

The Dolan Company has filed for bankruptcy protection... Let's see what the reporting history shows!

The Dolan Company

Phone: (612) 317-9420

Suite 2300, 222 South Ninth Street
MINNEAPOLIS, MN 55402 United States

Ticker: [DOLNO](#)

Filed for Bankruptcy on 3/23/2014
Case #14-10614, filed in the U.S. Bankruptcy Court for the District of Delaware

Latest Financial Statements as of 9/30/2013

Business Summary

The Dolan Company is a provider of necessary professional services and business information to legal, financial and real estate sectors in the United States. The Company operates through two operating divisions: its Professional Services Division and its Business Information Division. Its Professional Services Division consists of two segments: mortgage default processing services and litigation support services. Its Business Information Division produces legal publications, business journals, court and commercial media, other online information products and services, and operates Websites and produces events for targeted professional audiences in 21 geographic markets across the United States. Its information is delivered through a variety of methods, including approximately 60 print publications and 80 Websites. In July 2013, the Company sold the assets of its NDEx South business to the law firm affiliates of that business.

Employees: 1,708 (as of 12/31/2012)

Federal Tax Id: 432004527

Credit Scores

FRISK[®] Score	2	3/23/2014
Probability of bankruptcy range: 5.05% - 10.34%		
Z" Score	-7.27 (Fiscal danger)	9/30/2013

Auditor Information

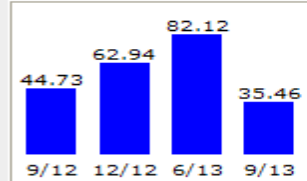
Last Audit: 12/31/2012
Auditors: Baker Tilly Virchow Krause, LLP
Opinion: Unqualified

DBT Index

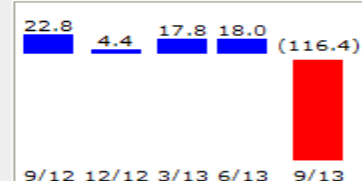
12/2013	1/2014	2/2014
<u>8</u>	<u>9</u>	<u>9</u>

(Includes DBT Indexes from Subsidiaries)

Net Sales (millions)



Working Capital (millions)



Days Sales

Public companies often make consistent payments, right up to a bankruptcy... here, The Dolan Company was paying 0-10 days past due

Third Quarter and Year-to-Date Results

Sales for the 3 months ended 9/30/2013 decreased 20.72% to \$35.46 million from \$44.73 million for the same period last year. Sales for the 9 months ended 9/30/2013 decreased 58.91% to \$116.47 million from \$281.19 million for the same period last year.

Gross profit margin decreased 25.12% for the period to 21.10% (62.99% of revenues) for the same period last year. Gross profit for the 9 months ended 9/30/2013 decreased 58.91% to \$24.59 million from \$71.37 million for the same period last year.

Selling, general and administrative expenses for the period decreased 12.36% to \$16.10 million compared with \$18.37 million for the same period last year. Selling, general and administrative expenses for the 9 months ended 9/30/2013 decreased 6.83% to \$49.07 million from \$52.67 million for the same period last year.

Operating income for the period decreased 2,056.28% to (\$34.18) million compared with operating income of (\$1.59) million for the same period last year. Operating income for the year-to-date period decreased 312.55% to (\$21.33) million compared with operating income of \$10.03 million for the equivalent 9 months last year.

Net loss for the period decreased 73.56% to (\$27.48) million compared with net loss of (\$103.90) million for the same period last year. Net loss for the year-to-date period increased 75.36% to (\$175.08) million compared with net loss of (\$99.84) million for the equivalent 9 months last year.

