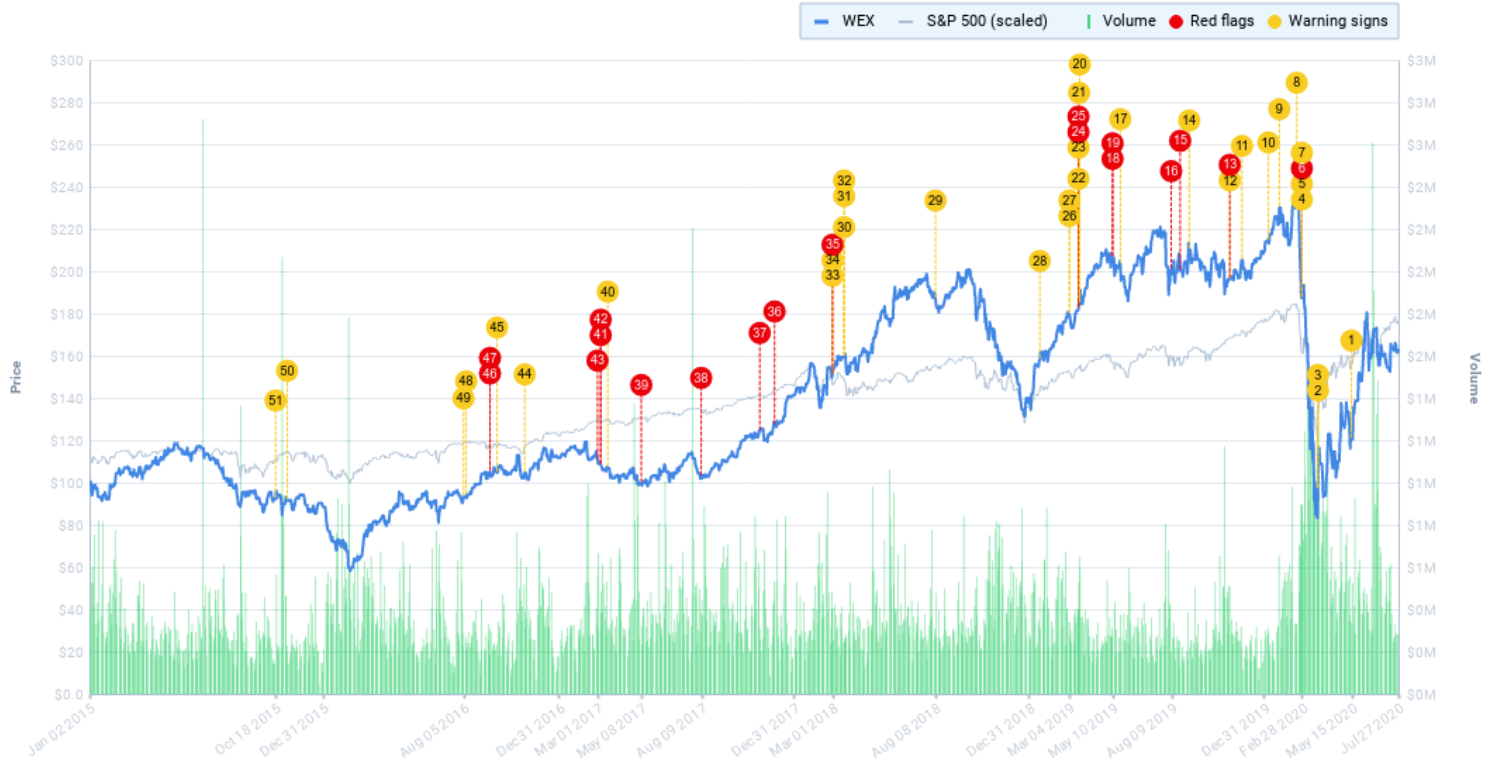
| RECENT | | HISTORICAL |
|--------|--------------------|------------|
| ✓ | Auditor Changes | ✓ |
| ✓ | Auditor Experience | ✓ |
| ✓ | Auditor Tenure | ✓ |
| ! | Audit Fees | ! |
| ✓ | Non-Audit Fees | ! |



Overview

Price and Volume History

This graph shows the price and trading history for WEX. Warning signs and red flags are marked on the graph according to their disclosure dates.



- 1 May 15, 2020 - Insider Sale
- 2 Mar 24, 2020 - Insider Sale
- 3 Mar 24, 2020 - Insider Sale
- 4 Feb 28, 2020 - Out of Period Adjustments
- 5 Feb 28, 2020 - Disclosure Controls
- 6 Feb 28, 2020 - Critical / Key Audit Matters
- 7 Feb 28, 2020 - Critical / Key Audit Matters
- 8 Feb 20, 2020 - Insider Sale
- 9 Jan 24, 2020 - Mergers & Acquisitions
- 10 Jan 7, 2020 - Insider Sale
- 11 Nov 27, 2019 - Insider Sale
- 12 Nov 8, 2019 - Change in Accounting Estimates
- 13 Nov 8, 2019 - Disclosure Controls
- 14 Sep 6, 2019 - Insider Sale
- 15 Aug 23, 2019 - Insider Sale
- 16 Aug 9, 2019 - Disclosure Controls
- 17 May 22, 2019 - Insider Sale
- 18 May 10, 2019 - Disclosure Controls
- 19 May 10, 2019 - Insider Sale
- 20 Mar 20, 2019 - Revisions
- 21 Mar 19, 2019 - Insider Sale
- 22 Mar 18, 2019 - Impairment
- 23 Mar 18, 2019 - Impairment
- 24 Mar 18, 2019 - Disclosure Controls
- 25 Mar 18, 2019 - Internal Controls
- 26 Mar 4, 2019 - Revisions
- 27 Mar 4, 2019 - Late filing
- 28 Jan 17, 2019 - Mergers & Acquisitions
- 29 Aug 8, 2018 - Insider Sale
- 30 Mar 19, 2018 - Insider Sale
- 31 Mar 19, 2018 - Insider Sale
- 32 Mar 19, 2018 - Insider Sale
- 33 Mar 1, 2018 - Impairment
- 34 Mar 1, 2018 - Impairment
- 35 Mar 1, 2018 - Disclosure Controls
- 36 Dec 1, 2017 - Insider Sale
- 37 Nov 8, 2017 - Disclosure Controls
- 38 Aug 9, 2017 - Disclosure Controls



- 39 May 8, 2017 - Disclosure Controls
- 40 Mar 17, 2017 - Insider Sale
- 41 Mar 6, 2017 - Disclosure Controls
- 42 Mar 6, 2017 - Internal Controls
- 43 Mar 1, 2017 - Late filing
- 44 Nov 8, 2016 - Change in Accounting Estimates
- 45 Sep 26, 2016 - SEC letters to management

- 46 Sep 15, 2016 - Lawsuit: Swinter Group Inc v. FleetOne LLC
- 47 Sep 15, 2016 - Class Actions Lawsuit: Swinter Group Inc v. FleetOne LLC
- 48 Aug 9, 2016 - Disclosure Controls
- 49 Aug 5, 2016 - Insider Sale
- 50 Nov 5, 2015 - Change in CFO
- 51 Oct 18, 2015 - Mergers & Acquisitions

Notifications

Important notifications related to the company are listed here. Notifications may come from the SEC, exchanges such as the NYSE or NASDAQ, or Watchdog Research. Examples of notifications include announcements of bankruptcy proceedings, company name changes, and noncompliance with SEC regulations or exchange rules.

