# TABLE OF CONTENTS

Acknowledgments ............................................. v
Introduction .................................................. vii
Preface ......................................................... ix

## CHAPTER 1

### Introduction to Due Diligence

§ 1.01 Due Diligence: An Essential Element of Successful Business Transactions ........ 1-3
§ 1.02 Key Terms and Concepts ............................... 1-6
§ 1.03 Benefits of the Due Diligence Investigation . . 1-9
  [3] Limitation of Professional Liability .... 1-10
§ 1.04 Implementing an Effective Due Diligence Process ........................................... 1-11
  [1] A General Frame of Reference:
  The Proposed NASD (now FINRA) Standards . . 1-11
  [4] Scope and Budget ................................. 1-14
  [5] Documenting the Due Diligence Investigation ................. 1-15
§ 1.05 Selected Guidelines for a Due Diligence Investigation ..................................... 1-17
  [1] Overview ............................................ 1-17
  [a] Entity and Affiliate Overview .................. 1-17
  [i] Organization ................................. 1-17
DUE DILIGENCE

[ii] Target Company and Industry Profile............ 1-18
[b] Organizational Records .............. 1-18
[i] Charter Documents .............. 1-18
[ii] Secondary Governance Documents .............. 1-18
[iii] Proceedings of Equity Holders and Governance Bodies .............. 1-18
[iv] Records and Ledgers .............. 1-19
[v] Jurisdictional Qualifications .............. 1-20
[vi] Jurisdictional Status: Good Standing and Tax Status .............. 1-20
[vii] Ownership Structure .............. 1-20
[c] Financial/Accounting .............. 1-20
[i] Indebtedness .............. 1-20
[ii] Liens and Encumbrances .............. 1-21
[iii] Investment Holdings .............. 1-21
[d] Real and Personal Property .............. 1-21
[i] Real Property .............. 1-21
[ii] Equipment and Other Personal Property .............. 1-22
[e] Legal Proceedings .............. 1-22
[f] Environmental Compliance .............. 1-23
[g] Selected Business Practices .............. 1-23
[i] Sales and Distribution Procedures .............. 1-23
[ii] Product Liability Procedures .............. 1-23
[iii] Standard Form Purchase and Sales Orders .............. 1-23
[iv] Sales Agents and Representatives .............. 1-23
[v] Warranties and Related Claims .............. 1-23
[vi] Material Contracts and Other Agreements .............. 1-24
[h] Regulatory Compliance .............. 1-24
[i] Employment/Labor Matters .............. 1-24
[i] Management .............. 1-24
[ii] Benefit Plans .............. 1-24
[iii] Equal Employment Opportunities .............. 1-25
TABLE OF CONTENTS

[i] Health and Safety ............. 1-25
[j] Management ...................... 1-25
[i] Selected Employment Contracts ............. 1-25
[ii] Selected Consulting Agreements ............. 1-25
[iii] Compensation Schedule ............. 1-25
[iv] Related Party Transactions ............. 1-25
[k] Intellectual Property ............. 1-25
[i] Summary IPR Schedule ............. 1-25
[ii] Regulatory Filings ............. 1-26
[iii] Licenses ............. 1-26
[l] Other Considerations ............. 1-26

[a] Summary of Proposed Offering ............. 1-27
[b] Entity Records ............. 1-28
[c] Financial and Accounting ............. 1-29
[d] Products and/or Services ............. 1-31
[e] Sales Practices ............. 1-33
[f] Management and Labor Relations ............. 1-33
[g] Plants, Property and Equipment (PP&E) ............. 1-34
[h] Production Processes ............. 1-34
[i] Research and Development ............. 1-34
[j] Internal Financial and Operational Controls ............. 1-35

[3] Principal Questionnaire ............. 1-35
[a] Overview ............. 1-35
[b] Form: Principal Involvement Guidelines ............. 1-36
[c] Selected Due Diligence Guidelines for Principals ............. 1-38

CHAPTER 2

Statutory, Case Law, and Common Sense Origins of Due Diligence

§ 2.01 Overview ............. 2-2
§ 2.02 Section 11: “Reasonable Investigation” Defense ............. 2-4
[1] Overview ............. 2-4