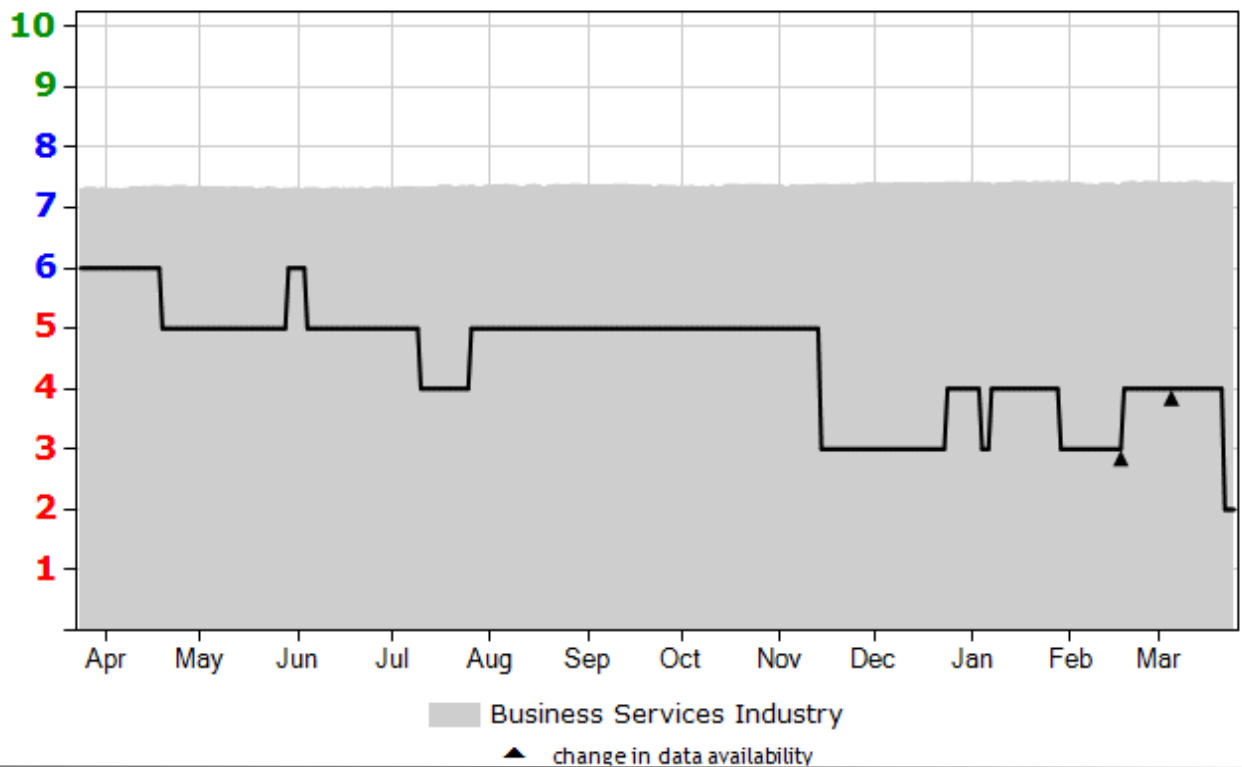
Net cash from operating activities was \$16.96 million for the 9 month period, compared to net cash from operating activities of \$21.15 million for last year's comparable period.

Working capital at 9/30/2013 of (\$116.38) million decreased 2,737.25% from the prior year end's balance of \$4.41 million, and decreased 609.38% from \$22.85 million at the end of last year's same period.

Accounts payable decreased by \$8.26 million for the year-to-date period, compared to a \$976.00 thousand decrease in the prior year's comparable period.

The FRISK® has fluctuated in the Red Zone for an extended period of time and has recently begun to decline...

The current FRISK® score is 2 (probability of bankruptcy* 5.05% - 10.34%), below its 13-month average and below its industry average.



The FRISK® score is reported on a 1 to 10 scale:

	FRISK®	Probability of bankruptcy within 12 months	
		From	To
Best	10	0.00%	0.11%
	9	0.11%	0.23%
	8	0.23%	0.38%
	7	0.38%	0.54%
	6	0.54%	1.05%
	5	1.05%	1.74%
	4	1.74%	3.15%
	3	3.15%	5.05%
	2	5.05%	10.34%
Worst	1	10.34%	50.00%

The Altman Z" started signaling trouble in late 2012...

