February 11, 2026

VIA FORM TCR TRANSMISSION

U.S. Securities and Exchange Commission
Office of the Whistleblower
100 F Street, N.E.
Washington, D.C. 20549

Re: Third Supplemental Complaint – Daily Journal Corporation (NASDAQ: DJCO)

TCR No. [17668-666-546-575, 17668-125-799-623, 17670-658-501-689, 17535-452-459-469, 17532-990-865-245]; Status Update and Additional Evidence of Ongoing Violations

Dear Sir or Madam:

This letter supplements our submissions of December 26, December 27, and December 29, 2025 (TCR Nos. referenced in subject line). We write to provide the Commission with a comprehensive status update on the ongoing compliance failures at Daily Journal Corporation (the "Company" or "DJCO"), to transmit our February 11, 2026, public letter to the Company's Board of Directors (attached hereto as Exhibit A), and to identify specific documents and individuals that may assist the Commission's investigation.

Since our last supplement, there have been several material developments. The Company filed its Form 10-K for the fiscal year ended September 30, 2025, on December 29, 2025—the same day it filed the Form 8-K containing the false press release that was the subject of our December 29 supplement. The Company filed a definitive proxy statement (DEF14A) on January 21, 2026, in connection with its February 24, 2026, annual meeting. Both filings contain material that we believe strengthens the evidentiary record before the Commission.

We have organized this letter to make it as straightforward as possible for Commission staff to identify the key violations, the supporting evidence, and the specific filings and individuals relevant to each.

The Company Has Self-Indicted Its Regulation S-X Non-Compliance

The Form 10-K filed December 29, 2025, contains the Company's first-ever disclosure of the dollar value of software research and development expenses at Journal Technologies, the subsidiary that generates approximately 80% of the Company's consolidated revenues. The Company disclosed that research and development expenses were $2.5 million and $1.4 million for fiscal years 2025 and 2024, respectively. The Company buried this disclosure in a footnote. It did not present these expenses as a separate line item on the face of the income statement.

This is where the Company has indicted itself. On the face of the same income statement, the Company presents "Postage and delivery expenses" of approximately $774,000 and "Newsprint and printing expenses" of approximately $639,000 as separate line items. The Company's own presentation choices establish that it considers expense categories well below $1 million to be material enough to warrant separate line-item disclosure. Software research and development expenses of $2.5 million are more than three times the amount the Company treats as material. By disclosing the $2.5 million figure in a footnote rather than on the face of the income statement—while simultaneously maintaining separate line items for postage and newsprint—the Company has established a materiality standard that it then violated in the same filing. Baker Tilly US, LLP ("Baker Tilly"), the Company's auditor, signed off on this presentation. Baker Tilly cannot now credibly conclude that the $2.5 million figure does not meet the threshold for face-of-the-income-statement presentation when its own work product establishes that threshold at well below $1 million.

Regulation S-X § 210.5-03 requires material expense categories to be presented as separate line items on the face of the income statement. There is no exception permitting footnote disclosure as a substitute. The Company's partial remediation has made the violation more obvious, not less. This disclosure did not exist in any prior filing. These costs were buried inside "Salaries and employee benefits" with no separate accounting for years—depriving investors of information necessary to evaluate the Company's investment in the business that drives the overwhelming majority of its revenue.

We also have significant concerns about the accuracy of the reported figures. The Company's disclosure states that these expenses "are included under Salaries and employee benefits," implying that only labor costs are being captured. Software research and development involves far more than salaries—including third-party licenses, cloud computing environments, contractor fees, and quality assurance infrastructure, among other categories. Under ASC 730, research and development costs are defined broadly to include materials, equipment, facilities, purchased software, and contracted services. If the $2.5 million figure captures only labor costs, then non-salary R&D costs are either buried elsewhere with no disclosure, or the Company is claiming it operates a $69.9 million software business with zero non-labor research and development costs. Neither explanation is credible.

Key filing for Commission review: Form 10-K for fiscal year ended September 30, 2025 (filed December 29, 2025), page 32 (R&D disclosure) and consolidated statements of comprehensive income (line-item presentation).

