



## Why Shopify Inc. Investors Should Ignore Andrew Left's Criticism of the Company

### Description

**Shopify Inc.'s** ([TSX:SHOP](#))([NYSE:SHOP](#)) share price took a plunge on Wednesday when a critical report came out about the company's business practices and that the company was a "get-rich-quick scheme." Investors should always be careful in analyzing this type of criticism and should consider the source of the information as well as the content before jumping to any conclusions.

I've had a look at the YouTube video that was posted about the company, and you shouldn't give it much consideration.

### **The source of the information has a clear bias**

The biggest problem with this is that the report came from short-seller Andrew Left of Citron Research. That sentence alone should give you reason for pause and question his assessment of the company. A short seller has an interest in seeing the company's stock price go down, so a scathing report could help accomplish that and earn Mr. Left a nice profit by doing so.

An investor that shorts a stock is effectively selling a share today that the investor does not currently own and has to purchase at a later date to replenish the shares that were sold. If the stock price declines, then the short seller can buy the stock at a much lower price than what it was sold at, resulting in a profit. Unfortunately, many investors have done exactly what Andrew Left wanted and sent the stock lower.

### **The report alleges that the company has overly aggressive sales tactics**

Andrew Left claims that Shopify is suggesting prospective merchants will become millionaires, but the problem is that the connections that he is making in his video are big stretches. In one example, he uses a blog post on the Shopify website about resigning and a sample resignation letter being made available. The company doesn't say in the post that you won't need your job after signing up with Shopify, nor is it hard to find sample resignation letters online.

He suggests that because on the Shopify website it calls itself "the online store for someday millionaires," or that on its **Facebook** page it stated that "2,700 people become millionaires each day,"

that somehow these statements are going to give you the impression that signing up for the company's services will make you a millionaire.

These statements aren't even close to being misleading or aggressive, and the evidence Andrew Left shows is his video is worthless. Words like "someday millionaire" or stating that people become millionaires each day are far from guarantees or assurances to prospective buyers. In fact, those statements are likely true, and some people that use Shopify probably can become millionaires (and some may already be).

### **What this means for investors**

The report should mean nothing, as it has been created by someone who has an agenda and could very well stand to profit from seeing Shopify's stock plummet. Although I think Shopify is overpriced and have said so in the past, I don't think investors should be taking advice from an investor like Andrew Left, who not once in his scathing YouTube video disclosed if he has a position in the stock or will stand to benefit from a drop in its share price.

### **CATEGORY**

1. Investing
2. Tech Stocks

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