(Rel. 51)
DUE DILIGENCE

§ 2.03 Constituent Elements of “Reasonable Investigation”

[1] Overview

§ 2.04 Underwriter Due Diligence

[1] Context: The Definitive Consideration

[2] Verification vs. Reliance

[3] Cumulative Due Diligence: A Central Consideration


[5] Due Diligence Roles of Lead and Participating Underwriters


§ 2.05 Due Diligence Defense for Selected Parties

[1] Experts and Attorneys

[2] Underwriters

[3] Selected Insiders

[4] Special Situations

[5] Underwriters’ Obligations

§ 2.06 Derivative Liability Claims in Due Diligence

[1] Overview

[2] Types of Derivative Claims

[a] Seller-Based Claims Under Section 12(a)(2)

[i] Finding a Seller: Proximate Cause Test
TABLE OF CONTENTS

[ii] Finding a Seller: Substantial Factor Test .............. 2-40
[iii] “Reasonable Care” Defense ...................... 2-43

[b] Sciente-Based Claims Under Section 17(a) ............... 2-45
[c] Aider-and-Abettor-Based Claims Under Section 10(b) and Rule 10b-5 ................. 2-46
[i] Overview ........................................ 2-46
[ii] Attorneys as Aiders and Abettors ................. 2-49

[3] Due Diligence in Section 10(b) and Section 17(a) Claims .............. 2-52
§ 2.07 Securities and Exchange Proceedings ............... 2-55
§ 2.08 Other Potential Bases of Due Diligence-Based Claims ......................... 2-57
§ 2.09 Sarbanes-Oxley Due Diligence .................. 2-60
[1] Overview ........................................ 2-60
[3] Contents ........................................ 2-62

CHAPTER 3

The Due Diligence Team

§ 3.01 Overview ........................................ 3-2
[1] The Multi-Disciplinary Due Diligence Team .............. 3-2
[a] Finance and Accounting .................. 3-4
[b] Federal, State, Local and Foreign Taxes .............. 3-5
[d] Human Resources .................. 3-7
[e] Environmental Hazards and Regulatory Compliance .............. 3-9
[f] Real and Personal Property .............. 3-9

(Rel. 51)
DUE DILIGENCE

§ 3.02 Subject Matter Evaluation ................. 3-12
[1] Overview ......................................... 3-12

§ 3.03 “Cross-Pollination” and “Kickoff” Protocols ... 3-22
[1] Overview ......................................... 3-22
[2] Diligence Team Coordination ................. 3-22

§ 3.04 Approaches to Coordinating Due Diligence ... 3-27
[1] Overview ......................................... 3-27
[2] Form: Due Diligence Responsibilities List ......................... 3-27
[3] Form: Preliminary Due Diligence Team Memorandum ......................... 3-30

CHAPTER 4

Tailoring Due Diligence

§ 4.01 Overview ......................................... 4-2
§ 4.02 Getting Started ......................................... 4-4
[1] Overview ......................................... 4-4
[2] Time and Responsibility Schedules ................. 4-4

§ 4.03 Selected Guidance for Those New to the Due Diligence Process......... 4-17
[1] Overview ......................................... 4-17
[2] Selected Guidance: The Diligence Process ......................... 4-17

§ 4.04 Kick-Off: Due Diligence Request Lists .......... 4-30
[1] Overview ......................................... 4-30
[3] Form: Sample Generic Due Diligence Request List ................. 4-31
## Checklist: Summary Business Due Diligence Checklist for Negotiated Transactions

4-45

## Form: Prioritized Financial and Accounting Due Diligence Checklist

4-59

§ 4.05 Form: Due Diligence Document Request List for Medical Facility Acquisition

4-66

§ 4.06 Form: Abbreviated Preliminary Due Diligence Request List for Negotiated Acquisition

4-84

§ 4.07 Form: Alternative Form Initial Due Diligence Request List

4-91

§ 4.08 Checklist: Selected Due Diligence Request Guidelines

4-101

§ 4.09 Data Rooms

4-108

[1] Physical vs. Virtual Data Rooms

4-108


4-109

[3] Form: Short Form Data Room Index

4-110

### CHAPTER 5

“Data Trails” in Due Diligence Investigations

§ 5.01 Introduction

5-3

[1] Selected Components of a Due Diligence Data Trail

5-3


5-4

[a] Tier One: Questionnaires, Notes, Checklists, Manuals, Guidelines, etc.

