Two Ledgers

What a company said. What its records showed. A complete demonstrative system for a fictional securities class action — from the master chronology to loss causation.

THE PUBLIC RECORD

Ellsworth County E.R.S. v. Corvela Systems, Inc.

Corvela Systems sold “workflow intelligence” software by subscription and was, by its own telling, a model of durable growth. From March 2022 through mid-2023 its executives told investors a consistent story: net revenue retention above 120%, churn “at historic lows,” subscription revenue compounding at over 30% a year. The stock climbed to $58.75.

The fictional class alleges the internal record told a different story at the same moments. Corvela’s own “Lighthouse” dashboard showed mid-market customers cancelling at an accelerating rate — 8.1% to 19.3% annualized across six quarters — while the headline metric was held above 120% by multi-year prepay deals and reclassified services revenue.

When the levers ran out, the company disclosed in three steps — February, May, and August 2023 — and the stock fell from $47.10 to $16.05 across the disclosure days. The defense answers that the whole software sector fell, and that retention math is judgment, not deception.

DESIGN EXERCISE · PLAINTIFF CLASS

Venue posture: federal securities class action, S.D.N.Y. (fictional). Objective: let a fact-finder hold both versions of the company in view at once — and never confuse a falling market with a revealed truth.

Six quarters, two data streams, one dangerous confusion

This case has no wreckage to photograph. Its entire factual world is documents describing numbers: paired public and internal metrics, a stock price, three disclosure events, a competing macro narrative.

The most dangerous confusion is *the stock fell, therefore fraud caused the fall*. The whole sector fell. If any graphic implies that correlation is the claim, the defense answers with one index chart and the presentation loses the room.

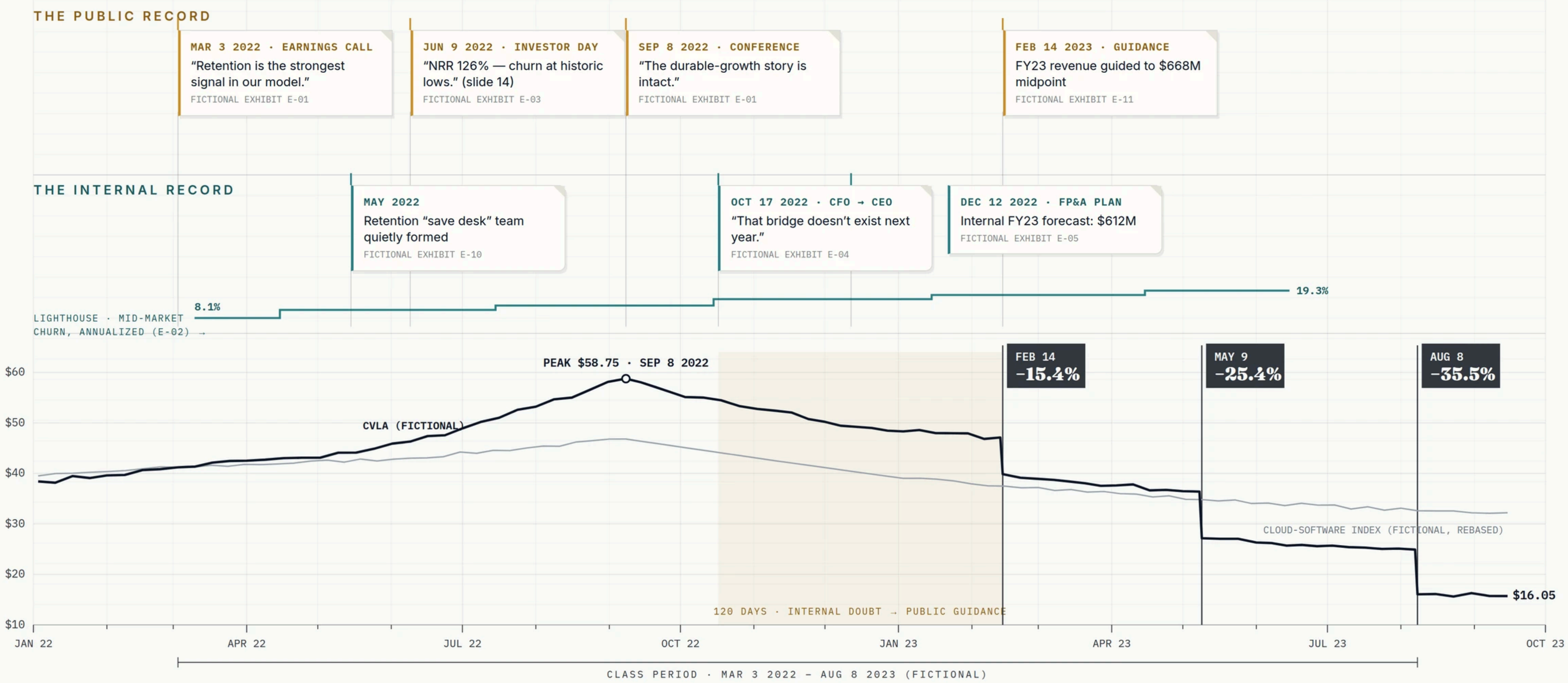
So the system does the disaggregation work itself: the market's share of the decline is drawn at full size, in its own grey, on our own exhibits — and what remains is dated, cited, and attributed to the expert who computed it.