There are no notifications for WEX at least since 2015.

Peer Group

Peer groups are used by companies to benchmark executive compensation and performance. Each company identifies its own peer group. Peer groups vary from company to company.

Peer Group

| Company | Ticker | Market Cap |
|----------------------------------------|--------|------------|
| Global Payments Inc. | GPN | \$51.2b |
| FleetCor Technologies Inc. | FLT | \$21.7b |
| Broadridge Financial Solutions, Inc. * | BR | \$15.3b |
| WEX Inc. | WEX | \$7.11b |
| Green Dot Corp. | GDOT | \$2.78b |
| Evertec, Inc. * | EVTC | \$2.25b |
| EVO Payments, Inc. * | EVOP | \$1.87b |
| CSG Systems International Inc. | CSGS | \$1.35b |
| Virtusa Corp. | VRTU | \$1.01b |
| Cardtronics Plc. * | CATM | \$935m |

Companies Who Named WEX as a Peer

| Company | Ticker | Market Cap |
|------------------------------|--------|------------|
| Square, Inc. | SQ | \$55.2b |
| FleetCor Technologies Inc. | FLT | \$21.7b |
| Jack Henry & Associates Inc. | JKHY | \$13.8b |
| Black Knight, Inc. | BKI | \$11.2b |
| Nuance Communications, Inc. | NUAN | \$7.52b |
| WEX Inc. | WEX | \$7.11b |
| RealPage Inc. | RP | \$6.16b |
| Euronet Worldwide Inc. | EEFT | \$5.13b |
| HealthEquity, Inc. | HQY | \$3.87b |
| Sabre Corp. | SABR | \$2.04b |

* Suggested by Watchdog.



Peer Flag Comparison

The return to a company's stock is not the only measure of executive performance. Ethics matter, and growth can quickly reverse and gains evaporate if a company's accounting and financial reporting processes are not fundamentally sound and trustworthy. How does WEX's accounting quality compare to its peer group?

| | WEX | PEER GROUP FLAGS | | | | WEX | PEER GROUP FLAGS | | |
|------------------------------------------------------|-----|------------------|---|---|--------------------------------------------|-----|------------------|---|---|
| Reporting Irregularities | | | | | Litigation & External Pressures | | | | |
| Financial Restatements | ✓ | 8 | | 1 | Significant Litigation | ! | 5 | 1 | 3 |
| Revisions | ! | 6 | 3 | | Class Actions | ! | 6 | | 3 |
| Out of Period Adjustments | ! | 8 | 1 | | Securities Law | ✓ | 6 | | 3 |
| Impairments | ! | 1 | 8 | | Shareholder Activism | ✓ | 8 | 1 | |
| Changes in Accounting Estimates | ! | 8 | 1 | | Cybersecurity | ✓ | 7 | 2 | |
| Disclosure Controls | ! | | 8 | 1 | Management Review | | | | |
| Internal Controls | ! | 8 | | 1 | CEO Changes | ✓ | 5 | 4 | |
| Critical / Key Audit Matters | ! | | 5 | 4 | CFO Changes | ! | 2 | 4 | 3 |
| Anomalies in the Numbers | | | | | Insider Sales | ! | | 6 | 3 |
| Benford's Law | ✓ | 5 | | 4 | Mergers & Acquisitions | ! | 3 | 4 | 2 |
| Beneish M-Score | ⊖ | 2 | | | Sales of Assets | ✓ | 9 | | |
| Accounting Disclosure Complexity | ✓ | 6 | 3 | | Auditor Assessment | | | | |
| Securities & Exchange Commission Concerns | | | | | Auditor Changes | ✓ | 8 | | 1 |
| SEC Oversight | ✓ | 7 | 2 | | Auditor Experience | ✓ | 9 | | |
| SEC Letters to Management | ! | 1 | 8 | | Auditor Tenure | ✓ | 9 | | |
| Revenue Recognition | ✓ | 4 | 5 | | Audit Fees | ! | 2 | 7 | |
| Non-GAAP Measures | ✓ | 9 | | | Non-Audit Fees | ! | 5 | 4 | |



Reporting Irregularities

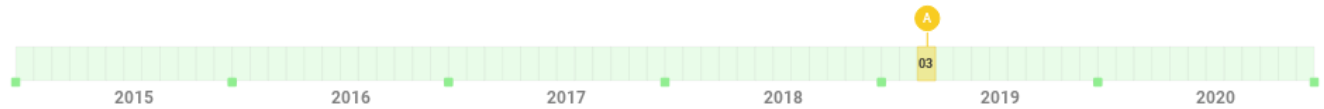
! Financial Restatements & Revisions

A financial restatement or revision is a serious event in the financial life of a company. When previous estimates of revenue, earnings, or equity are significantly lowered, financial restatements can have a dramatic impact on the valuation and projected growth of a company.

Financial restatements are always accompanied by a disclosure that their previous financial reports can no longer be relied upon. A revision is a change to a company's financials that is not accompanied by such a disclosure.

✔ No Restatements

! 2 Revisions



WEX has not restated their financials at least since 2015.

WEX revised their financials 2 times since 2015. The most recent revision was for 01/01/2017 - 12/31/2018 and filed on 03/20/2019. The revision had negative effect on their financial condition.

DISCLOSURE

A

03/20/2019 via SEC form [10-K/A](#)

CATEGORY Revision

TYPE Technical

REVISION PERIOD 01/01/2017 - 12/31/2018

IMPACT Negative

CHANGE IN INCOME \$0

CHANGE IN EQUITY \$0

REGULATORY INVESTIGATION No

BOARD APPROVAL Not Disclosed

KEY ISSUES

Financial statement, footnote & disclosure issues

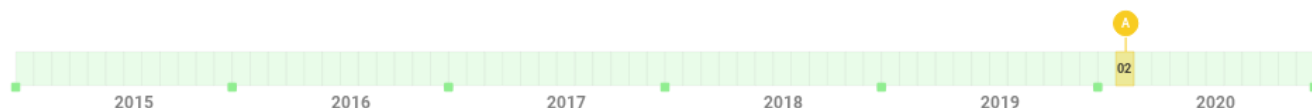


DISCLOSURE**B**03/04/2019 via SEC form [NT 10-K](#)**CATEGORY** Revision**TYPE** Qualitative**REVISION PERIOD** 01/01/2014 - 09/30/2018**IMPACT** Negative**CHANGE IN INCOME** \$-90.2m**REGULATORY INVESTIGATION** No**BOARD APPROVAL** Not Disclosed**1ST FILING DATE** 03/04/2019**LAST FILING DATE** 11/08/2019**UNCERTAINTY PERIOD** 03/04/2019 - 11/08/2019**KEY ISSUES**

Receivables, investments & cash issues

**! Out of Period Adjustments**

An adjustment or "out-of-period adjustment" is a one-time accounting entry that is intended to correct immaterial errors from previous reporting periods. Adjustments have a one-time impact on earnings when they are reported and indicate the existence accounting errors in previous financial reports. Analysts should pay close attention to the nature and magnitude of adjustments. The frequent use of adjustments may signal deeper issues with a company's accounting and financial reporting.