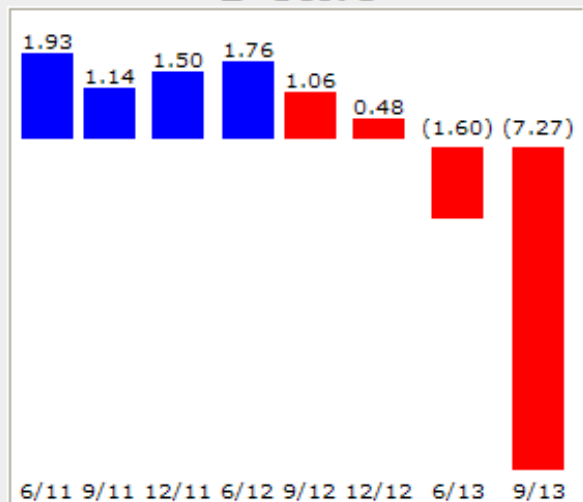
LEGEND:

Financially sound: 2.60 or higher

Neutral: 1.10 to 2.60

Fiscal danger: less than 1.10

Z" Score



Stock Performance

Detailed Quote

Last: **0.02**

Change: **+0.00 (+20.48%)**

Volume: **151,528**

Open: **0.01**
 Close: **0.01**
 High: **0.02**
 Low: **0.01**
 Bid: **N/**
 Ask: **N/**
 Yield: **0.00**
 P/E Ratio: **N/**
 EPS: **-5.45**
 Dividend: **0.00**
 Shares Out: **30.9 M**
 Market Cap: **617200**
 52wk High: **3.00**
 52wk Low: **0.01**

DOLAN CO
as of 3/25/2014



...plus looking at our News Alerts you would have seen...

News Summary (<input checked="" type="radio"/> CRMZ selected <input type="radio"/> Moody's <input type="radio"/> Fitch <input type="radio"/> All) Next Page			
#	Date	Source	Headline
1	3/24/2014	CRMZ News Service	Dolan Enters Chapter 11 Protection With a Debt-Cutting Plan in Place
2	3/24/2014	CRMZ News Service	DOLAN CO. FILES (8-K) Disclosing Bankruptcy or Receivership, Change in Directors or Principal Officers, Other Events, Financial Statements and Exhibits
3	3/20/2014	Business Wire	The Dolan Company and Certain of Its Subsidiaries to File for Prepackaged Chapter 11 Reorganization to Achieve Comprehensive Debt Restructuring
4	3/3/2014	CRMZ News Service	DOLAN CO. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits
5	2/24/2014	CRMZ News Service	DOLAN CO. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits
6	2/14/2014	CRMZ News Service	DOLAN CO. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits
7	2/14/2014	Business Wire	The Dolan Company Amends Its Credit Agreement
8	2/14/2014	CRMZ News Service	Dolan Co.: a Form 25-NSE has been Filed with the SEC
9	2/14/2014	CRMZ News Service	Dolan Co.: a Form 25-NSE has been Filed with the SEC
10	1/28/2014	Business Wire	The Dolan Company Common and Preferred Shares to Move to the Over-the-Counter Market
11	1/13/2014	CRMZ News Service	DOLAN CO. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits
12	1/13/2014	Business Wire	The Dolan Company Amends Its Credit Agreement
13	1/2/2014	Business Wire	The Dolan Company Appoints Chief Restructuring Officer, Receives Continued Listing Standards Notice from the NYSE
14	1/2/2014	CRMZ News Service	DOLAN CO. FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing, Change in Directors or Principal Officers, Financial Statements and
15	12/23/2013	CRMZ News Service	Dolan Co.: a Form 8-K has been Filed with the SEC
16	11/16/2013	CRMZ News Service	The Dolan Company -- updated financials available
17	11/12/2013	CRMZ News Service	DOLAN CO. FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits
18	11/12/2013	CRMZ News Service	Dolan Co.: a Form 10-Q has been Filed with the SEC
19	11/6/2013	CRMZ News Service	DOLAN CO. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits

Filing for Chapter 11, as well as resignation of chairman/CEO, and COO

The Company's common and preferred stock is removed from the New York Stock Exchange.

