

HOW TO Research Corporations

CORPORATE RESEARCH

When companies misbehave, good citizens do what comes naturally: we “call the cops,” the government regulators.

Unfortunately, we live in a society where the regulatory cops have become part of the problem. For more than a decade, many government regulators have gone soft on corporate crime.

Whether you are looking for evidence to aid a campaign to rekindle a law-and-order attitude in our government, or you’re taking on a company directly because there is no cop on the beat, you need to do some corporate investigation. You need to know who owns it, who runs it, what it owns and what it owes, what the owners and managers want, what its strengths and weaknesses are, and what its track record is.

The purpose of this guide is to assist your community organization in the necessary first steps to digging up this information.

RESEARCHING CORPORATIONS

WHERE TO START

Begin by getting the company’s full and complete legal name. You can get this for companies which operate in your area by looking at the deeds and tax records, licenses, permits and permit applications that the company must file with the local county or municipal government. The Tax Assessor and Registrar of Deeds offices are probably the two most likely places where you will find that information. For companies which aren’t operating in your area, look in your local library or online.

Take note of any and all names of individuals you find, as well as any variations on the name of the company. Each of these names could lead to additional information.

Next, determine what type of business it is. There are three major types:

- Sole proprietorships are owned and operated by a single person who takes complete responsibility for the business.
- Partnerships are groups of two or more persons or corporations who combine to run an unincorporated business.
- Corporations are owned by shareholders, who elect a Board of Directors.

Many legal documents (deeds, contracts, permits, applications, etc.) will say what type of business the company in question is. If not, check with your Secretary of State’s office to see what kind of business the company is.

Some corporations are “closely held,” meaning that a handful

of people (often family members) own all the stock. “Public” corporations are those where the stock is freely traded. Public corporations are required to file reports with the U.S. Securities and Exchange Commission (SEC).

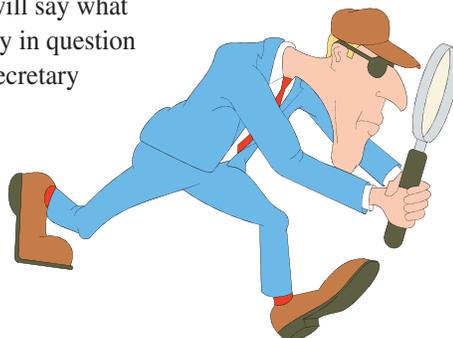
WHERE TO LOOK

Every corporation, whether publicly traded or privately held, must be chartered by a state government and must file regular reports with that state and others in which it does business. (In those other states it is known as a “foreign” corporation.) These filings, which are submitted to the state’s Secretary of State’s database, typically include the names and addresses of the key individuals involved with the company, including directors and top officers and the name of the Registered Agent, who is the party to contact if you are suing the company.

Check out the names of the officers and directors in the Secretary of State database to see what other corporations they have connections to. You can also look up what property they own, which may be residential or commercial property held in their name.

As for your target company itself, there are many sources to consult to put together a better picture of its operations, its relationships and its track record. If the company is publicly traded, be sure to read the key SEC documents.

If the company is privately held, there will be much less information available about its finances and operations. You will have to piece together a partial picture from a variety of sources. One



of these is Dun & Bradstreet, a service that collects basic data on millions of companies in the course of determining their credit rating. Many companies, law firms and labor unions subscribe to D&B's services. If you do not have such access, you can purchase individual reports on their website (www.dnb.com/us). Among the various reports, the most useful for general corporate research is the Business Background Report (<https://creditreports.dnb.com/m/business-reports/business-background-report.html>).

Whether a company is public or private, you should check out its relationship with other companies, i.e. whether it is a parent or subsidiary.

Once you have clearly identified a company and its ties to other firms, the next step is to research the company's track record. The first place to look is the court system, to learn about legal proceedings in which the company has been involved, either as a defendant or a plaintiff. You need to check both federal and state courts. If your target company is entirely local, you can go to the courthouses and check the records there. Otherwise, you will have to look online. Ready-made dossiers on dozens of large companies can be found in the Corporate Rap Sheets produced by the Corporate Research Project (www.corporaterapsheets.org).

WHAT ARE YOU LOOKING FOR?

One of the most important things you want to find out is money flow. What is the company's financial condition? Profit and loss? Borrowing and lending? Does it have vulnerable investments?