ASC 985-20: The CEO's Private Admission Contradicts Public Statements

The record before the Commission now contains a clear timeline of contradictory statements by the Company regarding the applicability of ASC 985-20, *Accounting for the Costs*

of Computer Software to be Sold, Leased, or Otherwise Marketed. We summarize that timeline here for convenience:

- **July 18, 2025:** CEO Steven Myhill-Jones wrote to Buxton Helmsley by email: "you cite the correct guidance in regards to ASC 985-20 (Internally Developed Software for Sale)."
- **August 14, 2025:** The Company told shareholders in a Form 8-K: "Simply stated, Mr. Parker got it wrong," and attempted to persuade shareholders that ASC 985-20 might not apply.
- **December 26, 2025:** The Company's press release escalated further, asserting that ASC 985-20 capitalization is not "mandatory" and that "the Company has no such costs" qualifying for capitalization.
- **January 21, 2026:** The Company's definitive proxy statement, accompanied by a shareholder letter from CEO Myhill-Jones, characterized Buxton Helmsley's ASC 985-20 allegations as "an inappropriate way to inflate earnings through accounting changes" and dismissed the documented compliance failures as "immaterial disclosure matters with no economic or operational significance."

Each successive public statement moved further from what the CEO privately acknowledged to be true. ASC 985-20-25-3 provides that costs incurred subsequent to establishing technological feasibility "shall be capitalized." Under GAAP, "shall" denotes a mandatory requirement. PwC's authoritative Software Costs accounting guide addresses this question directly:

> "May a reporting entity elect to expense all software development costs for externally marketed software? **No.** A reporting entity should capitalize those costs that meet the criteria in ASC 985-20 for capitalization. **The capitalization of software costs is not optional.**" (emphasis added.)

The characterization of mandatory GAAP compliance as "an inappropriate way to inflate earnings" in the Company's definitive proxy materials—filed with the Commission on January 21, 2026—is a materially misleading statement in proxy solicitation material. The Company is not merely disagreeing with an accounting interpretation; it is telling shareholders that compliance with a mandatory accounting standard constitutes earnings inflation. Similarly, dismissing documented Regulation S-X violations and years-long Section 16(a) delinquencies as "immaterial disclosure matters with no economic or operational significance" is a characterization that shareholders are entitled to evaluate—but only if they know it is false.

Key documents for Commission review: (i) July 18, 2025, email from CEO Myhill-Jones to Buxton Helmsley (acknowledging ASC 985-20 as the correct standard), previously provided to the Commission; (ii) August 14, 2025, Form 8-K; (iii) December 26, 2025, press release (Exhibit 99.1 to December 29, 2025, Form 8-K); and (iv) January 21, 2026, DEF14A and accompanying shareholder letter.

Section 16(a) Violations: The Definitive Proxy Statement's Mischaracterizations

The Company's definitive proxy statement, filed January 21, 2026, now admits that Section 16(a) filing delinquencies existed for its directors. However, the proxy statement's treatment of these violations contains several statements that warrant the Commission's attention.

First, the proxy statement states that "the Company takes full responsibility for these late filings." Section 16(a) imposes filing obligations on individual directors, officers, and ten-percent beneficial owners in their *personal capacities*. The reporting person is the individual, not the company. A company cannot "take full responsibility" for a director's personal statutory obligation. This framing signals that the individuals responsible—including every member of the Audit Committee—still do not accept that they have personal obligations to comply with federal securities laws.

Second, the proxy statement minimizes the violations by stating that "[n]one of the late filings relate to any actual trades by the directors in Company stock" and that "the Company believes that the late filings added no material information." These characterizations are legally irrelevant. Section 16(a) does not contain an exception for transactions the company considers immaterial, nor does it excuse late filings because they involved RSU grants rather than open-market purchases.

Third, regarding Audit Committee member Rasool Rayani, the proxy statement attributes his filing delinquency—spanning more than eighteen months—to the SEC having "improperly" rejected his EDGAR Form ID application because it was notarized by a Canadian notary. The Company is blaming the federal securities regulator for its own insider's procedural failure. Mr. Rayani has been a director since June 2024. His Form 3 was due within ten days of becoming a director. The notion that a filing delinquency spanning more than a year and a half is the SEC's fault because of a notarization issue that arose in October 2025—sixteen months after the filing was due—speaks for itself. The EDGAR application was not submitted until October 3, 2025, only after Buxton Helmsley had identified the Section 16(a) violations publicly.