5-5

[b] Tier Two: Preliminary and Periodic Diligence Memoranda

5-5

[c] Tier Three: Diligence Compendia

5-6

[d] Tier Four: Principal-Oriented Memoranda in Negotiated Transactions

5-7


5-9

§ 5.02 Tier Two Work Product

5-10

[1] Form: Sample Preliminary Due Diligence Memorandum for a Negotiated Transaction

5-10
DUE DILIGENCE


[4] Form: Sample Subject Matter Specialist Memorandum—Environmental .... 5-34

[5] Form: Sample Subject Matter Specialist Memorandum—Bankruptcy ............. 5-39


§ 5.03 Tier Three Work Product ........................................ 5-71

[1] Form: Sample Negotiated Transaction Diligence Compendium .................. 5-71


[3] Form: Sample Outline for Underwriter Internal Review Committee Memorandum for a Securities Offering ........................................... 5-101

§ 5.04 Tier Four Work Product ........................................ 5-103

[1] Form: Sample Executive Summary of Preliminary Negotiated Transaction Due Diligence Findings .......................... 5-103


[3] Form: Sample Executive Summary of Legal Due Diligence Findings (Short Form) ........................................... 5-122

§ 5.05 Additional Elements of the Due Diligence Data Trail .................. 5-128

[1] Legal Opinions .................................................. 5-128

[a] Overview .................................................. 5-128

[b] Checklist: Legal Opinion Support Due Diligence ........................................... 5-129

[c] Form: Sample Support Memorandum for Legal Opinion in a Securities Offering ........................................... 5-133

[d] Checklist: Support for Model Legal Opinion ........................................... 5-137
### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>[a]</td>
<td>Overview</td>
<td>5-154</td>
</tr>
<tr>
<td>[b]</td>
<td>Form: Sample Accountant’s Comfort in Securities Offering</td>
<td>5-155</td>
</tr>
<tr>
<td>[3]</td>
<td>Officers’ Certificates</td>
<td>5-159</td>
</tr>
<tr>
<td>[a]</td>
<td>Overview</td>
<td>5-159</td>
</tr>
<tr>
<td>[b]</td>
<td>Form: Sample Officers’ Certificate for a Securities Offering</td>
<td>5-159</td>
</tr>
<tr>
<td>[5]</td>
<td>Protection of Confidential Information Included in the Data Trail</td>
<td>5-161</td>
</tr>
<tr>
<td>[a]</td>
<td>Overview</td>
<td>5-161</td>
</tr>
<tr>
<td>[b]</td>
<td>Form: Confidentiality and Non-Disclosure Letter Agreement</td>
<td>5-161</td>
</tr>
</tbody>
</table>

§ 5.06 Special Data Trail Considerations: Legal Issues Associated with Creating Electronic Recordings | 5-166 |

[1] Introduction | 5-166 |
[2] Electronic Recording of Conversations by Non-Attorneys | 5-166 |
| [a] | Overview | 5-166 |
| [b] | Use of Recordings | 5-167 |
| [c] | Remedies, Damages and Criminal Penalties | 5-167 |