Amendment to credit agreement temporarily waiving default of certain covenants as of December 31, 2013

Amendment to credit agreement waiving the Company's default with respect to certain financial covenants as of September 30, 2013, and adding a new financial covenant related to the senior leverage ratio.

Extension of deadline to reach agreement with lenders to address the Company's capital structure

Non-compliance with NYSE listing standards, and commencement of trading on the over-the-counter market (OTC)

Appointment of Chief Restructuring Officer

No dividend declared on Preferred stock, in order to "preserve" capital

Q3 Net loss of \$27.48 MM

...need more depth? Look at the Performance Ratios

Not Profitable...

Performance Ratios - Sequential Quarters					
(Thousands of U.S. Dollars)					
Period Ended	3 mos 9/30/2013	6 mos 6/30/2013	3 mos 3/31/2013	3 mos 12/31/2012	3 mos 9/30/2012
Net Sales \$	\$35,460	\$82,124	n/a	\$62,941	\$44,725
% change	n/a	n/a	n/a	40.73%	n/a
Gross Margin \$	\$21,098	\$48,175	n/a	\$30,044	\$28,174
% change	n/a	n/a	n/a	6.64%	n/a
% of sales	59.50%	58.66%	n/a	47.73%	62.91%
change as % of incremental sales	n/a	n/a	n/a	10.27%	n/a
SG&A \$	\$16,103	\$32,971	n/a	\$25,467	\$18,373
% change	n/a	n/a	n/a	38.61%	n/a
% of sales	45.41%	40.15%	n/a	40.46%	41.08%
change as % of incremental sales	n/a	n/a	n/a	38.94%	n/a
Operating margin \$	(\$34,177)	\$12,850	n/a	(\$1,565)	(\$1,585)
% change	n/a	n/a	n/a	1.26%	n/a
% of sales	-96.38%	15.65%	n/a	-2.49%	-3.54%
change as % of incremental sales	n/a	n/a	n/a	0.11%	n/a
EBITDA \$	(\$32,607)	\$21,813	n/a	\$12,070	(\$1,567)
% change	n/a	n/a	n/a	363.13%	n/a
% of sales	-91.95%	26.56%	n/a	19.18%	-30.26%
change as % of incremental sales	n/a	n/a	n/a	91.44%	n/a
Pre-tax income \$	(\$36,896)	\$7,832	n/a	(\$5,258)	(\$3,787)
% change	n/a	n/a	n/a	-38.84%	n/a
% of sales	-104.05%	9.54%	n/a	-8.35%	-8.47%
change as % of incremental sales	n/a	n/a	n/a	-8.08%	n/a
Net income (loss) \$	(\$27,476)	(\$147,603)	n/a	(\$3,339)	(\$103,900)
% change	n/a	n/a	n/a	96.79%	n/a
% of sales	-77.48%	-179.73%	n/a	-5.31%	-232.31%
change as % of incremental sales	n/a	n/a	n/a	552.05%	n/a
Tax expense \$	(\$10,132)	\$51,024	n/a	(\$2,762)	(\$1,034)
Effective tax rate	27.46%	651.48%	n/a	52.53%	27.30%
Depreciation expense \$	\$1,398	\$3,272	n/a	\$1,977	\$1,207
% of sales	3.94%	3.98%	n/a	3.14%	2.70%
% of capital expenses	189.43%	108.06%	n/a	41.51%	-12,070.00%
% of PP&E, net (annualized)	47.06%	45.53%	n/a	44.52%	27.04%
Capital expenditures \$	\$738	\$3,028	\$1,691	\$4,763	(\$10)
% change	n/a	n/a	-64.50%	47,730.00%	n/a
% of PP&E, net (annualized)	24.85%	42.14%	39.12%	107.25%	-0.22%
% of working capital (annualized)	-6.00%	33.81%	60.81%	139.77%	-0.32%
Interest coverage ratio	(12.88)	4.44	n/a	5.25	(1.04)
% change	n/a	n/a	n/a	603.63%	n/a
Free cash flow \$	\$5,962	\$7,232	(\$182)	\$10,802	(\$2,884)
% change	n/a	n/a	-101.68%	474.55%	n/a
Source:	10-Q 11/12/2013	10-Q 11/12/2013	10-Q 11/12/2013	10-K 3/8/2013	10-Q 11/12/2013

...need more depth? Look at the Leverage Ratios

Negative tangible net worth...

