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Cc: [Relampagos, Stella C.](#); [Sayerwin, Scarlet](#); jfrank@oaktreecap.com
Subject: Daily Journal Corporation – Formal Notice to Baker Tilly Los Angeles Office Leadership
Date: Monday, December 22, 2025 12:43:00 PM
Attachments: [image001.png](#)
[20251219 - Books and Records Demand \(EXECUTED\).pdf](#)
[20251215 - Rule 14a-19 Notice - Combined \(EXECUTED\).pdf](#)
[Audit Committee Email.pdf](#)
[20251219 - Private Letter to Erik Nakamura.pdf](#)
[20251221 - Private Letter to Frank and Conlin re Active Form 8-K Failures.pdf](#)
[20251213 - Private Letter to DJCO Board.pdf](#)
[20251217 - Private Letter to DJCO Board.pdf](#)
[20251218 - Private Letter to DJCO Board.pdf](#)
[20251218 - Private Letter to John B Frank re Bar Referral.pdf](#)
Importance: High
Sensitivity: Confidential

Dear Mr. Krogh:

I am writing to ensure that Baker Tilly's Los Angeles office leadership is aware of matters previously communicated to your colleagues Scarlet Sayerwin and Stella Relampagos, regarding the Daily Journal Corporation (NASDAQ: DJCO), to ensure no plausible deniability on your part.

At the outset, I direct your attention to the attached email exchange ("Audit Committee Email.pdf") with Daily Journal Corporation Audit Committee member Rasool Rayani, in which Mr. Rayani—in writing—dismissed Section 16 compliance as "the flimsiest of technicalities." This is a sitting member of the Audit Committee, your firm relies upon for oversight of the Company's financial reporting and internal controls. Under the COSO Internal Control—Integrated Framework, which forms the basis for evaluating internal controls over financial reporting under Section 404 of Sarbanes-Oxley, "tone at the top" and commitment to integrity are foundational elements of an effective control environment. An Audit Committee member who regards federal securities laws as "flimsy technicalities"—in writing, to a shareholder—is not a member of an Audit Committee that can credibly oversee anything. Baker Tilly has a professional obligation not to stand behind an Audit Committee that expresses such open disregard for the laws it is charged with ensuring the Company follows.

The attached correspondence documents the following matters:

- **December 13, 2025 – Rule 14a-19 Notice:** Formal notice of our intent to solicit proxies in support of our director nominees at the Company's 2026 Annual Meeting of Shareholders, as required under Rule 14a-19 of the Securities Exchange Act of 1934.
- **December 13, 2025 – Private Letter to Board:** Notice to the Daily Journal Corporation Board of our Rule 14a-19 notice delivery; documentation of Section 16(a) violations by John B. Frank (3+ years delinquent) and Mary Murphy Conlin (6+ years delinquent); and demand for governance remediation. Notably, the very next business day after receiving this letter, the Board awarded restricted stock units to Mr. Frank and Ms. Conlin—the two directors implicated in Section 16(a) violations, which would surely unsettle the other Audit Committees they sit on at Chevron and Beachbody—in what appears to be an attempt to secure their continued loyalty in the face of our demands.

