AMERICAN BUSINESS MEDIA

The Association of Business Media Companies

Due Diligence for B-to-B Media Mergers & Acquisitions
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INTRODUCTION

Sometimes it seems that M&A stands for "media and aggravation"! Adding a new property to a publishing organization, or combining two organizations, is a strenuous legal and operational challenge. The added employees must become part of an existing corporate culture, or a new culture must evolve for the evolved entity. It is an advantage, and a potential bottom-line enhancement, if duplication can be eliminated and efficiency improved. However, that usually means that people will lose their jobs, creating anxiety and often resentment among the employees who survive. Entire offices may be closed, creating job loss and/or need for relocation.

Every organization has its formal policies, and unwritten idiosyncrasies and ways of doing things that have evolved informally. Decisions must be made about which of these policies and customs will be retained in the new environment, and which will be eliminated or modified. Then a new internal communications effort is required, to bring the employees up to speed on the changes.

There's always a reason why one company is a target vulnerable to acquisition, or voluntarily seeks a merger of equals. One part of due diligence is understanding the factors that made the business vulnerable or subject to improvement, and making sure that the surviving entity will be able to overcome the predecessors' problems and be successful and profitable.

A great deal of the work involved in due diligence will be done by the staff of the acquiring company or two merger partners. Professional advisors such as the attorneys, accountants, and actuaries for benefit plans have important contributions to make. However, retention of an independent media consultant should also be considered--a seasoned media professional who has already consulted in conjunction with other transactions.

Mark Holdreith of Rising Tide, an independent media consultancy, states that consultants serve as an unbiased resource in testing the assumptions, (financial, market related, and competitive), that propose to support the acquisition or merger. Independent media consultants go beyond the numbers to investigate the underlying market and advertising market, while keeping the identity of the seller and buyer confidential. The need is to check financial projections and general assumptions with market dynamics and reality.

Why use independent media consultants in the acquisition/due diligence process:

?? To perform acquisition scans, pre acquisition due diligence, or help in post acquisition integration.
?? To engage in dialogue with the market(s) served and media competitor(s) in order to adequately check assumptions, competitive landscape, market dynamics, and perceptions of competitors, acquiring and selling company, and properties under consideration, without the risk of bias.
?? To benefit from another experienced look and opinion.
?? To augment your own internal resources.
?? To speed the process.

LEGAL REQUIREMENTS FOR DUE DILIGENCE

"Due diligence" is a concept from corporate law. A corporation's Board of Directors has the ultimate legal responsibility for managing the company, on behalf of its stockholders. The directors are "fiduciaries"--they are responsible for other peoples' money. The legal system is very strict about the responsibilities fiduciaries have to their constituencies. Before they enter into a major transaction such as buying another company or another company's assets, merging with another company, issuing new kinds of stock, entering into major borrowing transactions, etc., the directors must engage in "due diligence." That is, they must do a complete, thorough, and objective examination of the potential transaction. (The use of Independent consultants may enhance and speed this process.) First of all, they must determine the accuracy of the information provided by the other party to the potential transaction (e.g., the company's assets, liabilities, and profit picture). This information must be used to make projections about the advantages and disadvantages of the deal as proposed. The inquiry also identifies problem areas that could make the proposed deal illegal, more expensive than anticipated (e.g., if loans have to be paid off ahead of schedule because of the transaction), or simply a poor value.

Usually, the surviving company, or the merged company, will need a single compensation and benefit structure to replace what may have been a patchwork of systems resulting from corporate decisions as well as earlier acquisitions and divestitures. It will also need to create a new corporate culture that combines the best elements of preceding cultures and adapts them to the current media environment and larger business environment.

Nearly always, the transaction will be based on written documents. Each party will make representations and warranties (disclosures and promises). It's easy to think of these lengthy documents as trivial and boring legal boilerplate--but the temptation should be resisted, because very subtle differences in wording can have tremendous practical and economic consequences after the transaction goes through.

LEGAL RISKS AND OBSTACLES

The due diligence process should also uncover existing transactions that may prevent or cause restructuring of the contemplated transaction. For instance, the target's mortgages, commercial leases, and business loan agreements may make large balances due and payable whenever control of the business changes. Having to come up with large sums of cash can be inconvenient or even worse for the acquirer.

