

INVESTIGATING BUSINESS
From profit to non-profit

IRE WATCHDOG JOURNALISM WORKSHOP

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Start with the often-overlooked obvious:

Check out the company's Web site.
Read the company's press releases, on its Web site or at www.archive.org.
Check your own employer's archives.
Google the name of the company, its owner(s) and top executive(s).

Then choose from among the following resources, depending on which ones best fit the company you're investigating.

HOMEWORK ASSIGNMENT: When you go home after this conference, immediately check out the resources below that are new to you. Scribble notes on this handout. Call me if you have questions. Then, when you're assigned to background a business, I hope this handout can be your guide.

LOCAL SOURCES
(alphabetically)

A friendly accountant: Find an accountant you can call on when you need help understanding financial statements and Securities and Exchange Commission filings.

City and county agencies: These agencies often contract with local companies, and the contracts may be public information.

Company newsletters and employee telephone directories: These are gold mines. You probably need an employee or former employee to get them for you.

Competitors: Business people often know plenty about their competition. Find competitors in the Yellow Pages. Do they employ anyone who used to work at your company?

County recorder's office: Here you will find what real estate the company owns, the mortgages it has, whether any are in default and whether the mortgage has recently been refinanced. These documents will be littered with executives' names.

Also filed here may be judgments and liens against the company, including IRS judgments and state liens for unpaid taxes, and some original company documents like partnership and incorporation papers. Be sure to see if a release of lien or satisfaction of judgment has also been filed.

County tax assessor and tax collector: You'll find the assessed value of property, who pays the tax bill, what improvements have been made to the property and does the company own any boats or planes.

Customers and suppliers: See if the company has testimonials on its Web site. Search online for the company name and key words like "complaints."

Employees, current and past: Search for employee chat rooms and message boards. Google the company name and the word "resume." Does the company have a retiree association? The local Chamber of Commerce might know.

Financial statements: The most important information you can get – and the hardest to find - is the company's financials. Try getting a copy of the company's annual report. If you can't get financials, at least estimate annual revenue. Then run the numbers by the company. Ways to estimate annual revenue include using industry averages, talking to competitors and checking Hoovers or Dun & Bradstreet (see below).

Neighbors: Check your employer's Haines reverse directory for telephone numbers, or go to the company and walk around. Note, too, how many people are coming and going from the business.

Planning, building, zoning and code enforcement department(s): Does the company have any building plans or code enforcement problems? Has it applied to expand?

Referrals: Every time you talk to someone, ask who else you should talk to.

Unions: If your company's workforce is organized, union leaders can give you their perspective on the company and refer you to employees, including former employees who are more likely to talk. Ask if the union has any financial information from the company.

ONLINE

NICAR database library: Numerous business databases, including federal contracts, small business loans, truck inspections, airplane records and much more: www.ire.org/datalibrary/databases/databases.php

Chat rooms and message boards: www.ragingbull.com, www.yahoo.com, www.fuckedcompany.com, www.omgili.com.

Siteexplorer.search.yahoo.com: Locate Web sites that have been taken down.

www.searchsystems.net: A searchable public records database. Find licenses for all kinds of companies, from doctors to beauty operators.

finance.yahoo.com: For publicly traded companies, this site has company financials, analysts' estimates, articles, message boards, insider trades and a history of the company's stock price that you can use to make a nice chart.

DATA SOURCES

LexisNexis (www.lexisnexis.com) is good for articles, legal filings, business profiles, financials, trade publications and more. If your employer doesn't have a subscription to this service, find an attorney who does.

Factiva (www.factiva.com) and **High Beam Research** (www.highbeam.com) are two modestly priced alternatives to LexisNexis,

Hoover's, Dun & Bradstreet: These companies publish information about thousands of companies. Some information is free at www.hoovers.com or www.dnb.com. Also find Hoovers and Dun & Bradstreet reports on LexisNexis and at your public library. Dun's Market Identifiers has more detail, available for a charge through services like Dialog (www.dialog.com).