WEX made one adjustment to their financials for 10/01/2019 - 12/31/2019 on 02/28/2020. The adjustment had negative effect on their financial condition.

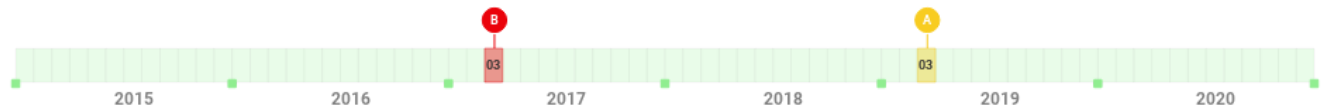
DISCLOSURE**A**02/28/2020 via SEC form [10-K](#)**TYPE** Unclassified**ADJUSTMENT PERIOD** 10/01/2019 - 12/31/2019**IMPACT** Negative**REGULATORY INVESTIGATION** No**BOARD APPROVAL** Not Disclosed**KEY ISSUES**

Revenue recognition issues



! Late Filings

Late filings can be significant warning signs. Why didn't the company file its financial report on time? Late filings may signal an impending financial restatement or deeper problems with a company's accounting processes.



WEX has had 2 late filings since 2015. The most recent late filing notification was for 2019 Q1 and filed on 03/04/2019. WEX filed the report for 2019 Q1 on 03/18/2019.

DISCLOSURE A

03/04/2019 on SEC Form [NT 10-K](#)

PERIOD END DATE 12/31/2018

ACTUAL FILING DATE 03/18/2019

REASONS FOR DELAY

Insufficient time without undue hardship, expense

Discrepancies or errors discovered

Foreign/affiliate/subsidiary accounting issues



DISCLOSURE B

03/01/2017 on SEC Form [NT 10-K](#)

PERIOD END DATE 12/31/2016

ACTUAL FILING DATE 03/06/2017

REASONS FOR DELAY

Internal Control / Sarbanes Oxley (404 or 302) assessment issues

Material Weakness issues with ICFR or DC preparation

Insufficient time without undue hardship, expense

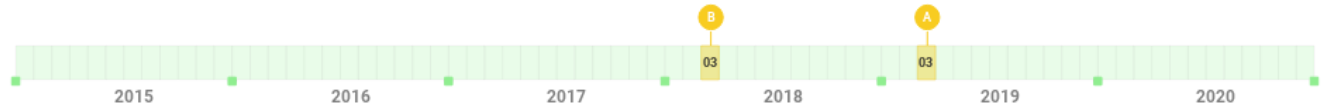
Discrepancies or errors discovered

Information system implementation issues



! Impairments

An impairment is a permanent reduction in the value of an asset.



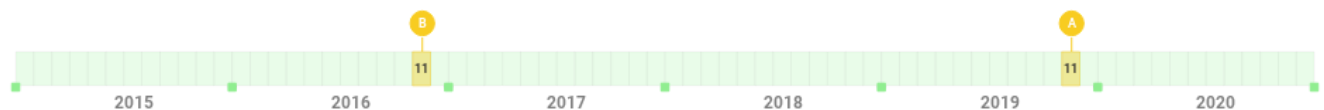
WEX has reported 4 impairments on 2 annual reports since 2015.

| A | B |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| DISCLOSURE 03/18/2019 on SEC Form 10-K | DISCLOSURE 03/01/2018 on SEC Form 10-K |
| IMPACT ON PRETAX INCOME \$5.6m | IMPACT ON PRETAX INCOME \$44m |
| IMPAIRMENT 1. Intangible Assets - Goodwill 2. Intangible Assets - Other intangible assets (not goodwill) | IMPAIRMENT 1. Intangible Assets - Other intangible assets (not goodwill) 2. Other long-lived assets, incl. capital leases, etc. |

! Changes in Accounting Estimates

Some assets and liabilities require accountants to make assumptions about future performance in order to estimate their value. Occasionally, economic conditions cause these assumptions to be revised, resulting in a change in accounting estimates. A change in accounting estimates can have a significant impact on the bottom line and may be used strategically by management to disguise otherwise weak financial results.

The impact of changes in accounting estimates on pretax income are provided when available. If the impact of changes is measured in terms of net income, it is denoted with an asterisk (*).



WEX has reported changes in accounting estimates on 2 reports since 2015.

| A | B |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| DISCLOSURE DATE 11/08/2019 on SEC Form 10-Q | DISCLOSURE DATE 11/08/2016 on SEC Form 10-Q |
| IMPACT OF THE CHANGE - | IMPACT OF THE CHANGE \$-5.9m |
| DESCRIPTION Tax expense/benefit/deferral/other, inc. valuation allowance | DESCRIPTION Depreciation, depletion or amortization - change in estimated useful life |

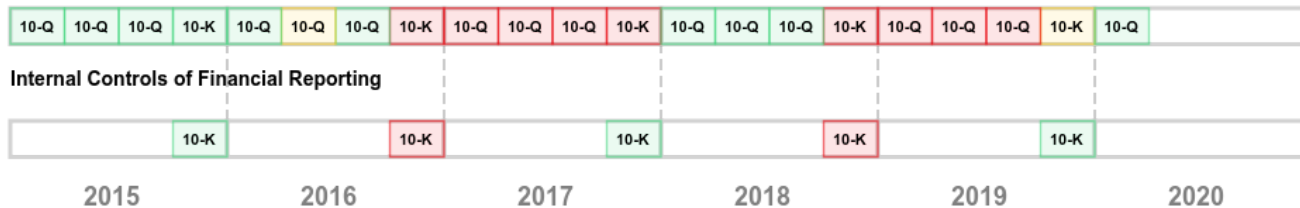




Internal and Disclosure Controls

Internal controls are put in place in order to prevent fraud and financial misstatements. A company with ineffective internal controls is said to have a "material weakness." A material weakness is a serious warning sign about a company's accounting quality.

Disclosure Controls



WEX reported a material weakness on 2016, 2017, 2018 and 2019.

Management attests that the disclosure controls are effective as of 03/31/2020.

The auditor and management attest that internal controls of financial reporting are effective as of 12/31/2019.