Either as a retention tool or as a deterrent to unwanted takeovers, some companies provide their top management with "golden parachutes"--i.e., entitlement to very large severance payments. These will have to be taken into account in calculating the financial consequences of the transaction, and may also influence which employees will be asked to remain with the surviving organization.

Furtherrmore, if there will be a reduction in work force after the transaction, the new management should be very careful to document that candidates are chosen for termination based on legitimate factors such as duplication of jobs and performance. This will help rebut charges that an undue number of women, older employees, or minority-group members were terminated. It's also a good idea when negotiating a severance package to have the terminated employee sign a waiver stating that he or she will not sue for discrimination or wrongful termination. Any waiver must be carefully drafted by an experienced attorney who is up-to-date on the law of waivers.

BUYER'S AND SELLER'S EYE VIEW

Most of the attention is on the buyer's take on the due diligence process. After all, the buyer will be making a major expenditure (in cash, stock, options, assumption of debt, and other payment forms) and has a practical as well as legal obligation to make sure that it is not buying a pig in a poke. However, because the due diligence process starts very late in the history of a transaction, it really merely confirms the information that the buyer already has, and assures the buyer that it will obtain the intended consequences from a transaction. It is an abuse of the process (and one that is likely to backfire!) to use the due diligence stage to raise real or purported objections in order to cut the price already agreed upon.

However, the seller also has responsibilities to its shareholders, and also has the practical task of making sure that the buyer's representations and warranties in the deal's documents are accurate. This is especially crucial when the seller will be receiving stock, stock options, and/or corporate debt, instead of, or in addition to, cash. A value has to be placed on these securities at the time of the deal, and their future value will help determine whether the deal was a fair one and whether it was a success for both parties.

SPECIAL FEATURES OF MEDIA PROPERTIES

Customers who buy flour, or chemicals, or fabrics will be satisfied as long as the quality of goods remains stable or improves after an acquisition, as long as price increases are tolerable, and as long as customer service does not deteriorate. After all, these commodities have no personality.

A media property is a very different thing. Its readers either turn to the property as a unique source of necessary business information, or because it offers a better mix of news, other editorial, and advertising than competing publications. These customer preferences are what make the publication attractive to advertisers, which is crucial in the b2b market, where controlled circulation is the predominant distribution form.

Some reasons why media properties merge or acquire other properties:

- The market will support one well-funded, high-circulation property, but not two or more low-budget low-circulation competitors, so collaboration makes it possible for the more ambitious property to survive
- Each property has complementary strengths: one may have award-winning design, the other superb editorial content; one may be extremely reader-friendly, while the other has exceptional marketing
- One organization may have a great track record running trade shows and conferences--ancillary events that wise business media creators are using to leverage their print audiences and achieve additional profits
- To an increasing extent, publishers are seeking to align with companies that have successfully implemented the Web as a content medium (sometimes stand-alone, but usually to supplement one or more print properties) For each

For each print publication to be acquired, it is vital for the acquirer to have complete, accurate (and, where applicable, audited) information about circulation parameters, e.g., subscription versus newsstand distribution; current and historical circulation statements and ABC or BPA audit reports (which can be used to track the growth or decline in circulation for each title); balance between controlled and any paid circulation; renewal rates; deferred copy liability and circulation liability (differentiated between cash and deferred credit); number of copies ordered of each issue for the previous year; information about mailing lists and list rentals; and advertisements and promotions used to grow circulation. With this information in hand, the acquirer can begin to determine how to improve the publication, whether it can be sustained, or whether it would be better to terminate publication.

The transition is also a chance to communicate with existing advertisers. Let them know how the publication will change, and how the rate card and discount structure will change after existing contracts expire. Also, a time to go after potential advertisers who may have been discouraged by the operations of the previous management.

Changes can also be implemented in production methods and relationships with printers, binders, list brokers, mailing houses, etc. It may be possible to outsource work now done in-house, or vice versa. However, any change depends not only on a prediction that is financially sound, but on legal review of business contracts and collective bargaining agreements.

IP ASSET

In the 19th and early 20th centuries, a company's assets consisted of cash and tangibles such as real estate, manufacturing equipment, and inventory. Today, we recognize that intangible things, such as brand equity and the loyalty and creativity of the workforce, are assets critical to success.

Furthermore, all companies are beginning to understand the value of intellectual property assets. For some companies, this will mean patents; for others, trade secrets and customer lists; yet another option is reputation, brand equity, and national or international reputation.