Sometimes this information is wrong. Always try to verify it with the company you're researching. Still, a reporter armed with this information is more likely to get a company's attention.

If you don't know what business your company is in, check Hoovers or D&B for the company's NAICS or SIC code, and then look up that code at www.census.gov/epcd/www/naics.html or www.osha.gov/pls/imis/sicsearch.html.

Other information often available with these reports: Locations, top executives, annual revenue, number of employees, competitors, credit rating and basic financial information. Compare several years to see if anything is changing.

Accurint: This seems to be the favored source for people searches these days. Includes some cell phones. Subscriptions available to qualified customers like media, private investigators and lawyers. www.zabasearch.com may also help.

Uniform Commercial Code filings: Lenders often make a UCC filing when they make a loan to a business. A search by company name will show who lends money to the company, and how much. It should also name some people associated with the company. Usually UCC filings are online with the state Secretary of State.

REGULATORS

Securities and Exchange Commission: Always check for your company in the Edgar database at www.sec.gov. Even if your company does not have publicly traded stock, it will have to file with the SEC if it has certain kinds of debt.

These are the most useful documents:

The **10K** has the annual overview, the year-end financial statements, the history of the company, legal entanglements, insider conflicts of interest and a detailed management discussion of the company's prospects.;

The **10Q** has the quarterly financial report.

The **Definitive 14A** is the proxy statement, which tells salaries, bonuses, perks and stock holdings of top executives, gives biographies of some executives and directors, and lists the largest shareholders.

The **8K** announces important breaking news.

Form 4 and Schedule 13D: Reports of stock transactions by insiders and key shareholders.

Compare several years to see if anything is changing. Have any top people left? Did the former CEO get a golden parachute? Check at the beginning of the 10K to see if the independent auditor has any problems with the company. Ask your friendly accountant to see if he sees anything fishy. Remember, Enron's key problems were disclosed in 10K footnotes, sitting there silently waiting to be spotted. Compare several years to see if anything is changing.

With Edgar's new full-text search, you can also search the texts of all of the filings for the last four years. This is a handy way to see if a company officer has ties to other businesses.

State Department of Corporations: In many states, licenses and regulates securities brokers and dealers, investment advisers and financial planners, the sale of securities and franchises more. Licensing information is usually public. May post consumer complaints online.

Secretary of State: Papers establishing a company's legal structure – i.e., corporation, limited partnership, limited liability corporation – are often filed here. More information may be available by telephone than online. Try both. If you can search by address, you can find related companies.

County Clerk: Companies file fictitious business name statements and basic information here, in most states. Sometimes you can get the owner's real name here.

Other federal, state and local regulatory and licensing agencies: Try to think which agencies would require reports from your company. The list is endless, and the reports are probably public information.

Does your company have to be licensed by a state agency? Repairing cars, selling alcohol, serving food, running a nursing home or a hospital, building or selling houses, owning planes and selling stock or insurance are among hundreds of examples.

Is your company regulated by the Environmental Protection Agency or the Army Corps of Engineers? Does it release toxics (<http://www.epa.gov/tri/>)? Does it have any patents (<http://www.uspto.gov/main/profiles/acadres.htm>)? Does it have a Small Business Administration loan (http://dsbs.sba.gov/dsbs/dsp_dsbs.cfm)? Does it get farm subsidies (www.ewg.org)? Banks report to www.fdic.gov. Credit unions report to www.ncua.gov. Insurance companies report to your state insurance department.

If your company collects the garbage in your city, talk to the city utility branch. If your company gets financing from your local or state government, such as through the sale of industrial revenue bonds, talk to the agency that issues the bonds.

State OSHA agency: State OSHA agencies can be much more helpful than the federal OSHA database (<http://www.osha.gov/oshstats/index.html>). If you have a state OSHA office in your circulation area, their files should be public information and will tell you the results of all workplace safety inspections and accident investigations.