The single most important takeaway: for six consecutive quarters, the public statements and the internal dashboard diverged in the same direction — and the dates prove the dashboard came first.

ONE COMPANY.
TWO RECORDS OF ITSELF.

Two ledgers, *one company.*

What Corvela told investors, what its dashboard showed, and what the stock did — March 2022 to August 2023 (fictional)



FICTIONAL EXHIBITS E-01–E-05, E-09–E-12 · SPECULATIVE STUDY — ALL DATA INVENTED

INDEPENDENT SPECULATIVE CASE STUDY · ALL PARTIES, EVIDENCE, AND DATA ARE FICTIONAL

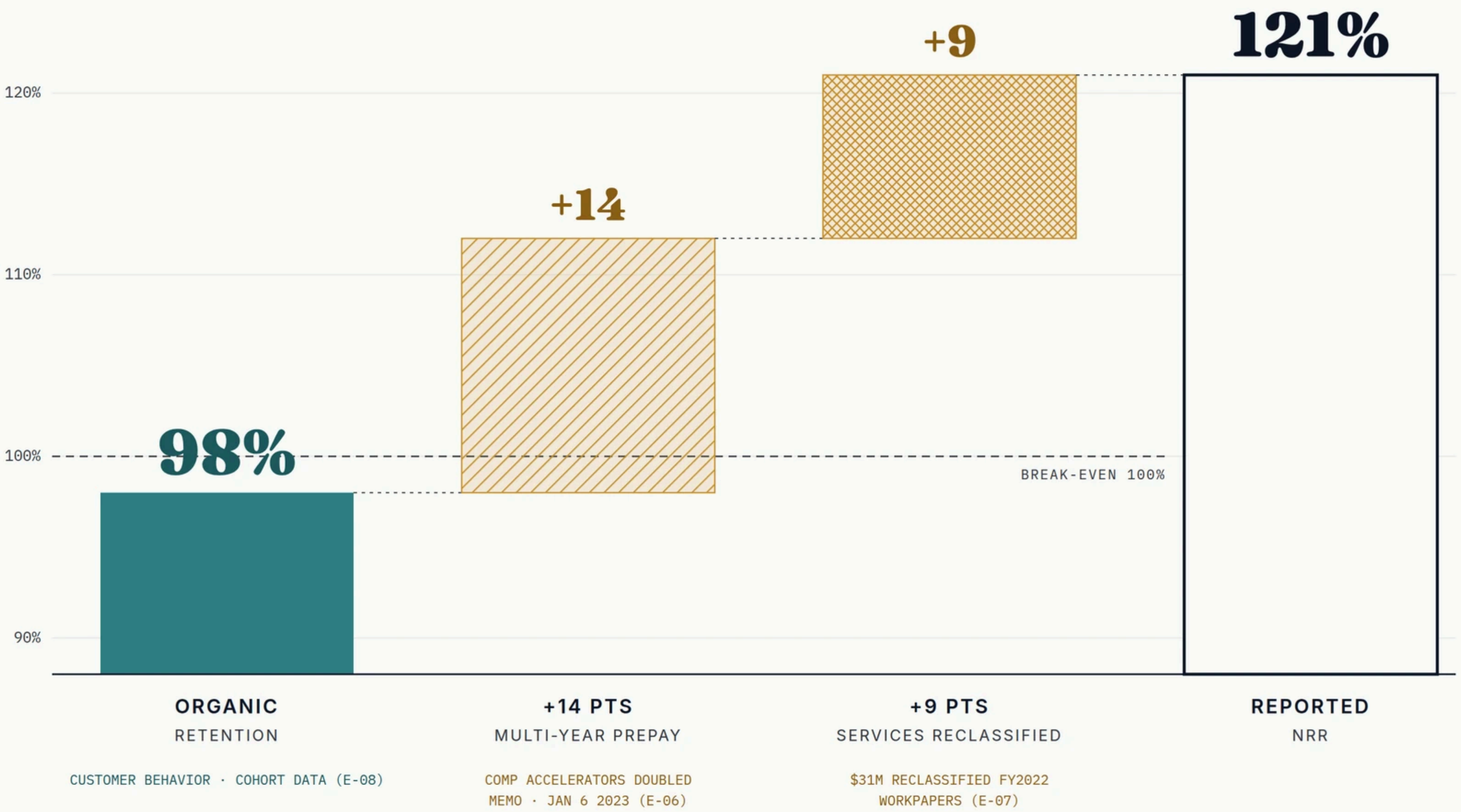
Same company. *Same week.*

	WHAT MANAGEMENT SAID	WHAT THE RECORDS SHOWED
JUN 2022	E-03 "Net revenue retention of 126%... churn at historic lows." INVESTOR DAY DECK, SLIDE 14 · JUN 9 2022 · FICTIONAL E-03 AT 14	E-10 A retention "save desk" team had been formed the month before. CRO DEPOSITION · RE: MAY 2022 · FICTIONAL E-10 AT 212