However, for media companies, the leading assets are apt to be copyrights and licenses in written and visual works. The acquirer must investigate the state of rights (U.S. and international; print and digital; whether copyrights originally belonged to the company because the works were works for hire; whether the creators assigned copyrights; and whether any copyrights have reverted to the creators or their estates).

Repackaging assets can be a strong revenue generator--a tactic pioneered by movie studios that re-release their old films, license clips for advertising or promotional use and use in compilations, develop line extensions such as video games, and make sure that old products are re-issued in DVD and other new formats as they emerge.

A merger or acquisition can be a way for the new organization to take a creative look at existing publications. Perhaps anthologies can be created of past articles. A common tactic is to continue publishing in print, but put archives on the Web where they can be accessed easily (and where the Web site acts as a constant advertisement for the value of the publication). Perhaps publications from the two merging organizations can be combined, to save money and maximize value to advertisers by improving circulation figures. Or perhaps movement should occur in the opposite direction: developing new print and/or Web publications as line extensions to leverage the value of the existing subscriber base.

There is increasing understanding throughout the economy that managing "digital media assets" (including text and images) is vital to commercial success. Of course, this is especially true of media companies. Assets need to be managed creatively. For example, a department store advertisement might include a model who signed a regular model release--and is now the hottest star in Hollywood! Ability to locate and re-use such images can be very valuable. However, digital media asset management requires careful storage and indexing of text and graphic files in addition to understanding who owns the various legal rights to access, re-use, and alter such materials.

The transaction can also be a method of using existing media assets in forums such as custom publishing, conferences, directories, and trade shows--some of the fastest-growing and highest-margin segments of the business media enterprise.

FINANCIAL DUE DILIGENCE

A potential merger partner or acquiror will have to get a complete, detailed, and accurate picture of the finances of the other company, which in turn will have to be able to explain its entire financial history and current status. The would-be acquirer must understand the potential acquisition's corporate structure (its subsidiaries and affiliates) as well as less structural business arrangements such as joint ventures and strategic alliances.

The following corporate financial documents will have to be prepared, audited, disclosed, and reviewed, generally going back for a three- to five-year period:

?? Balance sheet.
?? Income and cash flow statements.
?? Historical data, including audited financial statements, with the auditors' notes and management letters.
?? Disclosure of any changes in auditing firm, accounting practices, or accounting methods
?? Disclosure of any ongoing or anticipated lawsuits (as defendant or plaintiff).
?? Disclosure of liabilities incurred outside the ordinary course of business.
?? The target's dividend history.
?? Description and appraisal of the target's real property and personal property assets (e.g., business equipment; fixtures; computer systems; office equipment).
?? Explanation of loans.
?? Explanation of any dispositions of assets--especially intellectual property assets--outside the ordinary course of business.
?? Federal and state income, franchise, and sales tax returns.
?? Financial and operating plans going forward (e.g., for two years), including forecasts for the target's cash flow, income, and balance sheets.

An important question is the integrity of the items on the financial statement. There may be deliberate or inadvertent violations of accounting standards, and the target may give itself the benefit of the doubt when it comes to close questions. The cash on hand may not reflect the accurate picture, if the target has deferred paying expenses that will have to be paid by the acquiror after consummation of the transaction.

The financial statement can also be given an artificial appearance of health through the utilization of non-recurring items (e.g., special issues and one-time printing discounts) and treating barter transactions as if they involved cash. Such exploitation of barter is especially common in the

financial accounting of Web sites, which typically trade ad banners with other sites, with each site reporting the transaction as if they had received their rate-card rate in cash.

BUSINESS STRATEGIES FOR SURVIVAL
(The engagement of independent consultants may add value and speed the analysis outlined below):