The company has an elevated risk of a financial restatement.

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>DISCLOSURE DATE</p> <p>02/28/2020 on SEC Form 10-K</p> <p>PERIOD END DATE</p> <p>12/31/2019</p> <p>AUDITOR ASSESSMENT</p> <p>Effective internal controls</p> <p>MANAGEMENT ASSESSMENT</p> <p>Effective disclosure controls</p> <p>Effective internal controls</p> <p>ISSUES CITED</p> <p>Remediation of control weakness asserted</p> <p>Foreign, related party, affiliated or subsidiary</p> <p>Acquisition/integration exclusion or challenges noted</p> <p>Insufficient management review in control procedures</p> | <p>DISCLOSURE DATE</p> <p>11/08/2019 on SEC Form 10-Q</p> <p>PERIOD END DATE</p> <p>09/30/2019</p> <p>MANAGEMENT ASSESSMENT</p> <p>Ineffective disclosure controls</p> <p>ISSUES CITED</p> <p>Material weakness</p> <p>Balance sheet classification of assets</p> <p>Foreign, related party, affiliated or subsidiary</p> <p>Insufficient management review in control procedures</p> | <p>DISCLOSURE DATE</p> <p>08/09/2019 on SEC Form 10-Q</p> <p>PERIOD END DATE</p> <p>06/30/2019</p> <p>MANAGEMENT ASSESSMENT</p> <p>Ineffective disclosure controls</p> <p>ISSUES CITED</p> <p>Material weakness</p> <p>Recent or pending restatement</p> <p>Foreign, related party, affiliated or subsidiary</p> <p>Insufficient management review in control procedures</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



DISCLOSURE DATE05/10/2019 on SEC Form [10-Q](#)**PERIOD END DATE**

03/31/2019

MANAGEMENT ASSESSMENT

Ineffective disclosure controls

ISSUES CITED

Material weakness

Recent or pending restatement

Accounts/loans receivable, investments & cash

Liabilities, payables, reserves and accruals

Foreign, related party, affiliated or subsidiary

DISCLOSURE DATE03/18/2019 on SEC Form [10-K](#)**PERIOD END DATE**

12/31/2018

AUDITOR ASSESSMENT

Ineffective internal controls

MANAGEMENT ASSESSMENT

Ineffective disclosure controls

Ineffective internal controls

ISSUES CITED

Material weakness

Recent or pending restatement

Accounts/loans receivable, investments & cash

Liabilities, payables, reserves and accruals

Foreign, related party, affiliated or subsidiary

Account reconciliation issues

Management competency, tone, reliability

Accounting documentation, policies, or procedures

Accounting personnel resources, competency/training

DISCLOSURE DATE03/01/2018 on SEC Form [10-K](#)**PERIOD END DATE**

12/31/2017

AUDITOR ASSESSMENT

Effective internal controls

MANAGEMENT ASSESSMENT

Effective disclosure controls

Effective internal controls

ISSUES CITED

Material weakness

Revenue recognition issues

IT, software, security & access issues

Acquisition/integration exclusion or challenges noted

DISCLOSURE DATE11/08/2017 on SEC Form [10-Q](#)**PERIOD END DATE**

09/30/2017

MANAGEMENT ASSESSMENT

Ineffective disclosure controls

ISSUES CITED

Material weakness

Revenue recognition issues

IT, software, security & access issues

DISCLOSURE DATE08/09/2017 on SEC Form [10-Q](#)**PERIOD END DATE**

06/30/2017

MANAGEMENT ASSESSMENT

Ineffective disclosure controls

ISSUES CITED

Material weakness

Revenue recognition issues

IT, software, security & access issues

DISCLOSURE DATE05/08/2017 on SEC Form [10-Q](#)**PERIOD END DATE**

03/31/2017

MANAGEMENT ASSESSMENT

Ineffective disclosure controls

ISSUES CITED

Material weakness

Revenue recognition issues

IT, software, security & access issues

Acquisition/integration exclusion or challenges noted



DISCLOSURE DATE

03/06/2017 on SEC Form [10-K](#)

PERIOD END DATE

12/31/2016

AUDITOR ASSESSMENT

Ineffective internal controls

MANAGEMENT ASSESSMENT

Ineffective disclosure controls

Ineffective internal controls

ISSUES CITED

Material weakness

Revenue recognition issues

IT, software, security & access issues

Acquisition/integration exclusion or challenges noted

Accounting documentation, policies, or procedures

IT, software, security & access issues

Accounting personnel resources, competency/training

DISCLOSURE DATE

08/09/2016 on SEC Form [10-Q](#)

PERIOD END DATE

06/30/2016

MANAGEMENT ASSESSMENT

Effective disclosure controls

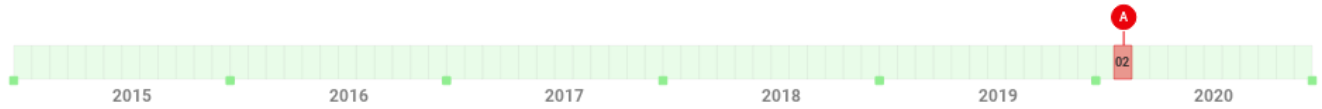
ISSUES CITED

IT, software, security & access issues





Critical / Key Audit Matters

Some companies have begun reporting Critical or Key Audit Matters (CAMs / KAMs) in accordance with the new standards issued by the International Audit and Assurance Standards Board in January 2015. These standards do not apply to all companies. Critical Audit Matters are those matters that, in the auditor's judgement, were of most significance in the audit of the company's financial statements. The disclosure of Critical Audit Matters is intended to increase the clarity and transparency of financial reports.



WEX reported 2 Critical Audit Matters in the 10-K filed for the reporting period ending on 02/28/2020.

WEX reported on 2 Critical Audit Matters since 2015.

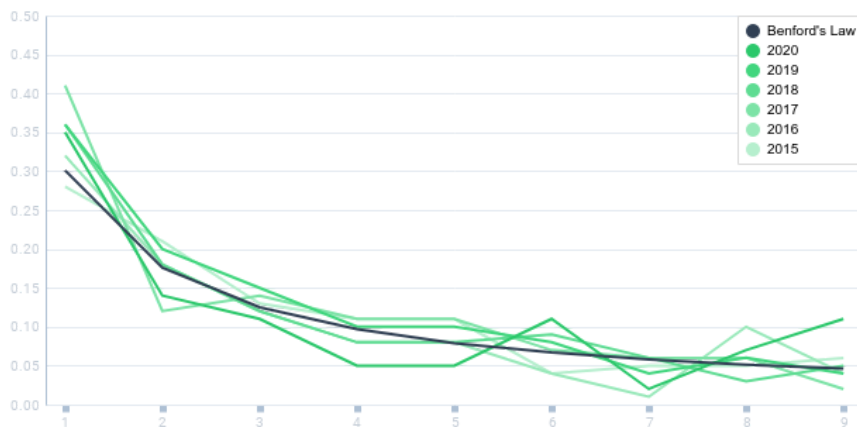
| Period End Date | Source | Description | Topic | Flag |
|-----------------|----------------------|-------------------------------------------------------------------------|----------------------------|-------------------------------------------------------------------------------------|
| 02/28/2020 | 10-K | RevenueRefer to Notes 1 and 3 to the financial statements | Cash and Income |  |
| 02/28/2020 | 10-K | Business AcquisitionsRefer to Notes 1 and 4 to the financial statements | Accounting and Disclosures |  |



Anomalies in the Numbers

✓ Benford's Law

Benford's Law is used to detect financial manipulation and fraud. When financial statements do not follow Benford's Law, there is reason to suspect problems with the accounting or financial reporting process.

