



What to Do When Infamous Short Sellers Attack Your Stock

Description

Don't look now, but insiders have been loading up on shares of **Badger Daylighting Ltd.** (TSX:BAD) over the past few months, as investors continue to shake off the [negativity](#) brought on by the infamous short seller Marc Cohodes.

According to fellow Fool contributor Karen Thomas, Badger hired the help of a third-party firm to [review its "questionable" accounting](#) to prove to the general public that Cohodes's claims were nothing more than a baseless attack to drive down the stock for his own personal gain.

Short sellers are crying wolf a lot lately

As you may have noticed, short sellers have been widening their scope when it comes to accusations and allegations of wrongdoing of late. It's come to a point where some of the short theses are baseless and defamatory with little to no conclusive evidence of wrongdoing. One is free to express their negative opinion, but making false accusations to manipulate a stock price is crossing a line!

Indeed, it seems like short calls from high-profile people like Cohodes are a dime a dozen these days, so take them with a grain of salt and do your own due diligence before doing something as reckless as blindly initiating a short position of your own to mirror a short seller's position.

In the case of **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)), you'd be hurting right about now if you took Andrew Left's word that the company was a scam. Heck, he used Google searches to support his thesis! While I believe that Shopify is extremely overvalued and is overdue for a correction, Left's overconfidence and lack of conclusive evidence only serve to hurt his reputation and credibility come his next big short call, even if it is, in fact, a fraud.

What if your stocks in the cross-hairs of a short seller?

If a short seller attacks one of your core holdings, don't panic and make a rash decision, such as selling your entire position without taking time to thoroughly review a high-profile short seller's thesis.

If you're dealing with an activist short seller like Marc Cohodes or Andrew Left, who will stop at nothing

until a stock plunges, odds are, you've got a lengthy short report to look through to determine whether or not a short seller's claims are baseless or if there are insightful points you may have overlooked.

The last thing you want to do is be close-minded or take such short attacks personally, as short reports present a lot of food for thought and will only serve as a means to strengthen your original thesis if such an attack is, in fact, unwarranted.

Stay hungry. Stay Foolish.

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2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:SHOP (Shopify Inc.)

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