Sharp decline in stockholders' equity...

Leverage Ratios - Sequential Quarters					
(Thousands of U.S. Dollars)					
Period Ended	9/30/2013	6/30/2013	3/31/2013	12/31/2012	9/30/2012
Total debt \$	\$131,547	\$142,250	\$150,244	\$166,043	\$190,232
% change	-7.52%	-5.32%	-9.52%	-12.72%	10.55%
Stockholders' equity \$	\$54,334	\$74,542	\$219,972	\$212,835	\$217,241
% change	-27.11%	-66.11%	3.35%	-2.03%	-31.28%
Total debt to equity ratio	2.42	1.91	0.68	0.78	0.88
% change	26.87%	179.40%	-12.45%	-10.92%	60.89%
Tangible net worth \$	(\$108,394)	(\$127,082)	(\$74,870)	(\$100,706)	(\$100,574)
% change	14.71%	-69.74%	25.65%	-0.13%	40.81%
Total assets \$	\$236,246	\$308,559	\$431,223	\$449,540	\$473,072
% change	-23.44%	-28.45%	-4.07%	-4.97%	-20.58%
Total debt to assets ratio	0.56	0.46	0.35	0.37	0.40
% change	20.78%	32.32%	-5.68%	-8.13%	39.18%
Net tangible assets \$	\$73,518	\$106,935	\$136,381	\$135,999	\$155,257
% change	-31.25%	-21.59%	0.28%	-12.40%	41.67%
Short-term debt \$	\$131,474	\$15,105	\$15,149	\$15,162	\$15,766
% change	770.40%	-0.29%	-0.09%	-3.83%	101.33%
Short-term debt % of total debt	99.94%	10.62%	10.08%	9.13%	8.29%
% change	841.22%	5.31%	10.42%	10.18%	82.12%
Short-term debt % of working capital	-112.97%	83.97%	84.94%	343.58%	69.00%
% change	-234.53%	-1.14%	-75.28%	397.91%	-80.83%
Total liabilities \$	\$181,912	\$234,017	\$211,251	\$236,705	\$255,831
% change	-22.27%	10.78%	-10.75%	-7.48%	-8.48%
Total liabilities to equity ratio	3.35	3.14	0.96	1.11	1.18
% change	6.64%	226.88%	-13.65%	-5.55%	33.18%
Source:	10-Q 11/12/2013	10-Q 8/1/2013	10-Q 5/2/2013	10-K 3/8/2013	10-Q 11/2/2012

Non-compliance with certain financial covenants in the Company's Credit Facility has resulted in the reclassification of long-term debt as short-term debt, thus creating a liquidity crisis...

...need more depth? Look at the Liquidity Ratios and Rates of Return

Large decline in working capital...

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2013	6/30/2013	3/31/2013	12/31/2012	9/30/2012
Current assets \$	\$43,270	\$84,436	\$84,950	\$82,571	\$98,883
% change	-48.75%	-0.61%	2.88%	-16.50%	31.90%
% of short-term debt	32.91%	558.99%	560.76%	544.59%	627.19%
Current liabilities \$	\$159,652	\$66,448	\$67,116	\$78,158	\$76,035
% change	140.27%	-1.00%	-14.13%	2.79%	4.45%
Working capital \$	(\$116,382)	\$17,988	\$17,834	\$4,413	\$22,848
% change	-747.00%	0.86%	304.12%	-80.69%	950.48%
% of sales (annualized)	-82.05%	10.95%	n/a	1.75%	12.77%
Cash \$	\$2,813	\$1,667	\$2,448	\$3,509	\$15,586
% change	68.75%	-31.90%	-30.24%	-77.49%	1,248.27%
% of short-term debt	2.14%	11.04%	16.16%	23.14%	98.86%
Cash ratio	0.02	0.03	0.04	0.04	0.21
% change	-29.88%	-31.23%	-18.71%	-78.10%	1,189.31%
Quick assets \$	\$2,819	\$38,595	\$58,131	\$63,809	\$81,923
% change	-25.63%	-33.61%	-8.90%	-22.11%	23.97%
% of short-term debt	2.12%	255.51%	383.73%	420.85%	519.62%
Quick ratio	0.18	0.58	0.87	0.82	1.08
% change	-58.92%	-32.94%	6.09%	-24.23%	18.68%
Current ratio	0.27	1.27	1.27	1.06	1.30
% change	-78.67%	0.40%	19.80%	-18.76%	26.27%
Source:	10-Q 11/12/2013	10-Q 8/1/2013	10-Q 5/2/2013	10-K 3/8/2013	10-Q 11/2/2012