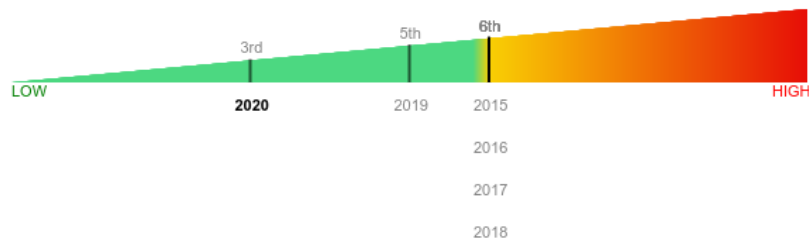


Numbers generated by natural processes conform to Benford's Law.

All of WEX's financial statements conform to Benford's Law. WEX is at low risk for financial manipulation or fraud.

✓ Accounting Disclosure Complexity

Companies committed to transparency make their reports easier for investors to understand and compare. By contrast, a high degree of Accounting Disclosure Complexity makes it difficult to measure executive performance and the company's financial health. Accounting Disclosure Complexity may also be used to obfuscate serious accounting problems and other issues.



WEX's highest level of accounting disclosure complexity was in the 6th decile in 2018. WEX's most recent accounting disclosure complexity was in the 3rd decile in 2020.



Securities & Exchange Commission Concerns

✓ SEC Oversight

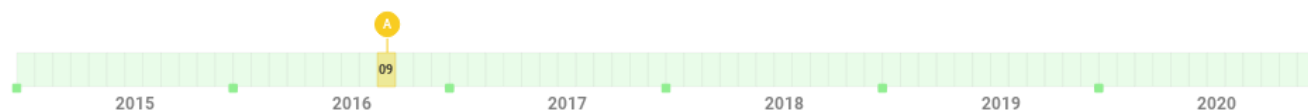
Investors should consider a company's home country when evaluating the risk of an investment. Many foreign companies list their shares on U.S. exchanges, but these companies are not subject to the same filing requirements as U.S. companies, and those who invest in these securities may lack the full protection of U.S. securities law. In general, the riskiness of foreign securities listed on U.S. exchanges is related to the trustworthiness of the countries in which they are located.

This is an American company.

✓ SEC Letters to Management

Regulators at the Securities and Exchange Commission (SEC) review each company's financial reporting. When the SEC has questions about a company's filing, they will write letters to the company asking for clarification about different accounting issues.

- ✓ Revenue Recognition
- ✓ Non-GAAP Measures



WEX has had 1 conversation with the SEC since 2015.

FROM

Craig D. Wilson (SEC)

TO

Roberto Simon

DISSEMINATION DATE

09/26/2016

LETTERS

6

FIRST LETTER

[05/26/2016](#)

LAST LETTER

08/26/2016

ISSUES CITED

Allowances for bad debts, control over cash, and related accounts receivables issues

Debt, quasi-debt, warrants & equity security issues

Regulatory capital requirements calculation methods or disclosure issues

Results of operations discussion (MD&A)

Loans receivable issues related to valuation, collateral, and collectability



Litigation & External Pressures

✔ Significant Litigation

Is the company involved in any lawsuits? This part of the Report summarizes recent and ongoing litigation that may have a significant impact on your investment.

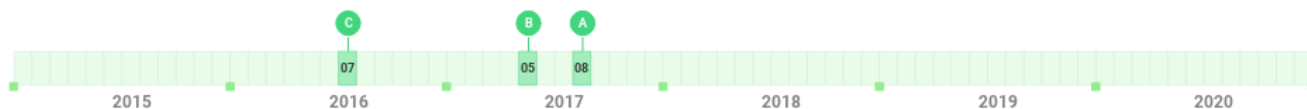
❗ 1 Class Action
✔ 0 Securities Lawsuits

WEX was named in "Swinter Group Inc v. FleetOne LLC". The lawsuit began on 09/15/2016 and ended on 05/17/2017.

| Name | Type | Start Date | End Date | Claim |
|-----------------------------------|---------------------------------------|------------|------------|-------------|
| Swinter Group Inc v. FleetOne LLC | Other Statutory Actions, Class Action | 09/15/2016 | 05/17/2017 | undisclosed |

✔ Shareholder Activism

A large shareholder may use his ownership stake to influence management and affect the strategy and direction of the company. While some activist shareholders contribute to oversight and may push for better financial performance or even a change in leadership, they may also pursue social, political, or environmental goals that can adversely affect a company's operations and profitability. Note that shareholders reported here may no longer be current shareholders if they have sold their shares.



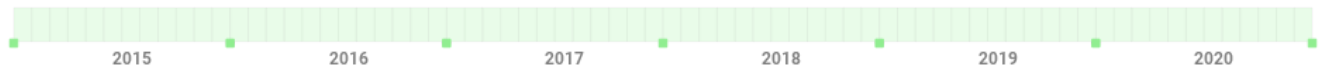
WEX last reported an activist shareholder as of 08/16/2017. There are no reported concerns or disputes with management.

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>SHAREHOLDER A</p> <p>WARBURG PINCUS LLC</p> <p>DISCLOSURE</p> <p>08/16/2017 on SEC Form SC 13D/A</p> <p>REASONS</p> <p>Transaction (Securities, Warrants, Options, Debt, Bonds etc)</p> <p>Standstill Agreement</p> | <p>SHAREHOLDER B</p> <p>WARBURG PINCUS LLC</p> <p>DISCLOSURE</p> <p>05/03/2017 on SEC Form SC 13D/A</p> <p>REASONS</p> <p>Transaction (Securities, Warrants, Options, Debt, Bonds etc)</p> <p>Board composition</p> <p>Standstill Agreement</p> | <p>SHAREHOLDER C</p> <p>WARBURG PINCUS LLC</p> <p>DISCLOSURE</p> <p>07/12/2016 on SEC Form SC 13D</p> <p>REASONS</p> <p>Merger or acquisition agreement</p> <p>Investment purposes</p> <p>Standstill Agreement</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

✔ Cybersecurity

Cybersecurity is an area of increasing concern for many companies. A breach of confidential personal or financial data brings bad press, customer backlash and loss of goodwill, and substantial exposure to class actions. The SEC issued guidance in 2018 indicating cybersecurity risks should be treated like all other economic and business risks in regard to internal controls, financial reporting, and public disclosures.





