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# A FALSE SENSE OF CORPORATE SECURITY

If you are an owner of a corporation, *do not think you and your personal assets are automatically protected from liability or legal attack.* After forming a corporation, there are specific ongoing requirements that must be met for its Shareholders, Directors and Officers to remain protected under its “corporate veil”.

## ANNUAL RENEWAL:

An obvious requirement, but yet one often overlooked, is filing of an Annual Report. An Annual Report must be filed with the State in which an entity is legally established **and** in which it has a “physical presence”.

If the Annual Report for a corporation or LLC is not timely filed, its owners must pay penalties to return it to “Good Standing” status. If not, the company will be dissolved and have to reinstate its corporate charter. In some cases, the company can lose rights to its own name -- making it available for another company to utilize.

**“#1 Reason why Annual Report filing dates are missed -- The Registered Agent information on file with the State is not up-to-date.”**

However, filing a Annual Report is only part of maintaining a corporation’s legal status and filing it alone, does not satisfy the criteria of maintaining proper corporate records.

## ANNUAL MEETING

### -- Don’t Be Fooled by the Decoy!

It is imperative not to confuse filing an Annual Report with the requirement of holding an Annual Meeting -- A mandatory task that, if not carried out, can have extensive and irreversible consequences affecting all aspects of the business.

**“As Shareholder or Principal, a critical prerequisite of receiving ongoing protection through the business is conducting an Annual Meeting.”**

**GREAT NEWS!** -- Loopholes and opportunities for penetration of the corporate veil can be prevented if this simple requirement is fulfilled.

**Just as filing your corporate tax returns is key to operating within the law, conducting an Annual Meeting is mandatory for owners to remain compliant and adequately PROTECTED.**

Would you consider NOT filing your Tax Return a way of protecting yourself?

**WHEN YOU WILL NEED  
ACCURATE & UP-TO-DATE  
MINUTES:**

Maintaining your Minutes will provide a heightened level of protection to its Owners, Officers and Directors during an audit or lawsuit situation brought upon by clients, employees, vendors or disgruntled Shareholders.

Having on hand well-documented meeting proceedings and decisions of Principals and Officers, can prove to be invaluable in the following situations:

- Initial START-UP
- Establishing/Change in Ownership
- Appointment/Change in Directors & Officers
- Obtaining Corporate Financing
- Settling Shareholder Disputes
- Succession Planning
- Designating Authorized Signatures
- Women/Minority-Owned Certification
- Shareholder Loan Discrepancies
- Buying a Business
- IRS Audit
- Litigation

This practice will ensure choices made by owners and authorized officers are documented, validated and upheld as relationships within the organization change, become questionable or tenuous.

Furthermore, the optimum time to document decisions made within an organization is **at the time the decision is made.**

\*\*Whether the corporation is solely owned or has multiple Owners, the Annual Meeting requirement stands.

**COMPLIANCE CHECK-UP**

**How are you doing with protecting yourself?**

	<b><u>YES</u></b>	<b><u>NO</u></b>
1. Are you incorporated?	___	___
2. Is the company located in Illinois?	___	___
3. Were personal funds used to fund the start-up?	___	___
4. Does the business owe you money?	___	___
5. Are you a sole owner?	___	___
6. Do you have employees?	___	___
7. Are you considering growth?	___	___
8. Interested in obtaining financing?	___	___
9. Do you have a business partner?	___	___
 <i>If you've answered "Yes" to any of the above, your Corporate Minutes must contain details regarding the decision and/or transaction.</i>		
10. Do you believe you are protected under your corporation?	___	___

*Filing an Annual Report.....Important  
Keeping Well-Maintained Minutes.....Beneficial  
Knowing the Difference.....Invaluable*

If you have questions about starting a new business, compliance criteria or would like help in maintaining YOUR corporate records, please feel free to contact **Corporate Minutes, Inc.** We are located in Batavia and have been partnering with entrepreneurs in the Fox Valley and nationwide to get their businesses started and on the right track for nearly 10 Years! We are located at **The Wilson Business Center** □ 1605 W. Wilson Street Ste. #112, Batavia □ Tel. (630) 879-1441 □ [www.CorporateMinutes.net](http://www.CorporateMinutes.net)