

# Researching Corporate Relationships

by Shannon Vicic

Occasionally, attorneys and other legal professionals may need to identify connections between specific companies or map out the structure of a company. One of the most common reasons to search for this “corporate linkage” data is to identify possible conflicts of interest before taking on new corporate clients; however, a company’s relationships with other entities also may have an impact on how a particular legal matter involving the company is handled. Additionally, attorneys who have successfully represented a subsidiary company may want to use their success with that client as a gateway to marketing their legal service to the parent company.

Given the intricate network of relationships that can exist within a large company, obtaining a complete picture of a company’s hierarchy can be a daunting task. The availability of corporate linkage information depends on a variety of factors, including whether the company is publicly traded or privately owned, whether it is based inside or outside the United States, and whether it is a large or small company. The size of a company is based on such indicators as number of employees or annual revenue.

This article provides guidance on the types of sources that can be used to locate corporate linkage data and includes selected examples of specific tools that may aid in this process.<sup>1</sup> As a general rule, more information will be available on large, publicly traded companies than will be available on small, privately held companies. U.S. companies generally are easier to research than international companies; however, several of the sources mentioned do provide information on companies based outside the United States.

When researching corporate relationships, it is important to check multiple sources of data. Even the most comprehensive products may contain mistakes, outdated information, or omissions in their corporate linkage data because of the ever-changing nature of the corporate landscape and the labyrinthine structures of many major corporations.

## Common Corporate Relationships

Corporate relationships can fall into many different categories. Basic definitions of some of the most common corporate relationships are provided below.

- **Parent:** A corporation that has a controlling interest in another corporation, typically through the ownership of more than 50 percent of its stock.<sup>2</sup>

- **Subsidiary:** A corporation in which a parent has a controlling interest, typically through the ownership of more than 50 percent of the subsidiary’s stock.<sup>3</sup>
- **Wholly owned subsidiary:** A subsidiary whose parent company owns 100 percent of its stock.<sup>4</sup>
- **Branch:** A company office that is in a separate location from the company’s headquarters and reports to the headquarters.<sup>5</sup>
- **Affiliate:** Though it is sometimes used in a generic sense to indicate a subsidiary, the term “affiliate” more accurately is defined as a company owned by one or more companies but that is not more than 50 percent owned by any single company.<sup>6</sup>
- **Division:** An internal unit of a company that focuses on a particular operating area, such as a specific product line, geographic territory, type of customer, or function.<sup>7</sup>
- **Joint venture:** A business venture in which two or more companies share responsibility and ownership.<sup>8</sup>

Researchers should keep in mind that the parent company of a particular subsidiary may be a subsidiary of another company. A parent company that has no parent of its own is considered the ultimate parent in the hierarchy.

## Company Sources

Before turning to any other source for information, the researcher should begin by checking the company’s website for information about its structure and corporate relationships. Most company websites can be found by entering the company’s name into one of the major search engines.

Often, public companies will have an investor information page that summarizes the organizational structure and corporate relationships for potential investors. The company’s annual report to



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shareholders may be another good source of information about its structure. If the company is not publicly traded, look for an "About Us" link somewhere on the company's home page.

Most company websites provide access to recent and archived press releases. Researchers should check those releases for any news regarding joint ventures, mergers, acquisitions, spin-offs, or other changes in the company's structure or holdings.

If corporate structure information is not provided on the website, and if the situation permits,<sup>9</sup> the researcher may want to try contacting the company directly. The home page of the company's website should contain a link providing basic contact information. Although contacting the company directly may be a good starting point, the researcher should keep in mind that even the company's representatives may not have a full understanding of the entire spectrum of corporate relationships. In addition, the information they provide may be biased in favor of the company.