[4] State Law and Ethical Standards | 5-168 |

Chapters 6 through 15 and the Index appear in Volume 2

(Rel. 51)
TABLE OF CONTENTS

CHAPTER 6

Selected Guidance for Due Diligence Interviews, Meetings and Questionnaires

<table>
<thead>
<tr>
<th>§</th>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>§ 6.01</td>
<td>Introduction</td>
<td>6-2</td>
</tr>
<tr>
<td>[1]</td>
<td>Interviews and Meetings</td>
<td>6-2</td>
</tr>
<tr>
<td>[2]</td>
<td>Disclosure and Investor Suitability Questionnaires</td>
<td>6-4</td>
</tr>
<tr>
<td>[3]</td>
<td>Conclusion</td>
<td>6-5</td>
</tr>
<tr>
<td>§ 6.02</td>
<td>Form: Sample Management</td>
<td>6-6</td>
</tr>
<tr>
<td></td>
<td>Interview/Meeting Agenda</td>
<td></td>
</tr>
<tr>
<td>§ 6.03</td>
<td>Form: Independent Auditor</td>
<td>6-9</td>
</tr>
<tr>
<td></td>
<td>Interview/Meeting Agenda</td>
<td></td>
</tr>
<tr>
<td>§ 6.04</td>
<td>Form: Legal and Regulatory</td>
<td>6-12</td>
</tr>
<tr>
<td></td>
<td>Interview/Meeting Agenda</td>
<td></td>
</tr>
<tr>
<td>§ 6.05</td>
<td>Form: Director and Officer Selected Information Tracker: Public Offering</td>
<td>6-17</td>
</tr>
<tr>
<td></td>
<td>of Securities</td>
<td></td>
</tr>
<tr>
<td>§ 6.06</td>
<td>Form: Director, Officer and Beneficial Shareholder Questionnaire: Public Offering</td>
<td>6-30</td>
</tr>
<tr>
<td></td>
<td>of Securities</td>
<td></td>
</tr>
<tr>
<td>§ 6.07</td>
<td>Form: Director and Officer Questionnaire: Periodic Reports</td>
<td>6-60</td>
</tr>
<tr>
<td>§ 6.08</td>
<td>Form: Checklist for Non-Employee Directors</td>
<td>6-93</td>
</tr>
<tr>
<td>§ 6.09</td>
<td>Form: Non-Employee Director Questionnaire: Public Offering of Securities</td>
<td>6-101</td>
</tr>
<tr>
<td>§ 6.10</td>
<td>Form: Checklist for Beneficial Shareholders</td>
<td>6-135</td>
</tr>
<tr>
<td>§ 6.11</td>
<td>Form: Beneficial Shareholder Questionnaire</td>
<td>6-138</td>
</tr>
<tr>
<td>§ 6.12</td>
<td>Form: Selling Shareholder Questionnaire: Public Offering of Securities</td>
<td>6-164</td>
</tr>
<tr>
<td>§ 6.13</td>
<td>Form: Short Form Combined Questionnaire for Directors, Officers and Shareholders</td>
<td>6-191</td>
</tr>
<tr>
<td>§ 6.14</td>
<td>Form: Investor Suitability Questionnaire: Private Placement of Securities</td>
<td>6-207</td>
</tr>
</tbody>
</table>
CHAPTER 7

Documentary Due Diligence

§ 7.01 Introduction ........................................... 7-2
[1] Overview ................................................. 7-2
[2] Using Tools to Facilitate Documentary Due Diligence ................................. 7-4
[3] “Sell-Side” Documentary Due Diligence .................................................... 7-4
[5] Target Company Sample Record Retention Policy ........................................ 7-6

§ 7.02 Checklist: Topical Due Diligence ......................................................... 7-16
§ 7.03 Organizational Document Review ......................................................... 7-21
§ 7.04 Equity Records, Minutes and Resolutions ............................................. 7-23
§ 7.05 Form: Corporate Organizational Records Review .................................... 7-25
§ 7.06 Form: Partnership Organizational Records Review .................................. 7-32
§ 7.07 Form: LLC Organizational Records Review ............................................ 7-36
§ 7.08 Checklist: Resolutions and Consents Review ......................................... 7-40
§ 7.09 Checklist: Minutes Review ................................................................. 7-42
§ 7.10 Form: Short-Form Board and Committee Meeting Analysis ....................... 7-47
§ 7.11 Form: Litigation and Dispute Documents Review Worksheet ...................... 7-51
§ 7.12 Form: Short-Form Transaction Documents Review ................................... 7-54
§ 7.13 Form: Short-Form License and Authorizations Review ............................ 7-57
§ 7.14 Form: Short-Form Material Agreements Review ...................................... 7-60
§ 7.15 Form: Anti-Competition Compliance Questionnaire ................................... 7-64
§ 7.16 Form: Organizational Records Checklist ................................................. 7-69
§ 7.17 Checklist: Regulated Company Documentary Due Diligence ...................... 7-75
§ 7.18 Franchised Business Documentary Due Diligence .................................... 7-79
§ 7.19 Due Diligence for Letters of Intent ......................................................... 7-82
§ 7.20 Checklist: Accounting Professional Documentary Due Diligence ............... 7-84
CHAPTER 8