Fourth, the proxy statement makes no mention of the fact that CEO Myhill-Jones' Form 3—filed December 16, 2024—remains materially false and has never been corrected. Mr. Myhill-Jones' Form 3 reported beneficial ownership of 400 shares at the time he began service as a reporting person. However, at the Company's February 15, 2023, annual meeting, Mr. Myhill-Jones publicly stated: "*while I don't have equity yet, I'm certainly keen to participate in the future growth of the business.*" Mr. Myhill-Jones became acting CEO on March 28, 2022. If he did not own equity as of February 2023—nearly a year after becoming a reporting person—then he could not have owned 400 shares when he assumed the role. Those shares were acquired after he became CEO and should have been reported on a Form 4—not artificially incorporated into his late Form 3 filing to cover up the also-late Form 4 filing. This filing remains false on the EDGAR system as of the date of this letter. Mr. Myhill-Jones has still failed to appropriately file his Form 4.

Key filings for Commission review: (i) January 21, 2026, DEF14A, Section 16(a) compliance disclosure; (ii) Steven Myhill-Jones Form 3 (filed December 16, 2024) reporting 400 shares; and (iii) transcript or webcast of February 15, 2023, DJCO annual meeting at which Mr. Myhill-Jones stated he did not have equity.

Violations That Remain Unremediated

As of the date of this letter, the following violations identified in our prior submissions remain entirely unremediated:

(1) The **falsely dated July 29, 2025, Form 8-K** has never been corrected. The cover page states the "Date of earliest event reported" is July 28, 2025. The body references events from July 14, 2025. This filing has been publicly identified as false for more than six months. The Company has hired a Director of SEC Reporting, replaced its Chief Financial Officer, and retained Baker & McKenzie LLP as outside securities counsel—yet no one has corrected a filing that contradicts itself on its face.

(2) **CEO Myhill-Jones' Form 3** remains materially false on the EDGAR system, as described above.

(3) The Company has never filed the **Form 8-Ks required under Item 5.05** to disclose the implicit waivers of its Code of Ethics arising from the years-long Section 16(a) delinquencies. The Company's own Code of Ethics requires directors and officers to make disclosures that are "full, fair, accurate, timely and understandable" and to "comply with applicable governmental laws, rules and regulations." The Company's failure to take action against these violations within a reasonable period constitutes an "implicit waiver" under SEC rules, and Item 5.05(b) of Form 8-K requires disclosure of any such waiver within four business days.

(4) **Prior proxy statements** containing Section 16(a) compliance disclosures that represented, either explicitly or by omission, that there were no delinquent filers are now known to be false. The Company has acknowledged in its January 2026 proxy filings that delinquencies existed spanning years. No corrective disclosure has been filed for any prior proxy statement. These prior filings were proxy solicitation materials subject to Rule 14a-9.

(5) **Software research and development expenses** have still not been presented as a separate line item on the face of the income statement, as required by Regulation S-X § 210.5-03, nor have prior quarterly filings been corrected to reflect these expenses.

The Pattern: Quiet Capitulation Paired With Public Aggression

We draw the Commission's attention to a pattern that has characterized the Company's conduct throughout this engagement. The Company has quietly implemented the very changes

Buxton Helmsley demanded—disclosing R&D expenses for the first time, filing remedial Section 16 forms, replacing its Chief Financial Officer—while simultaneously accusing Buxton Helmsley of "extortion" (due to our demands for compliance remediation "without regard for compensation", requiring a cooperation agreement if the Company's board of directors did not wish to voluntarily remediate), referring us for criminal prosecution, and characterizing our documented compliance allegations as "baseless" and having "no merit." Every remedial action the Company has taken since July 2025 is something it could have done on its own, at any time, without any engagement from us. The fact that the Company took these actions only after we identified the failures—while publicly denying the failures existed—is, we respectfully submit, probative of the Company's state of mind.

We also note the timing of the Form 10-K filing. The Company filed its annual report on December 29, 2025—the same day it filed the Form 8-K, attaching the press release that accused us of extortion and characterized our accounting allegations as baseless. The same filing that the Company used to attack us publicly contained, for the first time, the very R&D disclosure we had demanded. The Company was simultaneously telling shareholders our allegations had no merit and implementing our demands.