Poor cash ratio...

Rates of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2013	6 mos 6/30/2013	3 mos 3/31/2013	3 mos 12/31/2012	3 mos 9/30/2012
Return on equity	-36.86%	-67.10%	n/a	-1.54%	-32.87%
% change	n/a	n/a	n/a	95.32%	n/a
Return on total assets	-10.09%	-39.90%	0.00%	-0.72%	-19.44%
% change	n/a	n/a	100.00%	96.28%	n/a
Return on net tangible assets	-30.45%	-121.33%	0.00%	-2.29%	-78.46%
% change	n/a	n/a	100.00%	97.08%	n/a
Source:	10-Q 11/12/2013	10-Q 11/12/2013	10-Q 11/12/2013	10-K 3/8/2013	10-Q 11/12/2013

Negative rates of return...

...need more depth? Look at the Peer Analysis

Calendar Year/Quarter: 2013.3

Peer Group: Sector: Services, Industry: Business Services

Refresh

[Sector: Services] [Industry: Business Services] [Calendar Year/Quarter: 2013.3]

Businesses in Peer Group: 3,397	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings:						
ZScore -- Current Quarter	568	658	(7.27)	(30,922.98)	3.31	111.98
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	102	212	35,460.00	0.00	33,005.00	7,524,994.00
Gross Margin % of Sales -- Current Quarter	131	607	59.50	(246.43)	30.57	100.00
Gross margin % of Sales -- TTM	162	622	55.02	(758.86)	30.86	100.00
SG&A % of Sales -- Current Quarter	438	616	45.41	0.09	25.87	19,810.28
SG&A % of Sales -- TTM	438	633	41.29	0.01	25.12	82,967.19
Operating Margin % of Sales -- Current Quarter	621	665	(96.38)	(19,710.28)	5.25	3,178.33
Operating Margin % of Sales -- TTM	569	678	(12.68)	(51,173.19)	4.96	1,155.50
EBITDA Margin % of Sales -- Current Quarter	539	582	(91.95)	(19,254.21)	7.36	3,185.63
EBITDA Margin % of Sales -- TTM	501	678	0.71	(55,283.86)	6.62	1,164.19
Net Profit Margin % of Sales -- Current Quarter	615	665	(77.48)	(19,710.28)	3.79	89,761.02
Net Profit Margin % of Sales -- TTM	628	678	(98.83)	(51,490.73)	3.52	1,217.82
Pre-tax Income % of Sales -- Current Quarter	621	665	(104.05)	(19,710.28)	5.27	89,761.02
Effective Tax Rate	452	704	27.46	(1,427.76)	18.53	478.00
Depreciation % Of Prop/Plant/Equipment	424	608	47.06	0.00	31.20	39,917.03
CapitalExpense % Of Prop/Plant/Equipment	188	410	24.85	0.19	28.16	11,201.53
Interest Coverage -- Current Quarter	426	474	(12.88)	(4,925.20)	6.11	45,495.20
Interest Coverage -- TTM	440	608	0.13	(4,841.62)	6.84	44,658.90
Liquidity ratios:						
Cash Ratio	637	683	0.02	0.00	0.49	79.34
Quick Ratio	604	636	0.18	0.00	1.32	73.46
Current Ratio	636	687	0.27	0.00	1.64	84.58
Efficiency ratios:						
Accounts Receivable Turnover	435	654	4.51	(1,041.15)	5.97	2,502.40
Days Sales Outstanding	470	666	80.97	(152.74)	57.03	33,592.15
% Inventory Financed by Vendors -- Current Quarter	N/A	319	N/A	0.44	190.37	96,020.00
% Inventory Financed by Vendors -- TTM	N/A	329	N/A	(0.01)	203.07	84,935.71
Inventory Turnover (annualized) -- Current Quarter	N/A	372	N/A	0.00	16.59	15,178.97
Inventory Turnover -- TTM	N/A	388	N/A	0.00	15.76	19,173.54
Days Sales in Inventory	N/A	348	N/A	0.02	17.56	16,919.77
Inventory to Working Capital	N/A	366	N/A	(129.38)	0.07	57.08
Accounts Payable Turnover (annualized) - Current Quarter	354	582	4.14	0.00	7.59	2,108.66
Accounts Payable Turnover -- TTM	367	605	4.80	0.00	7.86	95,052.08
Leverage & debt coverage:						
Total Debt to Equity Ratio	456	493	2.42	0.00	0.30	106.91
Debt to Tangible Equity Ratio	N/A	407	N/A	0.00	0.30	106.91
Total Debt to Assets Ratio	478	550	0.56	0.00	0.18	8,984.00
Short-Term Debt % of Total Debt	351	492	99.94	0.00	64.63	100.00
Short-Term Debt % of Working Capital	425	497	(112.97)	(14,405.71)	7.47	6,752.95
Liabilities to Net Worth Ratio	N/A	545	N/A	0.01	0.90	173.42
Total Liabilities to Equity Ratio	558	633	3.35	0.01	0.83	173.42
TTM = trailing 12 months N/A = Not Available			Green - Ranked in Upper Quartile of Peer Group			
			White - Ranked in the Middle Two Quartiles of Peer Group			
			Red - Ranked in Lower Quartile of Peer Group			
			Grey - Data is Not Available			