## Securities and Exchange Commission Filings

If the company is domestic and publicly traded, the researcher should use the U.S. Securities & Exchange Commission's free EDGAR database<sup>10</sup> or a commercial interface to that database, such as Securities Mosaic<sup>11</sup> or LIVEDGAR,<sup>12</sup> to look up the most recent annual report (Form 10-K). That report may contain an Exhibit 21 (or 21.1), which lists major subsidiaries of the company filing the report. Generally, this exhibit will include significant subsidiaries instead of all of the company's subsidiaries; however, because coverage varies by company, certain company exhibits may be much more comprehensive than others.

It also is a good idea to look at items 1 and 7 on the 10-K filing, because they provide information on company strategy and may include information about strategic acquisitions, mergers, or joint ventures. To locate information about company facilities or operating locations, researchers should check items 1, 2, and 8 on the Form 10-K.<sup>13</sup>

## Corporate Relationship Products

Two companies, LexisNexis<sup>®</sup> and Dun & Bradstreet, offer research tools specifically designed to provide corporate hierarchy information. LexisNexis produces the *LexisNexis Corporate Affiliations* directory,<sup>14</sup> which is available online through an annual subscription or on a pay-per-use basis, as well as in print and on CD-ROM. The eight-volume print edition of the directory is published annually; the CD-ROM version is updated quarterly. Data from the directory also is available on Lexis.com,<sup>15</sup> and through Courtlink<sup>16</sup> (by retrieving a Strategic Profile report on a corporate litigant).

The *Corporate Affiliations* directory covers more than 180,000 major U.S. and international companies. It includes private and public companies, and provides information about corporate divisions, subsidiaries, affiliates, and joint ventures. Entities listed under an ultimate parent are numbered to indicate where they fall in the company's hierarchy and whether they report to the ultimate parent or to another subsidiary or division. In addition, the directory lists the percentage of ownership that the parent company holds in subsidiary and affiliate companies.<sup>17</sup>

In addition to the corporate linkage data, the *Corporate Affiliations* directory provides information about corporate officers, board members, and outside service firms. Information about outside

service firms includes the company's auditor, as well as outside law firms that represent the company.<sup>18</sup>

Generally, to be included in this directory, U.S. companies must report annual revenues of more than \$10 million, have more than 300 employees, or be traded on a major stock exchange. Non-U.S. companies must report annual revenues of more than \$10 million.<sup>19</sup>

Dun & Bradstreet offers two products that cater to the legal market: (1) the Family Tree Finder; and (2) Who Owns Whom on the Web. The Family Tree Finder is a subscription database designed for those individuals who frequently research corporate linkages, such as law firm personnel who regularly conduct conflicts-related company research. It contains information on more than 19 million companies worldwide.<sup>20</sup> Who Owns Whom on the Web, a subscription database designed for less frequent users, contains information on 7.5 million companies worldwide.<sup>21</sup>

Both of these products use the company's proprietary D-U-N-S<sup>®</sup> numbering system to track the linkages between individual companies.<sup>22</sup> Generally, Dun & Bradstreet defines linkages as occurring when "one business location has financial [and] legal responsibility for another business location." This occurs when a company holds more than a 50 percent stake in another company.<sup>23</sup>

One of the main differences between the two Dun & Bradstreet products relates to their pricing models for printing and exporting data. The Family Tree Finder subscription provides for unlimited printing and exporting of data, which allows users to export data into conflicts databases. The Who Owns Whom subscription does not include the printing and exporting functions, which must be purchased separately on an as-needed basis.<sup>24</sup>

Westlaw<sup>®</sup> subscribers may be able to access Dun & Bradstreet family tree data through the Dun & Bradstreet Business Records Plus (DUNBR) file on Westlaw.<sup>25</sup> Check with a Westlaw representative to determine the scope of the data provided through that database.

Dun & Bradstreet produces several print business directories, as well. Two of these directories are specifically designed to provide corporate family tree data: (1) the *Who Owns Whom* series covers companies around the globe and is arranged by geographic region; and (2) the *America's Corporate Families* series includes *America's Corporate Families: The Billion Dollar Directory*<sup>26</sup> and *America's Corporate Families and International Affiliates*.<sup>27</sup>

The print directories produced by LexisNexis and Dun & Bradstreet are available in the reference sections of many large public and academic libraries. Another useful print directory commonly found in library reference collections is *Standard & Poor's Register of Corporations, Directors, and Executives*.<sup>28</sup> Although this two-volume directory doesn't list subsidiaries within specific company entries, the second volume does provide a cross-reference index in which researchers can look up individual companies to locate their parent companies or subsidiaries, divisions, and affiliates.