Documents and Individuals Relevant to the Commission's Investigation

To assist the Commission's investigation, we identify the following documents and individuals that we believe are relevant to the matters described in our complaints:

Documents:

(a) Board and Audit Committee minutes from July 2025 through the present, which would reflect the Board's discussions regarding the accounting and compliance issues raised by Buxton Helmsley, including any discussions regarding the decision to expense rather than capitalize software development costs under ASC 985-20, and the decision to disclose R&D expenses in a footnote rather than as a line item on the face of the income statement;

(b) All communications between the Company and Baker Tilly regarding the treatment of software research and development costs, including any workpapers reflecting Baker Tilly's evaluation of the Company's ASC 985-20 accounting policy and the materiality of R&D expenses for income statement presentation purposes;

(c) The Company's internal working papers or memoranda reflecting the retroactive reconstruction of the $2.5 million and $1.4 million R&D figures, which would reveal the methodology used, the categories of costs included and excluded, and whether non-salary R&D costs were captured;

(d) All Form 8-K drafts and internal correspondence regarding the July 29, 2025, Form 8-K, which would reveal whether the false date was the result of negligence or a deliberate decision to avoid disclosing the event on its actual date; and

(e) The engagement letter and any communications between the Company and the investigators retained to conduct the Company's internal accounting "investigation," including the scope of the investigation and any interim findings.

Individuals:

(a) **Steven Myhill-Jones**, CEO and Chairman, who privately confirmed the applicability of ASC 985-20 on July 18, 2025, whose Form 3 remains materially false, and who has still failed to properly file a Form 4 with the Commission;
(b) **John B. Frank**, Audit Committee Chair, who oversaw the compliance failures and approved the proxy solicitation materials containing the characterizations described herein;
(c) **Rasool Rayani**, Audit Committee member, who described Section 16 of the Securities Exchange Act as "the flimsiest of technicalities" in a December 18, 2025, email, and whose own Section 16(a) delinquency spanned more than eighteen months;
(d) **Mary Murphy Conlin**, Audit Committee member, who also had years-long Section 16(a) filing delinquencies;
(e) **Erik Nakamura**, the Company's current Chief Financial Officer (appointed December 2025), who would have knowledge of the R&D cost reconstruction methodology and the decision to present these expenses in a footnote; and
(f) The **Baker Tilly engagement partner and audit quality review partner** for the Daily Journal Corporation audit, who signed off on the financial statement presentation that simultaneously treats $639,000 in newsprint expenses as material enough for a separate line item while burying $2.5 million in R&D expenses in a footnote.

Request for Action

We respectfully request that the Commission:

(1) Add the additional violations and evidence described herein to the matters under review in connection with our pending complaints;
(2) Consider the Company's continued pattern of making materially false and misleading statements in proxy solicitation materials—including the January 21, 2026, definitive proxy statement and shareholder letter—in evaluating the seriousness and apparent willfulness of the Company's disclosure failures;
(3) Review the Company's own Form 10-K for the self-indicting evidence of Regulation S-X non-compliance described above, and Baker Tilly's role in auditing and approving the financial statement presentation that establishes a materiality threshold the Company then violated in the same filing;
(4) Consider whether the Company's evolving public statements regarding ASC 985-20—from the CEO's private acknowledgment that we cited the correct standard, to

the public claim that we "got it wrong," to the assertion that capitalization is not mandatory, to the characterization of mandatory GAAP compliance as "inflating earnings"—reflect a pattern of knowing or reckless misrepresentation to shareholders; and

(5) Take such other action as the Commission deems appropriate to protect investors and ensure compliance with the federal securities laws.

Exhibit. Attached to this submission is the following exhibit:

Exhibit A: Buxton Helmsley Letter to Daily Journal Corporation Board of Directors, dated February 11, 2026 (13 pages).

All of our correspondence with the Company since July 2025 remains publicly available at *www.buxtonhelmsley.com*.

Very truly yours,

Alexander E. Parker
Chairman of the Board and Chief Executive Officer
Buxton Helmsley USA, Inc.

cc: Enforcement Division, U.S. Securities and Exchange Commission

Public Company Accounting Oversight Board, Division of Enforcement and Investigations

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