SEP 2022	E-01 "The durable-growth story is intact." TECH CONFERENCE REMARKS · SEP 8 2022 · FICTIONAL E-01 AT 6	E-02 Lighthouse export: mid-market churn 13.2% annualized — and rising. LIGHTHOUSE DASHBOARD · SEP 2022 · FICTIONAL E-02
OCT–NOV 2022	E-01 Q3 call reaffirms the retention trajectory. EARNINGS CALL · NOV 10 2022 · FICTIONAL E-01 AT 11	E-04 "We are bridging the retention story with prepay economics. That bridge doesn't exist next year." CFO EMAIL TO CEO · OCT 17 2022 · FICTIONAL E-04 AT 2
DEC 2022–FEB 2023	E-11 FY23 revenue guidance issued at a $668M midpoint. PRESS RELEASE & 8-K · FEB 14 2023 · FICTIONAL E-11	E-05 The company's own FY23 plan: $612M — $56M below the guidance. FP&A INTERNAL FORECAST · DEC 12 2022 · FICTIONAL E-05

EXCERPTS ELLIPSIS-MARKED · FULL FICTIONAL DOCUMENTS CITED BY EXHIBIT AND PAGE

How 98% became 121%

The assembly of Corvela's reported net revenue retention — Q4 2022 (fictional reconstruction)