## Business Report Products

A researcher who is seeking a general overview of a particular company, as well as its corporate structure, may want to use a more comprehensive business report product. Although many business report products do not provide corporate structure information, there are several that do, including ReferenceUSA,<sup>29</sup> OneSource,<sup>30</sup> Mergent Online,<sup>31</sup> Hoover's,<sup>32</sup> and the Legal Due Diligence Report,<sup>33</sup> among others.<sup>34</sup>

To avoid duplication in their research efforts, researchers should investigate the source of the relationship data in these products before using them. Some of these products draw their subsidiary data from the company's Exhibit 21 filed with the Securities & Exchange Commission. Other sources may pull their corporate affiliations data from LexisNexis or Dun & Bradstreet. For example, Hoover's provides certain subscribers with access to Dun & Bradstreet's corporate linkage data, whereas OneSource provides corporate linkage data from the *LexisNexis Corporate Affiliations* directory.<sup>35</sup>

Many large public libraries provide cardholders with remote access to some Web-based business report products. For example, the Denver Public Library currently provides cardholders with remote access to ReferenceUSA and Mergent Online.<sup>36</sup> Researchers should check with the library regarding restrictions on the use of data obtained from those databases.

## News Articles

News articles are an excellent source for information about corporate relationships, particularly connections that may not be covered by the corporate relationship products, such as joint ventures, marketing or distribution agreements, or other types of partnering arrangements between companies.

Researchers with access to Lexis or Westlaw can use the news files available through those research tools. Searching a comprehensive news database using only the company's name may yield an unwieldy number of results, so the researcher may want to limit the results by date or by adding additional terms and connectors

(for example, *acquir!* or *merg!* or "joint venture"). Another tactic is to limit the search to a news file for the state in which the company's headquarters is located.

Those with limited financial resources may want to use a free news article search engine such as Google News Archives.<sup>37</sup> SearchEngineWatch.com has compiled a list of news article search engines that may be useful.<sup>38</sup> Although access to full-text articles may be limited on these sites, the headlines may provide enough information for the researcher to discern whether there have been recent changes in the company's structure.

## Mergers and Acquisitions Reports

If news article searches are not productive, or if more information is needed on a particular merger or acquisition, the researcher may want to consider searching mergers and acquisitions (M&A) databases. Both Lexis and Westlaw offer databases that providing mergers and acquisitions data.<sup>39</sup> In addition, the *Mergers & Acquisition Report* provides an M&A database on its website that is available to subscribers of that publication.<sup>40</sup>

Several free websites provide information about recent mergers and acquisitions. These include Yahoo's mergers and acquisitions site<sup>41</sup> and CNNMoney's Most Recent Deals website,<sup>42</sup> which provides the largest deals year-to-date.

## Conclusion

This article has provided some basic examples of sources that can be used to research corporate relationships; however, the researcher should take a moment before beginning any search to

evaluate the research task at hand and determine not only which research tools are most likely to yield the desired results but also to consider whether those tools will be the most cost-effective, given the research task at hand. For example, starting a search by using the most comprehensive research tool may not be necessary if the researcher is merely trying to confirm a relationship between two specific companies. On the other hand, using a more comprehensive commercial product may save the researcher a significant amount of time, which may justify the cost of the product.

