

The Importance of Reviewing All Known Corporate Names



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There are many legitimate reasons why a company would change its name. Better brand recognition, a merger/acquisition among companies, and a change in corporate focus can all lead to a name change. While a corporate name change does not signify prior problems, the fact remains that entities may decide to change names in an effort to hide from prior adverse circumstances. As entities grow and expand, they may also decide to operate via separate business units under one corporate holding company. This again is a legitimate business plan, but also one that requires special attention by potential investors or business partners. Therefore, before entering into a business relationship, it is essential that pertinent due diligence inquiries be conducted on all prior corporate names and any known operating or "doing business as" names. Inquiries regarding all relevant corporate names can help ensure potential investors or business partners have a better understanding of an entity's history and track record.

On November 9, 2007, Levitt Corporation / Levitt & Sons, a real estate development entity based in Fort Lauderdale, Florida, filed for Chapter 11 bankruptcy protection. In May 2008, the entity emerged from bankruptcy and changed its name to Woodbridge Holdings Corporation. This situation serves as an excellent example of the need for due diligence inquiries to be conducted on all prior corporate names before entering into any business relationship. If federal court checks are conducted simply on Woodbridge Holdings Corporation, potential investors would become aware of only two civil litigation matters involving this entity. However, the same checks conducted on Levitt Corporation / Levitt & Sons would provide not only details of the November 2007 bankruptcy filing, but also information on a number of additional civil records, including at least three securities litigation matters in which this company was a defendant.

Conducting due diligence inquiries regarding prior names is not only relevant to litigation, but also to media and regulatory information. Advancis Pharmaceutical Corporation changed its name to MiddleBrook Pharmaceuticals in June 2007. While media inquiries conducted on MiddleBrook Pharmaceuticals produce numerous results, these results are limited to only references dating June 2007 to present, and thus do not contain adequate information on the entity's history. For investors to truly understand the history of MiddleBrook Pharmaceuticals and to ensure of no prior adverse media presence, media inquiries should also be conducted regarding Advancis Pharmaceutical Corporation, resulting in references dating back to the company's founding in the late-1990s. The same holds true when regulatory inquiries are conducted on this entity. For a comprehensive review, inquiries should be conducted regarding MiddleBrook Pharmaceuticals and Advancis Pharmaceutical to ensure that records date back further than June 2007. While searches of U.S. Food and Drug Administration (FDA) records for MiddleBrook Pharmaceuticals do return some results, these results date back only as far as October 2008. The same search on Advancis Pharmaceutical provides information as far back as June 2006 and discusses drug approval. Anyone entering into a business relationship with this entity would want to review the entity's regulatory history as far back as possible.

Not only is it important to conduct due diligence inquiries regarding prior names of entities, but potential investors should also conduct pertinent inquiries regarding any operating names of a corporate entity. VF Corporation is a US\$7 billion apparel entity that operates via more than 20 brand names, including JanSport, Wrangler, Lee, and Nautica. Potential business partners or investors of VF Corporation would find it pertinent to have checks conducted on these brand names and not solely VF Corporation. One example would be local-level litigation checks. VF Corporation is headquartered in North Carolina, while its operating entities are headquartered throughout the United States. JanSport, for example, is located in California. Therefore, any pertinent local-level litigation against JanSport's operations, which can affect the parent company VF

Corporation, would most likely be filed in California and not North Carolina. Local litigation checks limited to the jurisdiction of parent entities may not provide the full picture of the litigation history of the business operations in question. From a regulatory standpoint, a search of the U.S. Environmental Protection Agency's (EPA) enforcement and compliance history shows no information for VF Corporation. However, searches on certain operating brand names of VF Corporation show a history of inspections as well as violations. The same holds true for U.S. Occupational Safety & Health Administration (OSHA) searches. Adverse regulatory violations against operating names or units can result in monetary fines, which can have an immediate effect on parent companies.

Anyone considering entering into a business relationship with an entity would be wise to conduct the relevant inquiries regarding all prior corporate names as well as any operating units to ensure one knows the full history of, as well as the legitimacy of, the entity in question before entering into a business relationship. Due diligence inquiries on only the current name or a holding company may leave potential investors or business partners in the dark regarding past track records and the potential for future problems.



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