Environmental and Sustainability Due Diligence

§ 8.01 Introduction ............................................ 8-2
§ 8.02 Environmental Due Diligence ..................... 8-4
[1] Overview of the Regulatory Regime ............. 8-4
[a] Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) ........ 8-4
[c] Emergency Planning and Community Right-to-Know Act (EPCRA) ................ 8-5
[d] Occupational Safety and Health Act (OSHA) Hazard Communication Standard ...... 8-6
[e] Federal Water Pollution Control Act (Clean Water Act) ........ 8-6
[f] Clean Air Act (CAA) .................. 8-6
[2] Bases of Liability ........................................ 8-7
§ 8.03 Sustainability Due Diligence ....................... 8-9
[1] Introduction ........................................ 8-9
[2] Selected Guidance .................................... 8-9
§ 8.04 Environmental Due Diligence: Process and Methodology ................ 8-11
[1] Overview ........................................ 8-11
[2] Data Review and Analysis ......................... 8-13
[3] Phases of Environmental Audit ................... 8-14
§ 8.05 Checklist: Sample Environmental Due Diligence ........................................ 8-16
§ 8.06 Form: Sample Facility-Based Environmental Questionnaire ........................................ 8-22
§ 8.07 Form: Environmental Due Diligence Workform ........................................ 8-27
§ 8.08 Form: Sample Short-Form Environmental Survey ........................................ 8-36
§ 8.09 Greenhouse Gas Emissions Due Diligence ........ 8-39
§ 8.10 Checklist: Short-Form Sustainability ................ 8-42
§ 8.11 Form: Preliminary Environmental Impact Questionnaire ........................................ 8-46
§ 8.12 Form: California Environmental Quality Act (CEQA) Sample Checklist ................. 8-49

(Rel. 52)
DUE DILIGENCE

§ 8.13 EPA Energy Star Program ......................... 8-56
§ 8.14 Form: European Union Environmental and
Sustainability Checklist .............................. 8-59
§ 8.15 Checklist: Sample Government Regulations
Review: Sustainable Development .................. 8-63

CHAPTER 9

Real and Personal Property
Due Diligence

§ 9.01 Overview ............................................. 9-2
[1] Real Property vs. Personal Property ......... 9-2
[3] Real Property Due Diligence:
   Surveys, Title Records, and
   Insurance ........................................... 9-5
   [a] Surveys ........................................ 9-5
   [b] Title Review .................................. 9-5
   [c] Title Insurance .............................. 9-5
   [d] Visual Artists Rights Act
       Considerations .............................. 9-6

§ 9.02 Real Property Due Diligence: Preliminary
   Considerations .................................... 9-9
[1] Planning and Organizing ...................... 9-9
[2] Local Counsel ................................... 9-10

§ 9.03 Form: Real Property: Fee Interest Workform ... 9-13
§ 9.04 Form: Real Property: Leasehold Interest
   Workform ......................................... 9-21

§ 9.05 Form: Real and Personal Property: Due
   Diligence Process Checklist ..................... 9-28

§ 9.06 Form: Real Property: Mortgage and
   Encumbrance Workform ......................... 9-35

§ 9.07 Form: Real Property: Real Estate Investment
   Trust (REIT) Checklist .......................... 9-39

§ 9.08 Form: Leased Personal Property Checklist .... 9-43

§ 9.09 Guidelines: Selected Real Property
   Due Diligence Requirements for a
   Government Agency Sponsored
   Transaction ........................................ 9-47
CHAPTER 10