### Notes

1. This article will not specifically cover relationships involving corporate directors or executives (*e.g.*, relationships created when the same person sits on the boards of two different companies); however, several of the products covered do provide information on board members and executives.
2. Garner, ed., *Black's Law Dictionary* 367 (West, 2004).
3. *Id.* at 368.
4. Lanvin, *Business Information: How to Find It, How to Use It* 115 (Oryx Press, 1992).
5. 1 *America's Corporate Families: The Billion Dollar Directory* XI (Dun & Bradstreet, 2007); see [http://www.dnb.com/us/dbproducts/sales\\_marketing/research\\_verify/directories](http://www.dnb.com/us/dbproducts/sales_marketing/research_verify/directories).
6. Lanvin, *supra* note 4; 2 *Standard & Poor's Register of Corporations, Directors and Executives* 1,933 (The McGraw-Hill Companies, 2007); *America's Corporate Families*, *supra* note 5; 1 *LexisNexis Corporate Affiliations* xiii (LexisNexis,® 2007), available at <http://corporateaffiliations.com>.
7. Lanvin, *supra* note 4.
8. *LexisNexis Corporate Affiliations*, *supra* note 6.
9. Before contacting the company directly, the researcher should carefully evaluate his or her particular situation to determine whether contacting the company would violate ethical rules or unduly influence the legal matter at hand.
10. See <http://www.sec.gov/edgar/searchedgar/companysearch.html>.
11. See <http://www.knowledgemosaic.com/sm>.
12. See <http://www.gsonline.com/livedgar/index.html>.
13. See "Items Included in a 10K Report," available at <http://www.bu.edu/library/guides/pml/documents/10Ktutorial.pdf>.
14. *LexisNexis Corporate Affiliations*, *supra* note 6.
15. See <http://www.lexis.com>.
16. See <http://www.courtlink.com>.
17. *LexisNexis Corporate Affiliations*, *supra* note 6 at x-xiii.
18. *Id.* at xii.
19. *Id.* at vii.
20. See [http://www.dnb.com/us/dbproducts/sales\\_marketing/research\\_verify/family\\_tree](http://www.dnb.com/us/dbproducts/sales_marketing/research_verify/family_tree).
21. See <https://solutions.dnb.com/wow/?language=EN>.
22. See [http://www.dnbmdd.com/mddi/family\\_tree.aspx](http://www.dnbmdd.com/mddi/family_tree.aspx).
23. See [http://www.dnbmdd.com/mddi/family\\_tree.aspx](http://www.dnbmdd.com/mddi/family_tree.aspx).
24. Dun & Bradstreet, "Who Owns Whom on the Web (eWOW) and Family Tree Finder (FTF) Comparison" (May 2007).
25. See <http://www.westlaw.com>.
26. *America's Corporate Families: The Billion Dollar Directory*, *supra* note 5.
27. *America's Corporate Families and International Affiliates* (Dun & Bradstreet, 2007); see [http://www.dnb.com/us/dbproducts/sales\\_marketing/research\\_verify/directories](http://www.dnb.com/us/dbproducts/sales_marketing/research_verify/directories).
28. *Standard & Poor's Register of Corporations, Directors and Executives* (The McGraw-Hill Companies, 2007).
29. See <http://www.referenceusa.com>. ReferenceUSA is designed for use in libraries.
30. See <http://www.onesource.com>.
31. See <http://www.mergentonline.com>.
32. See <http://www.hoovers.com>.
33. Available through Westlaw® and LIVEDGAR®; see <http://www.westlaw.com> or <http://www.gsonline.com>.
34. Before using any commercial product, researchers should discuss their information needs and product pricing options with the vendor.
35. See [http://www.onesource.com/providers/content\\_120.asp](http://www.onesource.com/providers/content_120.asp).
36. See <http://search3.webfeat.org/denversearch.asp>.
37. See <http://news.google.com/archivesearch>.
38. See <http://searchenginewatch.com/showPage.html?page=2156261>.
39. Try the Mergerstat (MSTAT) database on Lexis.com and the Mergers & Acquisitions—Deal Information (M&A-DEAL) database on Westlaw.com.
40. See <http://www.mareport.com>.
41. See <http://biz.yahoo.com/topic/m-a>.
42. See <http://money.cnn.com/news/deals/mergers/dealchart.html>. ■