Next, you want to know about the people involved in the company. Who are the principle shareholders? What are the names of Board members and executives? How many shares of stock do they own? How much are they paid?

Next you want to know about connections. Do the Board members or key executives sit on boards of other corporations, foundations or organizations? Is the company owned or controlled by another? Where does it borrow money? Is the company tied in any way to any other company? Has the company been the subject of any merger activity?

Then you want to find out what kind of trouble the company has been in. Has it been involved in major litigation? Administrative complaints? Is the company unionized? Are any parts of the company in financial trouble?

Federal court dockets (both civil and criminal) are available online at a modest price through a service called PACER. After you register (<http://pacer.psc.uscourts.gov>), you can search anywhere in the country. Many federal court districts are also beginning to scan key documents in cases and make them available online through PACER. Otherwise, you will have to go to the courthouse to make copies of the key documents.

State courts have been slower to put their records online, but more and more are doing so. For a list of which courts are available electronically, see www.llrx.com/courtrules.

Apart from court cases, you should also check the records of regulatory agencies at both the state and federal level. A key source will be the U.S. Environmental Protection Agency. Its website includes two key resources. Envirofacts (www.epa.gov/enviro) contains data on toxic releases, permits and related matters. Enforcement and Compliance History Online (www.epa.gov/echo/) contains information relating to air and water quality and hazardous waste discharges. It also provides information on state enforcement.

The Occupational Safety and Health Administration has a database (www.osha.gov/oshstats/index.html) that contains the results of every inspection the agency has carried out since 1972. The Mine Safety and Health Administration's Data Retrieval System (www.msha.gov/drs/drshome.htm) contains accident and violation histories for specific mines.

Links to the enforcement pages of other federal regulatory agencies can be found in a compilation by the Dirt Diggers Digest blog (<http://dirtiggersdigest.org/enforcement>).

To get an idea of how a company and its principals try to influence the way it is regulated, be sure to research their campaign contributions and lobbying activities. Federal campaign contribution information is available either from the Federal Election Commission (www.fec.gov) itself, or through websites such as (www.opensecrets.org). The best source for state campaign data is the website of the Institute on Money in State Politics (www.followthemoney.org). Federal lobbying information can be found at the website of the Office of the Secretary of the Senate (www.senate.gov/legislative/Public_Disclosure/LDA_reports.htm). Each state's legislature has a database (or at least a list) of lobbyists and their clients.

To find out if the company has received subsidies from state or local governments, see the Subsidy Tracker database created by Good Jobs First (www.subsidytracker.org)

To round out the picture of a company's track record, it is worth doing a search of newspaper and magazine

articles. These days it is possible to search the electronic archives of thousands of publications (as well as press releases, transcripts and other sources) all at once through commercial services such as Lexis-Nexis and Factiva, which are available through some public and university library systems.

It is also worth looking to the company itself for information. Approach the company directly and ask for the information you want—you'll often get it. When you ask a company for information, it can only respond in three ways: (1) give you what you want, (2) lie to you (lies you can expose when you find out the truth); or (3) stonewall you (allowing you to charge a cover-up). Don't ask a company for information if you want to keep your inquiry secret.

You have the moral right to ask a company to disclose information about its insurance and its financial backers, especially when the business could seriously or permanently affect your community. People ought to have proof the company has sufficient resources to carry out its plans properly at minimum risk to its neighbors and, if something goes wrong, has the coverage to make things right and compensate victims.

Company workers are also valuable sources of information, especially if the company is unionized. Inside sources are terrific assets. If you develop such a "Deep Throat," be sure to offer all the protection you can—and then honor your offer.

Ironically, your organization may decide to go ahead and collect all of this information and then find yourself frozen in place, paralyzed by the enormity of trying to absorb and process all this data. Worse, you might find yourself addicted to the process of collecting information and using research as a substitute for action ("let's make sure we've got all the information before we make a plan or stick our necks out in an action.") These are two major pitfalls in the process of researching for organizing.

One of the best ways to avoid these traps is to make research part of the organizing process: involve members in the collection and use of that information as soon as possible in some kind of action.

Remember, information is not, in itself, power. It's how you use information that counts. We have all had experiences where we really believed that getting the truth "out" would win the issue, only to discover that nothing really happened until lots of people took the information and moved on it.