WEX has not disclosed any data breaches or cybersecurity issues.



Management Review

✓ Management Turnover

Investors should always pay attention to CEO and CFO changes. These two officers are responsible for a company's performance and financial reporting. Why did they depart? There are many possible answers to this question, not all of them good.

✓ Reported CEO Changes

WEX has not reported a CEO change at least since 2015.

! Reported CFO Changes

| |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ↑ Roberto Simon CFO Appointed effective: 02/26/2016 (8-K on 11/05/2015) |
| ↓ Steven Elder Senior Vice President / CFO Resigned effective: 02/26/2016 (8-K on 11/05/2015) Position Change within Company |

! Insider Sales

What are the CEO and CFO doing? Do they have confidence in the company, or are they unloading their shares? A large sale of stock is a big warning sign and may indicate a lack of confidence in the future prospects of the company. These two officers know more about the company than you do, and if they think it is a good time to sell, maybe you should too.

There are significant insider sales from the company's officers.

Here are the significant insider sales for the CEO:



Here are the significant insider sales for the CFO:





Here are the significant insider sales for WEX:

| Date | Owner | Title | Shares sold | Value | Holdings | % Sold | |
|------------|-----------------------|----------------------------|-------------|---------|----------|--------|---|
| 05/15/2020 | SIMON ROBERTO | Chief Financial Officer | 9,251.0 | \$1.1m | 10,961.0 | 45.7% | ! |
| 03/24/2020 | SMITH MELISSA D | CEO and President WEX Inc. | 17,986.0 | \$1.81m | 71,480.0 | 20.1% | ! |
| 03/24/2020 | SIMON ROBERTO | Chief Financial Officer | 6,930.0 | \$696k | 20,209.0 | 25.5% | ! |
| 02/20/2020 | SMITH MELISSA D | CEO and President WEX Inc. | 31,112.0 | \$6.82m | 48,283.0 | 39.1% | ! |
| 01/07/2020 | SMITH MELISSA D | CEO and President WEX Inc. | 16,006.0 | \$3.44m | 55,333.0 | 22.4% | ! |
| 11/27/2019 | SIMON ROBERTO | Chief Financial Officer | 7,651.0 | \$1.53m | 9,326.0 | 45.0% | ! |
| 09/06/2019 | SMITH MELISSA D | CEO and President WEX Inc. | 15,556.0 | \$3.27m | 63,283.0 | 19.7% | ! |
| 08/23/2019 | PHILLIPS SCOTT ROBERT | President Global Fleet | 15,973.0 | \$3.33m | 9,850.0 | 61.8% | ! |
| 05/22/2019 | PHILLIPS SCOTT ROBERT | President Global Fleet | 8,298.0 | \$1.7m | 17,837.0 | 31.7% | ! |
| 05/10/2019 | SIMON ROBERTO | Chief Financial Officer | 9,921.0 | \$2m | 9,316.0 | 51.5% | ! |
| 03/19/2019 | YOUNG JEFFREY ALAN | President Health | 3,583.0 | \$645k | 13,669.0 | 20.7% | ! |
| 08/08/2018 | SIMON ROBERTO | Chief Financial Officer | 4,137.0 | \$782k | 9,921.0 | 29.4% | ! |
| 03/19/2018 | SMITH MELISSA D | CEO and President WEX Inc. | 10,572.0 | \$1.68m | 73,641.0 | 12.5% | ! |



| Date | Owner | Title | Shares sold | Value | Holdings | % Sold | |
|------------|-----------------------|----------------------------|-------------|---------|----------|--------|---|
| 03/19/2018 | SIMON ROBERTO | Chief Financial Officer | 5,482.0 | \$870k | 12,405.0 | 30.6% | ! |
| 03/19/2018 | PHILLIPS SCOTT ROBERT | President Global Fleet | 4,818.0 | \$764k | 21,393.0 | 18.3% | ! |
| 12/01/2017 | PHILLIPS SCOTT ROBERT | President Global Fleet | 20,000.0 | \$2.55m | 12,136.0 | 62.2% | ! |
| 03/17/2017 | SMITH MELISSA D | CEO and President WEX Inc. | 18,102.0 | \$1.9m | 70,380.0 | 20.4% | ! |
| 08/05/2016 | SMITH MELISSA D | CEO and President WEX Inc. | 5,910.0 | \$550k | 49,910.0 | 10.5% | ! |

! Mergers & Acquisitions and Sales of Assets

Mergers & acquisitions are a key part of a company's strategy. The right merger or acquisition can allow a company to dramatically increase its market share or expand into a new market. However, these decisions should be carefully scrutinized by investors, as they present a serious risk to investors if the benefits fail to materialize or accounting issues are discovered after the transaction has closed.

Mergers & acquisitions may also result in the well-known "winner's curse" of auctions, when a company pays more for an acquisition than it is worth. When this happens, the company may eventually have to write-off significant amounts of goodwill.

- ! Mergers & Acquisitions
- ✓ Sales of Assets

There are 3 mergers or acquisitions for WEX. There are no reported sales of assets.



Here are the mergers and acquisitions reported for WEX:

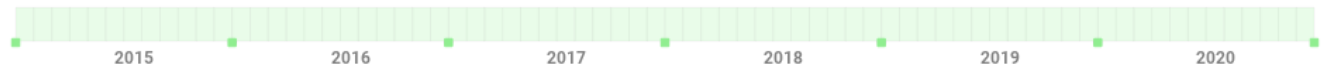
| Company | Start date | Closing date | Value | % of Assets | % of Market Cap | |
|-------------------------------------------------------------------------|------------|--------------|---------|-------------|-----------------|---|
| eNett International (Jersey) Limited, Optal Limited | 01/24/2020 | 06/30/2020 | \$1.7b | 20.0% | 23.0% | ! |
| Discovery Benefits, Inc. | 01/17/2019 | 03/31/2019 | \$425m | 5.0% | 5.0% | ! |
| WP Mustang Topco LLC, Warburg Pincus Private Equity XI (Lexington), LLC | 10/18/2015 | 07/01/2016 | \$1.46b | 17.0% | 20.0% | ! |