Lending Transaction
Due Diligence

§ 10.01 Introduction to Lending Related
Due Diligence

[1] Overview

[2] Selected Contexts and Concepts
   [a] Loan Types
   [b] Basic Terms

[3] Selected Elements of Lending
   Transaction Due Diligence

§ 10.02 Debt Instruments in Context

§ 10.03 Form: Simple Loan Review Workform

§ 10.04 Form: Industrial Development Bond
   Workform

§ 10.05 Form: Customer/Vendor Credit Workform

CHAPTER 11

Labor and Employment Due Diligence

§ 11.01 Labor and Employment Due Diligence

[1] Overview

[2] Selected Considerations

§ 11.02 Regulatory Framework: Retirement Plans

[1] Introduction

[2] ERISA

[3] Other Regulations

§ 11.03 Introduction to Employee Benefit Plan
   Due Diligence

[1] Overview


[4] Non-Qualified Plans

[5] Selected Due Diligence
   Considerations

§ 11.04 Employee Stock Ownership Plan Due
   Diligence

[1] ESOP Overview

[2] Selected Benefits of ESOPs

(Rel. 52)
DUE DILIGENCE

[c] Selected Structural Considerations......................... 11-16
[2] Selected ESOP Cases................................. 11-17

§ 11.05 Form: Short-Form Checklist for Employee Benefit Plan Due Diligence........... 11-23

§ 11.06 Form: Long-Form Checklist for Employee Benefit Plan Due Diligence.............. 11-26

§ 11.07 Form: Management Questionnaire: Employee Benefits Plans.......................... 11-32

§ 11.08 Form: Employee Benefit Plan Review Workform................................. 11-37

§ 11.09 Form: Employment Agreement Review Workform................................. 11-44

§ 11.10 Form: Employment Matters Management Questionnaire: Organized Labor Workforce................................. 11-48

§ 11.11 Americans with Disabilities Act Due Diligence................................. 11-61

[1] Overview........................................ 11-61
[4] Employers Subject to the ADA............. 11-63
[5] Qualified Individuals for Purposes of the ADA.................. 11-63
[6] Selected Employer Duties Under the ADA.......................... 11-63
[7] Exceptions for Undue Employer Hardship.......................... 11-64
[8] Substance Abuse and Testing.................. 11-65
[9] ADA Due Diligence.................. 11-65

§ 11.12 Form: ADA Due Diligence Workform................. 11-66

CHAPTER 11A

Foreign Worker Status Due Diligence

§ 11A.01 Introduction........................................ 11A-2
§ 11A.02 Foreign Worker Visas................................. 11A-3

[1] Nonimmigrant (Temporary) Workers... 11A-3
[a] B-1 and B-2 Visas.................. 11A-4
TABLE OF CONTENTS

[b] E-1 and E-2 “Treaty Trader” Visas ...................... 11A-4
[c] H-1B “Specialized Training” Visas ...................... 11A-6
d] TN Visas for Certain Citizens of Mexico and Canada ............ 11A-7
e] L-1 Visas for Certain Intra-Company Transferees .... 11A-8
§ 11A.03 Employer Compliance and Liability ............ 11A-11
[a] Required Information .............. 11A-11
[b] Documentation Retention Requirements .............. 11A-12
[a] Sanctions Under the IRCA............. 11A-13
[b] Successor Liability ............. 11A-14
§ 11A.04 Selected Foreign Worker Due Diligence Considerations ..................... 11A-15
§ 11A.05 Form: Selected Foreign Worker Due Diligence Considerations ..................... 11A-17
§ 11A.06 Form: Foreign Worker Due Diligence Worksheet and Checklist ..................... 11A-22
§ 11A.07 Form: I-9 Employment Eligibility Review ....... 11A-24