Bottom quartile in most Performance, Liquidity, and Leverage & Debt coverage ratios vs. Business Services Industry Peers

In the MD&A issued in August the Company tells us that they do not expect to be in compliance with certain financial covenants in their Senior Secured Credit Facility. Non-compliance with this covenant would result in a default event that could cause the Lenders to accelerate the maturity of the Company's indebtedness, resulting in the inability to continue operations.

CreditRiskMonitor [\(CRMZ\)](#)

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The Dolan Company

Suite 2300, 222 South Ninth Street
MINNEAPOLIS, MN 55402 United States

Ticker: [DOLNQ](#)

Filed for Bankruptcy on 3/23/2014
Case #14-10614, filed in the U.S. Bankruptcy Court for the District of Delaware

Management Discussion and Analysis

For the period ended 6/30/2013

As of June 30, 2013, we were in compliance with all covenants in our debt instruments. However the Company's ability to generate sufficient cash flows in 2013 has been negatively impacted by the business challenges in its mortgage default foreclosure and public notice business. These challenges make it probable that the Company will be unable to comply with certain of its financial covenants in its senior secured credit facility as measured on the last day of the third quarter of 2013. The Company is currently in discussions with its lenders regarding resetting the financial covenants applicable to the third quarter and future periods. Any failure by us to comply with these covenants may result in an event of default, which if not cured or waived, could result in the banks accelerating the maturity of our indebtedness or preventing us from accessing availability under our credit facility. In addition, our lenders may require us to prepay outstanding indebtedness under the credit facility. If the maturity of our indebtedness is accelerated, we may not have sufficient cash resources to satisfy our debt obligations and we may not be able to continue our operations as planned. In addition, the indebtedness under our credit agreement is secured by a security interest in substantially all of our tangible and intangible assets, including the equity interests of our subsidiaries, and therefore, if we are unable to repay such indebtedness the banks could foreclose on these assets and sell the pledged equity interests, which would adversely affect our ability to operate our business.