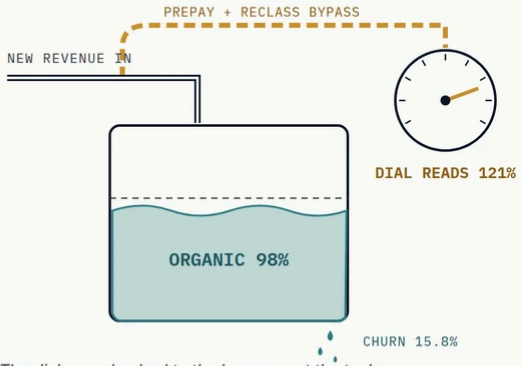


SIX QUARTERS, TWO NUMBERS

QUARTER	REPORTED	COHORT-TRUE	GAP
Q1 2022	128%	111%	+17
Q2 2022	126%	107%	+19
Q3 2022	124%	103%	+21
Q4 2022	121%	98%	+23
Q1 2023	118%	94%	+24
Q2 2023	117%	91%	+26

The Q4 2022 assembly at left generalizes: every quarter's reported figure sits 17–26 points above the cohort-true rate in the company's own records (fictional E-02, E-08).

THE MACHINE, ILLUSTRATED



The dial was plumbed to the bypass, not the tank.

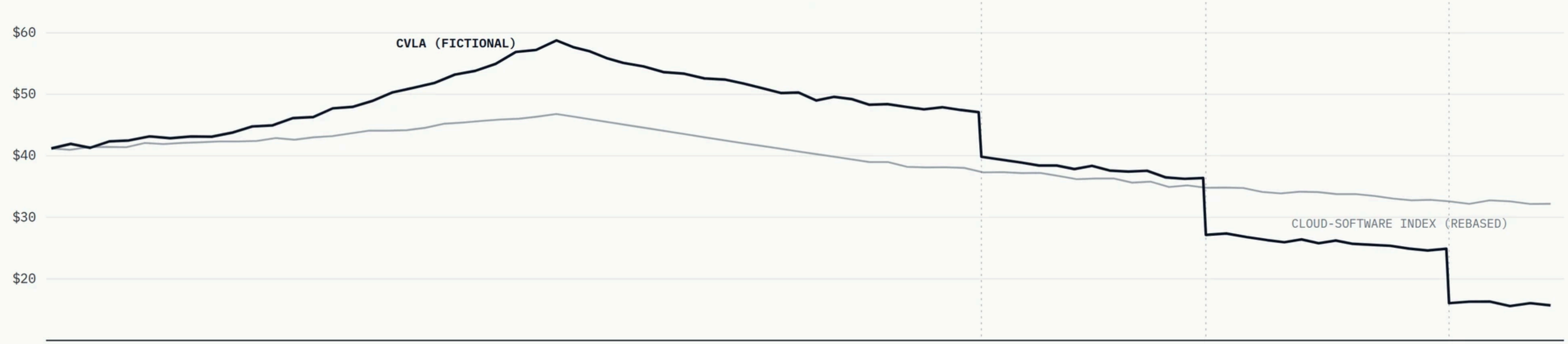
FICTIONAL EXHIBITS E-06, E-07, E-08 · METHODOLOGY PER FICTIONAL PLAINTIFF EXPERT