CHAPTER 12

Due Diligence in International Transactions

§ 12.01 Overview of Due Diligence in International Transactions ..................... 12-1
§ 12.02 International Due Diligence Team ............. 12-4
§ 12.03 International Transaction Due Diligence Methodology ..................... 12-5
§ 12.04 Selected Regulatory Matters ..................... 12-6
[1] Overview ..................... 12-6
[3] United States Direct Investment Abroad ..................... 12-8

(Rel. 52)
DUE DILIGENCE

[4] EU Merger Notifications ............... 12-8

§ 12.05 Common Questions Regarding International Due Diligence .................. 12-13

§ 12.06 Form: Preliminary Due Diligence Team
Meeting Agenda ....................... 12-16

§ 12.07 Scope of Engagement: Local Counsel .... 12-18

§ 12.08 Checklist: General Diligence Considerations in Foreign Transactions .......... 12-37

§ 12.09 Form: International Transaction Preliminary Due Diligence Memorandum .... 12-39

§ 12.10 Form: Sample International Transaction Preliminary Legal Due Diligence Report ....................... 12-49

CHAPTER 13

Intellectual Property Due Diligence

§ 13.01 Overview of Intellectual Property Due Diligence ............................. 13-2

§ 13.02 Selected Components of IPR Diligence ............ 13-4
[1] Identify Relevant IPR ................. 13-4
[4] Interview Management and/or Others ............................................... 13-5
[6] Investigate IPR Litigation and Disputes ........................................ 13-6
[7] Perfect the Interest .................... 13-6

§ 13.03 Types of IPR .......................... 13-8
[1] Patents ................................. 13-8
[5] Other Categories in Foreign Jurisdictions ............................... 13-9
[5] Special Areas ........................... 13-13

§ 14.03 Form: Insurance and Risk Management Diligence Request List 14-10


§ 14.05 Form: Preliminary Risk Management Assessment Memorandum 14-19

§ 14.06 Form: Risk Management Matrix 14-29

§ 14.07 Form: Sample Lines of Insurance Summary 14-31

§ 14.08 Form: Risk Assessment: Errors and Omissions 14-38


§ 14.10 Form: Insurance Company Documentary Due Diligence 14-45

CHAPTER 15

National Security and International Trade Regulations Due Diligence

§ 15.01 Overview 15-2

§ 15.02 Selected Due Diligence Considerations: International Trade 15-3

[1] Overview 15-3


[a] Import Control 15-3

[b] Export Control 15-4

[c] Selected Additional Considerations 15-6

[i] Embargoes 15-6

[ii] Anti-Boycott Laws 15-7

[iii] Foreign Corrupt Practices 15-7

[d] Violations and Sanctions 15-8

[3] Successor Liability 15-8

[a] Overview 15-8

[b] Selected Proceedings 15-9


§ 15.03 Selected Due Diligence Considerations: Non-U.S. Investors 15-13

[1] Overview 15-13
TABLE OF CONTENTS

[a] Legislative History ............ 15-13
[b] Control and National Security.............. 15-15
[i] Determining Control .............. 15-15
[ii] Determining a Threat to National Security ............. 15-16
[iii] Past Applications ............. 15-17
§ 15.04 Form: Import Compliance Questionnaire ...... 15-20
§ 15.05 Form: Export Compliance Questionnaire ...... 15-25
§ 15.06 Checklist: Foreign Investment in U.S. Companies .................. 15-28

CHAPTER 16

Special Situations in Due Diligence

§ 16.01 Cumulative and Current Due Diligence .......... 16-1
§ 16.02 Lead and Participating Underwriters ............. 16-4
§ 16.03 Red Flags .................................. 16-6
§ 16.04 Securities Offering Disclosures and Due Diligence ............. 16-8
§ 16.05 Investment Services Due Diligence ............. 16-9
[1] Investment Stewards ............. 16-9
[2] Investment Advisors ............. 16-10
§ 16.06 Due Diligence and Contract Terms ............. 16-11
§ 16.07 Selected Special Transactions Due Diligence .................. 16-12
[1] Mortgage Backed and Other Derivative Securities ............ 16-12
§ 16.08 Selected Privacy and Data Security Issues in Due Diligence ............. 16-24

INDEX .................. I-1

(Rel. 52)