

Compliance Readiness – Legal Service Providers

AdvantageSM By Lawyer Links: Offering In-House Counsel A User-Friendly System For Researching Corporate Compliance Requirements

The Editor interviews Neil McCarthy, Editor in Chief, and Mike Heal, Vice President – Sales & Marketing, Lawyer Links, LLC.

The answers to the questions below are based on comments that the interviewees received from users of the Advantage – Corporate Collection. Readers who are interested in finding out more about the Advantage or who are interested in signing up for a live demo of the system should visit www.lawyerlinks.com.

Editor: Why have corporate secretaries and general counsels decided to sign up for your Advantage services?

McCarthy: The system has a focus on corporate law, including public company, compliance, finance, filings and other relevant topics to their practice. Its topic oriented approach to research provides quick access to relevant materials without the false positives that you would get through a search on Google or through a search on a governmental agency website. In fact, the Advantage's indexing system provides an easier way to navigate through the SEC website to find specific information or contacts. It is very different in the way it pulls the information together in an organized systematic way. The densely hyperlinked documents provide an easy way to jump back and forth between documents. We have not seen anything else like it on the market.

The service also offers alerts and blogs which provide relevant updates whenever there are new developments in a particular area of the law. This keeps subscribers' attention on hot topics that may affect their business. Also, the active links in the alerts and blogs take them directly to the relevant content in the Advantage so that they can delve deeper into the particular issue.

Editor: Suppose a company is faced with a lawsuit and the general counsel wants to know whether the case needs to be disclosed pursuant to SEC disclosure requirements.

McCarthy: The Advantage has a well indexed collection of the SEC disclosure rules tied to the relevant filing forms which is very helpful. This includes examples of what other people have done in the same area. These examples are useful for general counsel who may want to find out whether to disclose a particular matter. Also, tied to the rules and regulations are samples of the forms that would need to be filed with the SEC and samples of how those forms have been filled out by other companies. This information provides them with the general background they need to decide what they should do and, if disclosure is necessary, the form it should take.

Editor: Suppose a company is concerned about the requirements for director independence and the relevant disclosure obligations.

McCarthy: The Advantage includes a

treatise on corporate governance with pages on director independence. All the committee requirements are treated in depth in the Advantage. So if they want to know what disclosures need to be made in their company's proxy statement, with respect to director transactions and relationships, they can log into Advantage to search for the regulations governing independence. They can also access proxy statements that have been filed to get a sense of what types of transactions and relationships are being disclosed by their peers.

Editor: If I want to get a quick overview of Sarbanes-Oxley can I find that in Advantage?

McCarthy: Yes. There is extensive treatment of Sarbanes-Oxley that ties to all the requirements. It is an alternative pathway to get to the same information addressed by the statute. It also provides information on reform efforts that are being discussed to make Sarbanes-Oxley less burdensome.

Editor: What about executive compensation concerns that a company may have?

McCarthy: There is a thorough treatment of executive compensation. The Advantage has indexed the relevant topics surrounding Regulation S-K. They track all the recent filings that tie into the rules to show what other people are doing in response to these new requirements. Likewise, there are many examples of what other companies have included in the compensation discussion and analysis (CD&A) section of their proxy statements. In addition, information from law firms that have been dealing with this issue on a regular basis is included.

Editor: Does the Advantage help in drafting minutes to cover particular transactions?

McCarthy: Recognizing that the treatment of transactions in minutes is a style thing, people often come out with different results. Different lawyers treat approval of similar transactions differently in terms of the length and detail of the minutes. The Advantage does not attempt to make that judgment, but it does offer an array of minute book excerpts that can be accessed to get a sense of what other people are doing.

Editor: What if you want to track recent events that have taken place at other companies?

McCarthy: The Advantage tracks newsworthy developments that are relevant to corporate public companies. It has news clips and tie them to the official source documents. This includes the prominent special litigation committee reports that have been issued in cases such as the *Enron* and *WorldCom* cases.