- ?? Market analysis: forecasts for the relevant market (readership, ad revenues, ancillary revenues) after the transaction.
- ?? Competitive analysis: how the surviving entity will do against its competition; its status within the market.
- ?? Growth analysis: what are the sources of the target's growth in the last few years? Can those trends be sustained?
- ?? Analysis of leading indicators: tracking of ad pages, ad rates, and rates of renewal for advertisements and subscriptions
- ?? HR analysis: which top managers, managers, and rank-and-file employees from the acquired organization will be retained?
- ?? Media spectrum: which existing publications will be retained by the surviving entity? Will new publications (print or electronic) be created?
- ?? Should all of the titles published by both organizations be continued, or should some be consolidated or eliminated based on poor performance?
- ?? Should the frequency of continued or merged titles be altered--either by publishing them more or less frequently?
- ?? Should controlled circulation titles be changed to a subscription model, or vice versa? How will the changes affect readership and advertising sales?
- ?? How can the positioning of each title be improved and strengthened after the transition?
- ?? Will the rate card "hold the line" or increase after the transition? What will be the response of advertisers?
- ?? How will ventures such as directory publishing, conferences, and trade shows be affected?
- ?? How will the transition affect the Web presence? Will additional URLs have to be reserved?
- ?? Will contracts for Web content continue in effect after the transition, or do they have to be re-negotiated?
- ?? What will the new organization's privacy policies be for its Web sites, and are these policies adequately disclosed on the site(s)?

Although there are mergers between equals, it is perhaps more common for the transaction to have been motivated by some type of weakness in the target, e.g., a need for more capital. Sometimes in order to "groom" the target's financials to make the target more attractive to potential buyers or to increase the sale price, some compromises in quality have been made.

For instance, staffs may have been reduced; production quality might have declined; circulation spending might have been reduced. An increase in the number of pages of a publication can be a positive sign (especially if it stems from high-quality editorial that will attract and keep loyal readers, or an increase in advertising pages!) but can also be a purely cosmetic device to make the publication look healthier.

HR DUE DILIGENCE
One of the key concepts of human resources review in the M&A context is that federal law

prevents employers from eliminating or reducing benefits that have already been accrued by employees. However, the general rule is that--as long as the legal documents of a pension or benefit plan reserve the employer's right to modify the plan--changes can lawfully be made going forward.

Therefore, if Organization A is acquired by Organization B, the general rule is that the Organization A employees who are retained by Organization B can be transferred to the Organization B health, pension, and other benefit plans, even if these are less generous than Organization A's benefits. However, they will be entitled to vested pension benefits already accrued, and even certain future promises (e.g., about continued health coverage for retirees) may have to be enforced, if the sponsor organization's communications about the benefits added up to an implied contract that employees can enforce. Creation of a new benefits plan that fits the new organization is an important part of the process. The plan must reflect the new organization's business philosophy; must satisfy cost targets (bearing in mind that unusually low-cost plans are vulnerable to major cost increases in later years); and must permit the organization to be competitive with other companies that also want the best talent.

Actuary Ron Cornell suggests that companies considering an M&A transaction should make a chart summarizing the benefits design of the two combining companies and the survivor organization. The categories he suggests are medical benefits, dental, vision, life insurance, disability insurance, vacation, and sick leave. Side-by-side comparison should be made of features such as type of plan, employee co-payment responsibilities, and extent of coverage. With this information in hand, the management team will be able to make accurate cost projections and see what percentage of total salary each benefit represents.

HR due diligence issues include:

?? The targets payroll practices and history, including compensation (not just salary, but also bonuses, profit-sharing, and stock options) paid to top management and/or major stockholders.
?? What benefits will have to be provided in the future?
?? Policies, stock options, and other forms of incentive compensation.
?? Policies for using full-time permanent workers versus contracting out and using freelancers, temporary or part-time workers.
?? What insurance coverage must be secured and maintained (and by whom)?
?? Whether separate accounts will have to set up and funded in advance to secure the payment of benefits, or whether the successor organization can follow a "pay as you go" policy.
?? Which employees are entitled to notices (for instance, about their right to continuation coverage and options for getting pension payouts) and who will provide the notices. Federal law permits the imposition of heavy civil fines and penalties on companies that fail to provide these notices--over and above any legal liability to workers who did not receive required notices.
?? The proper accounting treatment for pension and welfare benefits.
?? Whether federal agencies such as the IRS and the Pension Benefits Guaranty Corp. (PBGC) are entitled to be notified of the transaction; if they have veto power, or if their consent must be obtained for the whole transaction or for accounting or actuarial decisions taken in conjunction with the transaction.
?? Disclosure, reporting, and funding of vested benefits that have already been earned by employees in the past and cannot be altered in the future.