FOR MORE INFORMATION

A more detailed guide to corporate research can be found on the website of the Corporate Research Project, which helps WORC groups on research projects (www.corp-research.org). To find additional sources on specific industries see the *Encyclopedia of Business Information Sources*, which can be found at larger libraries.

PUBLIC INFORMATION ABOUT PUBLIC CORPORATIONS

THE SECURITIES AND EXCHANGE COMMISSION

By law, public corporations are obligated to report lots of information — including anything that might have a material effect on the value of the company's stock — to the Securities and Exchange Commission. All these documents are available at no cost on the SEC website (www.sec.gov). Here is a brief list of some of the documents companies must file and what's in them:

- **10-K report (annual)**—An updated report on the company's activities, including a detailed financial statement.
- **8-K report**—Must be filed promptly after any major event that could affect the value of stock (for example, changes in control of the company, acquisition or sale of assets, changes in directors).
- **Proxy Statement**—In addition to being filed with the SEC, this statement is sent to all stockholders prior to the company's annual meeting. It gives a run-down on the meeting agenda, plus a fairly

complete run-down on the Board (often with members' pictures): it notes their affiliations and details Directors' fees and Officers' salaries, including "perks" (e.g. stock options, pensions, insurance). Some groups or leaders will buy one share of the company's stock to get these documents and to get into shareholder's meetings.

- **Forms 3 and 4**—These detail the stock transactions involving directors and executives, as well as transactions involving ten percent or more of the company's stock. It is from these forms that you find out exactly how much of the company major figures own. You can also use these forms to track down the value of the company's stock (aside from what you can read in the newspaper).

FINDING PUBLIC RECORDS ONLINE

Over the past decade, more and more state and local government agencies have been making public documents—such as Secretary of State corporate registrations and property records—available in electronic form.

To find out if an agency has put records online, go straight to its website or use guides such as

those of BRB Publications at www.brbspub.com/pubrecsites.asp or Search Systems at www.searchsystems.net. After locating a document through an electronic search, it may be advisable to contact the agency and obtain a copy of the original paper version, since errors can occur in converting information to electronic form.

TIPS FOR INVESTIGATING CORPORATIONS

- ❑ **Go for the gold.** Investigating a corporation takes patience. Start by assuming that any corporation has information nuggets that will be very useful to your campaign. Finding them is a matter of time, curiosity, and casting aside preconceptions.
- ❑ **Follow the dollars and the people.** Researching a large corporation can be an awesome task. Corporations often have several levels of subsidiaries and joint ventures with other companies. Two useful ways to avoid being overwhelmed: “follow the dollars” and “follow the people.”
- ❑ **Read the fine print.** You need several years of financial statements (from annual reports or 10-K reports) to “follow the dollar.” Read the footnotes in financial statements; they may reveal weaknesses in the company’s position.
- ❑ **Get the whole gang.** Get financial information on all parent companies, subsidiaries and other companies with joint ventures or close business dealings with the one you’re investigating. This allows you to find out more about its operations and compare information.
- ❑ **The Nose knows.** Trust your instincts. If you smell a rat but you can’t find it, you may begin to doubt your sense of smell. Your nose is probably right; keep sniffing.
- ❑ **Stay with it.** Investigating a corporation, like panning for gold, takes a lot of patience. Don’t quit too soon. There will be some empty pans, but if you keep at it you’ll find what you need.



WORC is a network of grassroots organizations from seven states that include 10,000 members and 38 local community groups. WORC helps its members succeed by providing training and by coordinating regional issue campaigns.

WORC's Network

Dakota Resource Council
Dakota Rural Action
Idaho Organization of Resource Councils
Northern Plains Resource Council
Oregon Rural Action
Powder River Basin Resource Council
Western Colorado Congress

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MORE HOW TO GUIDES:

WORC has produced a series of How To's, practical guides to assist members, staff, leaders and citizens to build strong organizations and win their issues.

Topics are listed on our website – www.worc.org. These publications can be downloaded from the website as PDFs or ordered for \$2 each. Contact WORC regarding bulk orders or about training sessions on topics in this series.

FOR MORE ON RESEARCHING:

Principles of Community Organizing training sessions are held twice a year by WORC. **Advanced Leadership and Staff Development** training sessions are also held by WORC.

How to Run a Good Meeting and **How to Speak in Public** are other topics available in this series of guides to community organizing.