There are links to notable cases such as the *Disney* case which was decided in Delaware. These cases include links to

other decisions that were cited by the judge in the opinion and cross references to footnotes. This service saves a lot of time that might otherwise be spent on case research. While it is not a full replacement to full legal research on court decisions, it does provide a complete treatment of these leading cases. The blogs and alerts also offer current updates on recent decisions that are likely to affect corporate practice.

Editor: Do you see the actual text of securities laws or a summary?

McCarthy: There is a summary that is cross-linked to the full text of the statutes, any related interpretations, and, where appropriate, examples of how other companies have complied. The definition section in the Advantage has also proved particularly helpful. Suppose I want to find the definition of "affiliate" as defined in a particular rule, I can go through the index, find the word and then follow the links to each rule that defines the word.

Editor: Can you rely on the Advantage's being up to date?

Heal: While it does publish daily and is on top of the latest developments in the hottest areas, it is not a news service. If I were a general counsel, I would care about the news but I have plenty of sources for that. I would care about what I am working on. That means that I need a complete treatment of what I care about that will extend back in time to all relevant source materials. While the Advantage is topical and current, it is thorough in its treatment of other topics and provides the historical facts and sequences of how rules and regulations have been developed, commented on and modified over time. The sample documents listed in Lawyer Links are the most current forms.

Editor: Does the system provide a thorough treatment of state law requirements as well?

McCarthy: The system also covers the corporate law of some of the principal states, Delaware law in particular. Awhile back, I looked at our treatment of the *Disney* case and found it to be very comprehensive and thorough. You can also access the latest Delaware decisions which are pertinent to the issues discussed.

Editor: Is there material in the Advantage that will help corporate secretaries or general counsel in reviewing the legal issues related to their annual reports?

McCarthy: Absolutely. That is what the Advantage is being used for most frequently right now. It also covers the proxy season, the annual meeting, and related issues. This year there are several new developments including executive compensation disclosures and controversy about shareholder voting.

Editor: Are there references to pending legislation?

McCarthy: The Advantage tracks key legislation affecting corporate governance that is pending in Congress. Right now executive compensation disclosures are something being actively considered by Congress. Also Sarbanes-Oxley reforms are being considered.

Editor: How does the Advantage help with other active issues that these professionals are following like shareholder voting?

McCarthy: It is tracking the key proposals that are up this year. The "Say on Pay" proposals are big this year. Many companies are getting shareholder proposals that would require executive compensation to be subject to a non-binding shareholder vote. Barney Frank and his committee are proposing legislation that would require the same thing. That is something that is being tracked by the Advantage.

Editor: Why would corporate secretaries or GCs recommend the service to their firms?

McCarthy: It is a very easy effective way to keep on top of things. It is almost like having your own personal legal associate on hand. You do not have to be an expert with search techniques in order to find what you need. One can do a quick search for a topic and be presented with a thorough treatment of the topic. The Advantage provides access to releases, action letters, filing forms and other documents related to the topic being researched. For instance, if you need to find information for a company's Form 8-K filing, the Advantage's hyperlinked version of Form 8-K provides instant access to the rules, recent developments and other changes which will affect one's filing.

This approach enables users to make better use of outside counsel. The Advantage allows them to research and answer basic questions without having to call outside counsel. At the same time, when they meet with outside counsel, that meeting will be more productive because everyone will have a general understanding of the specific topic. That drives the strategic process with outside counsel further because we can move beyond the initial analysis of the issue.

The Advantage takes the fumbling and searching out of the equation. Our users can begin with the information they need to look at and think about rather than spending a lot of time going through various sources and cobbling it together. Unlike other services that rely on a search engine and the user's search expertise to get them to the ultimate answer, the Advantage's index-based system allows the user to begin research without having to waste time searching through a large number of false positives.

It is akin to a special treatise with the added functionality of a fully searchable web application. This includes the ability to see what others are doing and the ease to which materials are updated.

Please email the interviewees at neil.mccarthy@lawyerlinks.com or mike.heal@lawyerlinks.com with questions about this interview.