?? Communicating the new benefits package to employees; this is not only a difficult public relations challenge, but is subject to detailed federal rules which must be obeyed.
?? How payments and reserves will affect the successor organization's bottom line when quarterly earnings must be disclosed--and how this, in turn, will affect the stock price.
?? Whether it is likely that employees that the surviving organization wants to retain will stay on or leave (because of compensation policies or other factors).
?? Whether the transaction causes a "plant closing" as defined by the WARN Act; if so, how the required notice will be provided.
?? Steps to be taken to ensure--and document--that layoffs and Reductions in Force are not done in a manner that discriminates against any protected group (minorities, women, persons over 40).
How laid-off and fired employees will be notified; severance policies; corporate policies for obtaining legally valid waivers preventing employees from suing the survivor organization after their termination

CAPITAL MARKET CONSIDERATIONS

Many transactions occur between two companies that are already public. In that case, it is crucial to estimate how the transaction will be received by the capital markets. One very important measure is the effect on stock prices. All too often, the announcement of a pending merger results in reduced prices for both companies! It is also important to consider the opportunities for borrowing money or making secondary offerings of stock; if the capital markets are unresponsive, then funds for operations, marketing, and expansion will be available only on unfavorable terms, or not available at all, leading to a need to cut costs and defer upgrades and expansion into new markets. However, if at least one partner is extremely prosperous, then it will be able to use its cash to fund expansion without seeking new borrowing or secondary stock offerings, or will be able to use its own stock as currency in order to make further acquisitions.

On the other hand, if the transaction occurs between private companies, the question is whether they will be able to make an initial public offering. That depends not only on the overall IPO climate, but on the receptivity of investment bankers and investors to the specific company, what they feel its future will be, and where it fits into the competitive matrix.

COMBINING CORPORATE CULTURES

One of the biggest challenges is welding two organizations, each with its own traditions, ways of doing things, and atmospheres, into a new organization that can achieve even greater success. It can be very hard for middle-aged suit-and-tie managers to work with counterparts who are not only much younger but have different beliefs about work dress, etiquette, and how to collaborate (via face-to-face meetings with paper minutes? by cell phone and e-mail?)

The managers of the surviving organization need a vision of what the new company will be like--and also need steps for getting there, by understanding and managing employee expectations. Wherever possible, employee input should be solicited--and really used in the decision-making process, not just asked and ignored! Employees should be asked about the organization's history and traditions--and also what has worked in the past and what hasn't worked and therefore provides room for improvement.

The computer networks of the two organizations must also be combined, or replaced with a new network. But before this is done, issues of compatibility, ability to transfer existing files to the new system, cost of implementing the new system, risks of downtime and lost data, and need to train personnel to use the new system must all be considered. The cost of new hardware is often

overshadowed by the costs of buying or licensing software, engaging consultants, training, and productivity lapses until the new system is fully operational and understood by everybody.

The two organizations must also be able to combine their workflows, and must harmonize their policies about dividing work between staffers and freelancers. It may be necessary to adjust budgets (and benefit projections) based on a shift to or away from in-house work. Increasing the role of freelancers adds flexibility, permits cutbacks without loss of full-time employees, and reduces the benefits budget--but adds an element of uncertainty and requires additional supervision.

WHY SOME MERGERS & ACQUISITIONS FAIL
Nearly half of all technology, Internet and software company executives expect their businesses will enter a merger in the next three years, according to a recent Grant Thornton Business Owners Council Survey. The survey also reveals that poor integration strategies, the loss of key personnel and lack of compelling strategic rationale are the major reasons mergers and acquisitions fail.

?? Poor integration strategies: 65%
?? Key employees leaving: 62%
?? Lack of compelling strategic rationale: 61%
?? Acquiring company did not do sufficient due diligence: 60%
?? Poor internal or external communications: 59%
?? Corporate culture clashes: 55%
?? Premium paid for the company was too high: 53%
Unrealistic expectations of possible synergies: 52%

Sources: Grant Thorton L.L.P.; Wirthlin Worldwide, 2001; BtoB Magazine, 03/05/01

SUMMARY
A successful merger or acquisition displays synergy: the new organization is more efficient, has greater advertising and other revenue, serves its readers and advertisers better, and uses its assets more fully and creatively than the predecessors. This is a difficult task, of course, and requires detailed, intelligent planning. The due diligence process can be the means to gather the information that impels the next stage of success.