INDEPENDENT SPECULATIVE CASE STUDY · ALL PARTIES, EVIDENCE, AND DATA ARE FICTIONAL

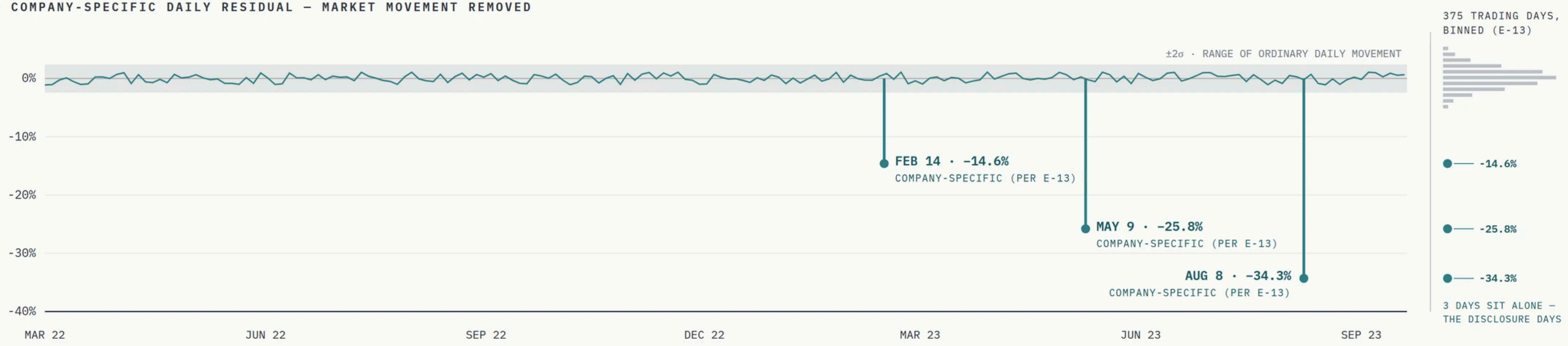
Subtract the market. *See what's left.*

CVLA vs. the cloud-software index, and the company-specific residual on the three disclosure days (fictional event study, E-13)

1 · RAW PRICES — BOTH FELL *This chart alone answers nothing.*



2 · COMPANY-SPECIFIC DAILY RESIDUAL — MARKET MOVEMENT REMOVED



RESIDUAL = DAILY RETURN − INDEX-PREDICTED RETURN · PER FICTIONAL EXPERT E-13 · CONFOUNDER SCREEN IN APPENDIX

No proposition stands on *one document.*

Fourteen fictional exhibits · four propositions · seven evidence types

	DASHBOARDS	EMAILS & MEMOS	FORECASTS & MODELS	MINUTES	DEPOSITIONS	FILINGS	MARKET DATA	
P1 THE GAP WAS REAL	E-02		E-08			E-07 E-11		× 4 EXHIBITS
P2 THE GAP WAS KNOWN	E-02	E-04	E-05	E-09	E-10			× 5 EXHIBITS
P3 THE GAP WAS ENGINEERED		E-06	E-05		E-10	E-07		× 4 EXHIBITS
P4 THE GAP WAS PRICED						E-11	E-12 E-13	× 3 EXHIBITS

FICTIONAL EXHIBIT KEY: E-01 CALLS · E-02 LIGHTHOUSE · E-04 CFO EMAIL · E-05 FP&A PLAN · E-06 COMP MEMO · E-07 WORKPAPERS · E-08 COHORTS · E-09 MINUTES · E-10 DEPOSITION · E-11 8-Ks · E-12 MARKET DATA · E-13 EVENT STUDY

Twelve coordinated exhibits, one instrument

- D-1 · The Two Ledgers — synchronized master timeline
- D-2 · Said / Showed — paired quotes on a dated spine
- D-3 · The guidance gap — $612M plan vs. $668M guidance
- D-4 · What the customers were doing — cohort curves
- D-5 · Anatomy of a reported number — NRR waterfall
- D-6 · Evidence-source matrix — corroboration density
- D-7 · Three days, three disclosures — event triptych
- D-8 · Correlation is not the claim — residual isolation
- D-9 · The competing explanations, side by side
- D-10 · Inflation ribbon — the damages model, labeled as a model
- D-11 · The mechanism in one motion — 45-second opening build
- D-12 · Four quarters, two stories — closing summary

VISUAL SYSTEM

Statement amber   Record teal   Market grey

Inter + IBM Plex Mono · ruled-ledger grid · no arrows, no red/green, one idea per exhibit, every mark cited.

Independent speculative case study

This study was created independently to demonstrate litigation-graphics strategy for a securities matter. All parties, executives, documents, quotations, metrics, prices, and analyses are fictional and internally consistent by construction: every number in every exhibit reconciles to one master chronology.

No client engagement, verdict, settlement, or litigation result is claimed or implied. The deliverable is the communication system itself.

Method: fictional record built first (18 months of prices, six quarters of paired metrics, fourteen dated exhibits); master chronology designed second; the remaining eleven demonstratives derived from it and tested against the objections each would draw.

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