State labor agency: This is the agency that oversees workplace conditions, including overtime, minimum wage, meal and rest breaks, payment of wages and child labor. Ask the local office in your area if there are complaints against your employer. If they won't disclose that information, the cases that go to trial will be on file at your county courthouse, complete with the names of disgruntled former employees.

Patents and trademarks: U.S Patent & Trademark Office, www.uspto.gov.

WALL STREET

A local stockbroker: Get friendly with a stockbroker who can tell you if your company has publicly traded bonds or stock. Stocks and bonds of some small companies don't trade on the major exchanges.

Prospectus or S-1 offering statement: If your company decides to raise money by selling stock or bonds to investors, it will issue this document, which tells a great deal about the company, its history and its plans. It may be filed at www.sec.gov, but not always.

Bond rating agencies: GimmeCredit (www.gimmecredit.com), Egan-Jones Ratings (www.egan-jones.com), Standard & Poors (www2.standardandpoors.com), Moodys (www.moodys.com), Fitch (www.fitchratings.com). If your company has sold bonds to investors, see if the bonds are rated by the rating agencies. To talk to rating agency analysts, start by calling their public relations people. Check the value of the bonds at www.nasdbondinfo.com.

Analysts: Analysts who work for stockbrokerages and investment banks are on the “sell side.” If you quote them, be sure to disclose their obvious conflict of interest. Analysts who work for mutual funds and other investment groups are on the “buy side.” They are sometimes considered more reliable.

BUSINESS AND TRADE GROUPS

Better Business Bureau: How many customer complaints have been lodged against this company? What were the problems?

Chamber of Commerce: Does the company you’re researching play a prominent role?

Trade associations: Even the most arcane industry has a trade association. Learn about the issues facing the industry and whether your company is known in its field.

Trade publications: Search for stories about your company in these publications. Don’t forget your local business journal. These editors know their industries very well. See if they know your company or can refer you to someone who does. For example, what would telecom reporters do without www.lightreading.com?

LEGAL

County courthouse: Check out civil lawsuits, criminal cases, divorce files, unlawful detainers and estates being probated -- for the company, the owner and top executives.

U.S. Bankruptcy Court: Filings are public and over time will give extensive information about the company's finances, its creditors, attorneys who can be good sources and many details of the bankruptcy. Most of this information is also online through Pacer.

Pacer Service Center: pacer.psc.uscourts.gov/ . Here's where you can find lawsuits filed elsewhere against the company, its owners and executives. Here, too, you can find their bankruptcy filings, if any. If your employer doesn't have a subscription to this service, find an attorney who does.

U.S. Tax Court: www.ustaxcourt.gov. Is your company in trouble with the IRS?

FINDING OTHER SOURCES

The Investigative Reporter's Handbook, by Brant Houston, Len Bruzzese & Steve Weinberg; Bedford/St. Martin's. Several chapters tell how to investigate for-profit and non-profit businesses, with extra detail on health care, insurance, financial institutions and real estate.

www.ire.org has dozens of handouts on ways to dig out information about businesses. For example, check out #2135, Edward Iwata's "Backgrounding Businesses: A primer on corporate sleuthing."

www.businessjournalism.org See "Prying open private firm financials" by James K. Gentry, which links you to Chris Roush's six pages of tips on how to cover private companies.

www.sabew.org has handouts on such topics as Covering the new company in town, Writing a better earnings story, Better bankruptcy stores, and Finding out if the CEO has backdated options.

SO YOU WANT TO BE A (BETTER) BUSINESS REPORTER

I recommend the following resources:

Online tutorials at http://www.businessjournalism.org/pages/biz/online_tutorials/ on Covering the economy, SEC filings, Understanding financial statements, Using numbers effectively and Covering financial markets.

Barron's Dictionary of Finance and Investment Terms.

Financial Shenanigans, by Howard Schilit; McGraw-Hill.

Understanding Financial Statements: A Journalist's Guide, by Jay Taparia; Marion Street Press.

Math Tools for Journalists, Kathleen Woodruff Wickham, Marion Street Press.

Writing About Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism, Columbia University Press.

How to Read a Financial Report, John A. Tracy.