APPENDIX

DUE DILIGENCE DOCUMENTS FOR MERGERS & ACQUISITIONS

CONTENT-RELATED DOCUMENTS

?? Database of articles published, in press, commissioned
?? Contracts with freelancers
?? Work-for-hire agreements
?? Licensing documents (including on-line and CD-ROM rights)
?? Copyright, trademark, and URL registrations

CIRCULATION-RELATED DOCUMENTS

?? Circulation figures, broken down by source, earned income, and accounts receivable

?? Projections
?? Circulation liability analysis
?? Audit reports (including Web site audits, if appropriate)
?? Printing and distribution contracts
?? Historical five-year total circulation plus advertising rate bases
?? Renewal records
?? Records of postage and other circulation spending
?? Sources of circulation if paid, such as direct to publisher, gifts, agencies, and results of circulation solicitation mailings (competitive comparisons also helpful)
?? Controlled circulation magazines how many recipients are requesters within one year, two years, etc. (again, competitive information is important)

ADVERTISING-RELATED DOCUMENTS

?? Current advertising revenue, broken down by publication and advertiser
?? Projected advertising revenues
?? Competitive advertising analysis
?? Five-year historical information on advertising pages and revenues, as well as ad pages and revenues for the top 20 advertisers (same holds true for competition to get a fix on market share over the period)
?? Rate card(s) (going back five years)
?? Explanation of departures from rate cards
?? Database of advertisements already run and those commissioned
?? Contracts with advertisers

FINANCIAL STATEMENTS AND RELATED DOCUMENTS

?? Consolidated financials for current year (preferably, audited)
?? Income Statements
?? Balance sheets
?? Cash flow
?? Consolidated financials for four previous years (if entity has been in existence that long)
?? Revenue projections
?? Monthly financials
?? Footnotes and explanations of documented and anticipated extraordinary or non-recurring items
?? Management letters from auditors
?? Disclosure of changes in auditor or accounting practices in past five years
?? Separate income statements for each publication or product (current and going back four years)
?? Separate income statements for each subsidiary or affiliate
?? Documents relating to relationship with subsidiaries and affiliates
?? Monthly internal management reports (written and e-mail)
?? Disclosure of bank account balances; bank statements (going back at least five years)
?? Accounts receivable (current; aging schedule)
?? Accounts payable (explanation of any accounts that are not current)
?? Disclosure of fixed assets, other assets, and inventory
?? Bank loans and revolving credit

?? Contracts with suppliers; lists of relationships with major suppliers and major customers
?? Accounts for corporate credit cards
?? Deeds, leases, and other documents relating to real estate
?? Schedule of capital equipment; purchase, lease, and servicing agreements for the equipment; projections of future equipment needs
?? Tax returns (federal, state, local), including sales tax returns
?? Disclosure of any assessed tax liabilities or tax disputes
?? Disclosure of any material adverse changes in business operations or financial conditions
?? Database of insurance policies; copies of policies and claims history

CORPORATE DOCUMENTS

?? Articles of corporation (as amended)
?? Bylaws
?? Minutes off meetings (stockholders and Board of Directors)
?? Resolutions
?? List of current directors and officers
?? Annual reports (going back at least three years)
?? Information about states in which the target does business as a foreign corporation
?? Information about operations outside the U.S.
?? Poison pills and other anti-takeover arrangements
?? Disclosure of the corporation's capital structure and how its stock is held
?? Disclosure of any completed, pending, or threatened SEC regulatory activity and/or delisting by a stock exchange
?? Stock exchange records
?? Dividend history and projected future dividends
?? Arrangements for indemnification

HR-RELATED DOCUMENTS

?? Copies of plan documents (plan trusts; Summary Plan Descriptions; Summaries of Material Modifications; claims procedures) for retirement, health, and fringe benefit plans
?? Disclosure of benefits already in pay status
Projections of future benefit obligations (possibly including scenarios for changes in benefit plans relating to the proposed transaction)
?? Compensation prices
?? Employment contracts
?? Contracts with temporary, staffing, outsourcing agencies
?? Collective Bargaining Agreements with unions
?? Disclosure of loans to employees
?? "Golden parachute" agreements

LITIGATION-RELATED DOCUMENTS

?? Judgments, if any, against the target; information about how the judgments have been/will be settled

?? Judgments obtained by the target; reports on collection status
?? Court records of lis pendens--i.e., filed suits that may affect the defendant's ability to transfer its property
?? Court records of filings by and against the target; information about the status of the suits, including settlement negotiations