- **December 17, 2025 – Private Letter to Board:** Formal objection to the appointment of Erik Nakamura as Chief Financial Officer, noting that Mr. Nakamura has served as CFO of Journal Technologies, Inc.—the very subsidiary at the center of the Company’s accounting failures—since October 2024, and that promoting the executive who directly oversaw the questioned accounting practices does not signal a commitment to addressing these issues but rather a commitment to defending them. The letter also noted the suspicious timing of the Board’s purported December 12, 2025, approval of Mr. Nakamura’s appointment (one day before receipt of our Rule 14a-19 notice), with compensation terms left entirely undetermined—a process that, as we noted, “defies belief.” We further note that, on information and belief, Mr. Nakamura is not a Certified Public Accountant, meaning that between the Audit Committee and the CFO, the Company does not have a single CPA overseeing its financial reporting.
- **December 18, 2025 – Private Letter to Board:** Notice that we had discovered that the third member of the Audit Committee—Rasool Rayani—is in *active violation* of Section 16(a), never having filed a Form 3 or Form 4 over his tenure as a director. This means that every single member of the Audit Committee has violated Section 16(a). The letter noted that the Company had recently filed remedial forms for Mr. Frank and Ms. Conlin, yet somehow, in the course of this botched remediation, neither the Company, its management, its outside counsel, nor any member of the Audit Committee noticed that the third Audit Committee member had no filings at all—eighteen months after joining the Board. As we stated: “This is not a clerical oversight. Compliance is a function at DJCO that clearly does not exist.”
- **December 18, 2025 – Private Letter to John B. Frank:** Notice of potential referral to the State Bar of California regarding Mr. Frank's professional conduct as a licensed attorney serving as Audit Committee Chair, given his failure to ensure compliance with basic federal securities laws—including his own personal Section 16 obligations.
- **December 19, 2025 – Private Letter to Erik Nakamura:** Notice to the Company's incoming Chief Financial Officer regarding the personal criminal liability under 18 U.S.C. § 1350 that would attach to any officer who signs a Sarbanes-Oxley certification on a Form 10-K containing the GAAP and Regulation S-X violations we have identified. We particularly warn Mr. Nakamura of potential criminal liability if he signs the Company’s Form 10-K that typically would be filed on or about December 31. **The letter references authoritative AICPA guidance published in the Journal of Accountancy**
(<https://www.journalofaccountancy.com/news/2018/mar/accounting-for-external-use-software-development-costs-201818259/>), which includes a literal diagram of the agile development sprint activities that are subject to capitalization under ASC 985-20—activities the Company has failed to capitalize for years despite admitting in its own SEC filings that software development costs are “significant” (there is no dispute of materiality of these issues).

- **December 19, 2025 – Books and Records Demand:** Formal demand under Section 33-16-102 of the South Carolina Business Corporation Act, for inspection of books and records relating to, among other things, the Board's oversight of financial reporting, the circumstances of the CFO's departure, and the Company's response to the accounting and compliance issues we have raised. We have also demanded communications with Baker Tilly.
- **December 21, 2025 – Private Letter to John B. Frank and Mary Murphy Conlin:** Comprehensive documentation of the Company's failures to file Form 8-Ks under Item 5.05 disclosing implicit waivers of the Code of Ethics; analysis of CEO Steven Myhill-Jones's falsified Form 3, including a quote from the Company's February 15, 2023 shareholder meeting in which Mr. Myhill-Jones admitted he owned no shares (contradicting the Form 3 he later filed reporting 400 shares of beneficial ownership); and documentation of the willful false Sarbanes-Oxley certifications signed by Mr. Myhill-Jones and former CFO Tu To on August 14, 2025—after receiving five separate letters from us detailing the Company's GAAP and Regulation S-X violations.

We are sending this correspondence to you directly so that there is no plausible deniability at the Los Angeles office level regarding these matters. Baker Tilly faces significant professional liability exposure, which we intend to pursue after the proxy contest, should it permit the Company to file its Form 10-K in the coming days without correction of:

- The material violations of ASC 985-20 (capitalization of software development costs);
- The material violations of Regulation S-X § 210.5-03 (separate disclosure of research and development expenses);
- The numerous unfiled Form 8-Ks required under Item 5.05 for implicit waivers of the Code of Ethics;
- The Section 16(a) violations by four out of four current directors—*one hundred percent of the Board*;
- The false statements in the CEO's Form 3 filing (which require correction); and
- The false statements in the Company's July 29, 2025 Form 8-K (backdated from July 29 to July 26).

As set forth in our December 18, 2025, letter to Mr. Frank (attached), we have notified him of our intention to file a complaint with the State Bar of California regarding his professional conduct, absent his agreement to remediate the Company's governance and compliance failures by 5:00 p.m. Eastern Time today.

Respectfully,

Alexander E. Parker

Chairman of the Board and Chief Executive Officer | Buxton Helmsley, Inc.

As seen in The Wall Street Journal, Reuters, Bloomberg, MarketWatch, The Irish Times, and TheStreet.com

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