Auditor Assessment

✓ Auditor Changes

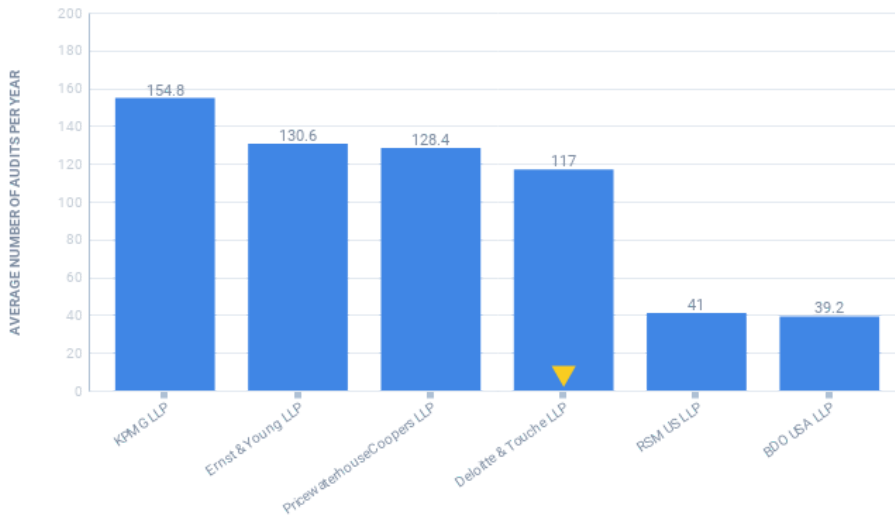
Did the auditor change recently? If so, why? A change in auditor may be required by a regulatory or corporate policy, but it can also be caused by underlying conflicts or disputes with management over fees, disclosures, accounting practices, or other issues. Investors should review disclosures related to a change in auditor to get a sense of whether there may be deeper issues with a company's accounting or management practices that may signal trouble ahead.



WEX has not changed auditors at least since 2015.

✓ Auditor Experience

How much experience does the auditor have in this industry? This graph shows the average number of audits of the largest auditors in this industry in the last five years (based on our population). The current auditor is marked with an arrow.



Current auditor is Deloitte & Touche LLP.

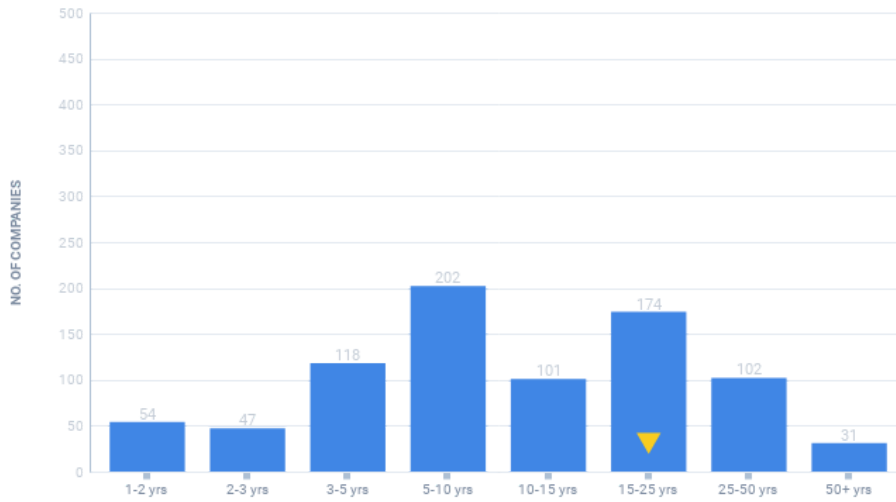
Auditors with relatively little industry experience may be more likely to make mistakes. Auditors that do more audits tend to have greater industry expertise.





Auditor Tenure

How long have they had the same auditor? This graph shows a histogram of the number of companies in the industry (from our population) and the corresponding auditor tenure. Current auditor tenure for WEX is marked with an arrow.



Deloitte & Touche LLP has been WEX's auditor for the last 17 years.

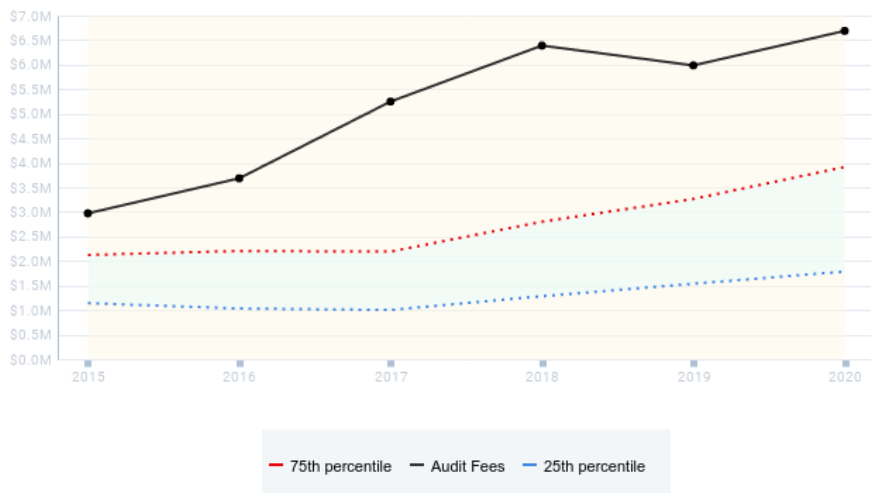
Mistakes may be more common in the early years of an auditor's tenure as they gain knowledge of a company's accounting policies and processes. On the other hand, there is some concern that a lengthy tenure may make auditors too "cozy" with the company and reluctant to report on issues or problems.



Auditor Assessment

! Audit Fees

Audit fees are fees paid to the auditor for the audit and services related to the audit. This graph compares recent audit fees to the rest of the industry based on audit fee to revenue ratios (or audit fees to asset ratios for financial companies).



MOST RECENT AUDIT FEES

\$6.69m ▲ 11.74%

AUDIT FEES TO REVENUE RATIO

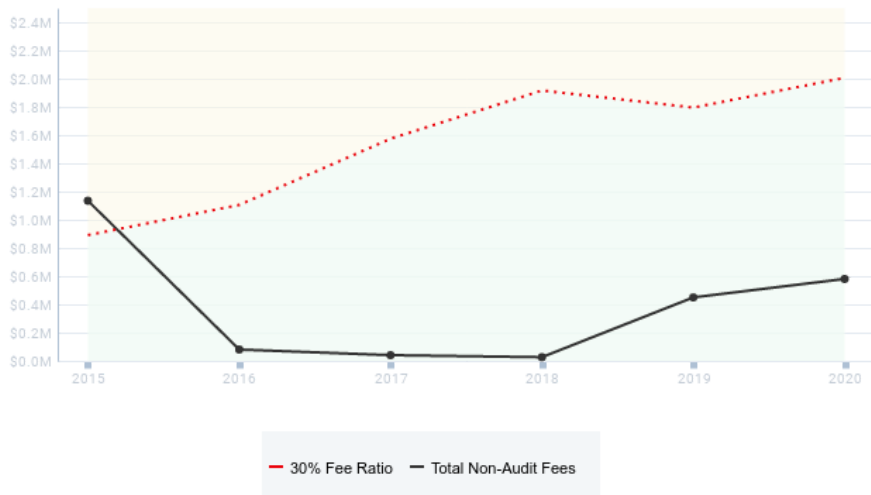
0.39%

WEX's audit fees increased by 11.74% from last year. WEX's most recent audit fees are relatively high.

