

ALERT FOR BUSINESS OWNERS

November 1, 2010

Corporate Compliance Mailings

An official-looking envelope arrives. You open the envelope, view its contents, and see one or more of the following things:

- a seal or return address bearing a name that sounds like a governmental agency, usually one you've never heard of, like "Corporation Compliance Recorder" or "Corporate Compliance Center;"
- a blank form, with instructions on how to fill it out, and a request that you return it with a check;
- a deadline by which you "must" respond to the notice; and
- a warning about the dire consequences of failing to prepare annual corporate minutes, or file a Statement of Information, or attend to other corporate formalities – and an offer to do those things for you upon receipt of your payment.

"Don't be fooled by the 'official' appearance of these notices"

But a closer look at the fine print will probably reveal a legal notice like this:

This product or service has not been approved or endorsed by any government agency and this offer is not being made by an agency of the government.

This is a solicitation for the order of services, and not a bill, invoice, or statement of account due.

Don't be fooled by the "official" appearance of these notices. They are not issued by the government. They are the work

of private businesses seeking to make a profit. You have no legal obligation to respond to them.

Being in business for profit is fine, but using misleading notices like this is not. The senders of these notices hope you will just send them a check, believing that you are legally required to do so. *Don't fall for it.* The Secretary of State's office is aware of these practices. Their website, at <http://www.sos.ca.gov/business/be/alert-misleading-solicitations.htm>, includes a customer alert page describing some of the mailings received by businesses and warns: "These solicitations are not being made by the California Secretary of State's office and are not being made by or on behalf of any governmental entity."

This is *not* to say that the tasks the notice sender offers to perform are not important. For instance, failure to timely file a Statement of Information may lead to penalties and corporate suspension. However, the form is fairly simple, and requires no information beyond what the notice sender is asking you for anyway. Still, the notice sender requests a substantial fee (we have seen quotes of \$125 or more) for filing a form for which the Secretary of State charges only a \$25 filing fee. Some notices offer services involving the filing of dissolution documents, and request fees of several hundred dollars.

These types of notices are not limited to corporations. Similar notices regarding "adjustments" of property taxes or obtaining copies of recorded deeds are regularly received by individuals. Such notices are similarly misleading since you, the homeowner, can complete the offered tasks on your own – probably at a lower cost – without paying a "service fee" to a third party.

If you receive any notices like this, check for the disclaimer language noted above. If you still have questions or doubts, you can always call us at Reish & Reicher with any questions.

Any tax advice contained in this communication (including any attachments) is neither intended nor written to be used, and cannot be used, to avoid penalties under the Internal Revenue Code or to promote, market or recommend to anyone a transaction or matter addressed herein.

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