High audit fees create incentives that undermine auditor independence. On the other hand, low audit fees may result in a lower quality audit.

✓ Non-Audit Fees

Non-audit fees are fees paid to the auditor for the services unrelated to the audit.



MOST RECENT NON-AUDIT FEES

\$580k ▲ 29.11%

NON-AUDIT FEES TO AUDIT FEES RATIO

8.68%

WEX's most recent non-audit fees are in the normal range.

Relatively high non-audit fees create incentives that undermine the auditor's objectivity and are often used as a proxy measure of auditor independence.



Appendix

Appendix A. SEC Letters to Management

A

Conversation disseminated on 09/26/2016**FROM:** Craig D. Wilson (SEC)**TO:** Roberto Simon6 **LETTERS**

ISSUES CITED

- Allowances for bad debts, control over cash, and related accounts receivables issues
- Debt, quasi-debt, warrants & equity security issues
- Regulatory capital requirements calculation methods or disclosure issues
- Results of operations discussion (MD&A)
- Loans receivable issues related to valuation, collateral, and collectability
- Reportable operating segments disclosure and reconciliation issues

LETTERS

dated [05/26/2016](#)
dated [06/10/2016](#)
dated [07/08/2016](#)
dated [07/20/2016](#)
dated [08/09/2016](#)
dated [08/26/2016](#)

RELATED FILINGS

[8-K 04/27/2016](#)
[10-K 02/26/2016](#)



Appendix B. Significant Litigation

Swinter Group Inc v. FleetOne LLC

Case began on 09/15/2016

On August 11, 2016, the Company was sued in the Circuit Court of St. Charles County, Missouri, in a putative class action alleging the Company improperly sent unauthorized facsimile advertisements in violation of the Telephone Consumer Protection Act, 47 U.S.C. § 227 (the TCPA). The named plaintiff seeks to represent a nationwide class of recipients of unauthorized facsimile advertisements from the Company (collectively, the "Plaintiffs") and requests statutory damages for each facsimile advertisement. The Plaintiffs further allege that the opt-out notice of the faxes did not meet the criteria set forth in the TCPA or its underlying regulations. The Company removed the case to the United States District Court for the Eastern District of Missouri on September 15, 2016. On October 14, 2016, the Company filed an answer denying liability and stating the facsimile advertisement at issue was sent by FleetOne, LLC, Companys wholly-owned subsidiary. The case was remanded back to State Court, the Circuit Court of St. Charles County.



How to analyze a company's Watchdog Report

If you walk into a doctor's office complaining about a pain in your left shoulder, your doctor's training kicks-in and he will immediately begin assessing your age and physical appearance, checking your vital signs and asking you a very specific series of questions about your symptoms. After just a few brief moments of assessing you, the doctor will either begin life-saving intervention or simply hand you an ice pack for your sore arm after a workout.

Like that doctor, we assume you are reading our Watchdog Report because you want to quickly assess the health of the company you are analyzing. You want to know if the company is undergoing any major problems or is simply displaying minor issues. Here is how to get your answer:

BEFORE YOU START

Make sure you have a basic understanding of the company. Know its market cap, the size of its revenues, profits and assets and liabilities. Review any major news related to the financials of the company and its management team.

■ STEP 1 🕒 10 SEC

Scan down the right side of the first page of the company's report, paying attention to the 'RECENT' column to find the latest yellow and red flags.

■ STEP 2 🕒 2 SEC

When you see a red or yellow flag, click the title next to the flag and you will instantly jump to that section of the company's report.

■ STEP 3 🕒 60 SEC

Read that section's headline, the timeline and review the specific issue highlighted for the company's red or yellow flag.

■ STEP 4 🕒 3 MIN

Each section will usually have a link to the original filing or legal summary for the issue. Click that link. If it takes you to a SEC Edgar page, review the original filing. **HINT:** Use your browser's "find" button to search for a key word or number related to the issue as shown on the Watchdog Report.

■ STEP 5 🕒 15 SEC

Review the stock price movement chart on page two of the report. If you check the report online, you can adjust the timeline to a narrow time. The stock movement chart will overlay each of the red and yellow flags to stock price changes. Make note of those red and yellow flags around major stock price declines. These issues are worth reviewing in detail.

■ STEP 6 🕒 1 MIN

Before continuing, it is worth comparing the company to its peers. Go to the third page of the report and compare the red and yellow flags for the company (first column) to the number of companies with red and yellow flags from your company's peer group. Is the company an outlier with a red or yellow flag in an area that other peers have only green? If so, the outlying issues are also worth reviewing in detail.

■ STEP 7 🕒 5 MIN

Repeat steps 2-4 for each red or yellow flag. At the end of this process, you'll have a good idea of the core issues the company has reported.

■ STEP 8 🕒 5 MIN

Now comes the creative, but hard part. Like a doctor trying to understand what might be wrong with a patient, you must now use your judgment, past knowledge and the insights you gathered in the prior steps to develop your own view of how serious the issues are facing the company.

If you see a consistent pattern of delays, accounting irregularities, management turnover, legal troubles, the company is clearly in trouble. Use the peer group analysis step above to see why your company may be different than its peers. Think of the various issues as connected. It seems passé but a bad management team is going to be bad in multiple ways. The challenge is to find the thread that runs through all the issues to understand any management failures.

When you find a pattern of unusual accounting moves, it is almost always tied to management protecting their own interests over investors. You should also consider what particular forces in the industry are affecting the company more than its peers. If you can assess that, try to think about how a company's management might "adjust" the financial disclosures to mask the weakness. It helps to think like a detective here. Everyone is entitled to a presumption of innocence, but if management was trying to hide something, how might they go about doing so?

This step is where we leave you with our 4,500+ Watchdog Reports. Good luck with your analysis!



About Watchdog Research, Inc.

Watchdog Research, Inc. is an independent research provider and publisher of Watchdog Reports. Watchdog Reports identify red flags, issues, and other anomalies in financial reporting. Our reports contain warning signs, red flags, material disclosures, and peer analysis for use in valuation, risk analysis, due diligence research, and idea generation.

Watchdog Reports are designed to assist investment professionals fulfill their fiduciary or suitability obligations and to help investors, executives, board members, regulators and educators learn what they need to know about publicly traded companies.

The company is headquartered in Ave Maria, FL. Watchdog Research, Inc. utilizes over 75 specialists and analysts to provide accurate and timely information to our readers.

Our management team is:

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CTO: Radu Cugut. Radu has led the award-winning technology team that developed the Watchdog Report and services. He, his wife and son split their time between his home in Ave Maria, FL and his home in Timisoara, Romania where he oversees five talented development professionals. Radu has a bachelors in Computer Science and a masters in Banking and Financial Information Systems, both from the West University of Timisoara.

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