



Newsletter

OCTOBER 2009

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Our office will be closed for the following holidays:

November 26 & 27, 2009 – Thanksgiving Day

December 25, 2009 – Christmas Holiday

December 31 & January 1 – New Year's Day

Note our office will be open on January 4th, 2010.

Our next newsletter will be mailed out the beginning of April 2010.

Remember if you have an article that you would like to contribute to our newsletter just fax it to us for our review. We must receive the article no later than March 15th for our April newsletter.

CALIFORNIA SECRETARY OF STATE ISSUED A “CONSUMER ALERT REGARDING MISLEADING SOLICITATIONS”

The Secretary of State's office has been advised that solicitation letters are being sent to California businesses encouraging them to comply with their California Corporations Code filing obligations by submitting fees and documents to a third party rather than by filing directly with the Secretary of State's office.

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.



The solicitations request that a fee and a completed form be submitted in order for the business to comply with applicable California or other law. The solicitations tend to have one or more of the following characteristics:

- Appear similar to a Secretary of State Statement of Information form;
- Contain an official-looking seal;

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- 1 California Secretary of State Issued a “Consumer Alert Regarding Misleading Solicitations”**
- 2 Nevada Corporations Must Obtain a State Business License**
- 4 Information for Dissolving Nevada Corporations**

- Quote a specific statute or other law on the form to be filled out and returned;
- Imply that failing to return the form and pay the requested fee may place the entity in legal jeopardy, or might cause the entity's filings with a California Secretary of state to be in default or noncompliant status;
- Contain a reference to a "file number," "Corp Number," "Corporation Number," or "Control Number" that does not match the number assigned to the entity by the California Secretary of State;
- Reference or quote Corporations Code sections inapplicable to the type of entity being solicited, such as Code sections applicable to corporations when soliciting a limited liability company;
- Reference an "annual fee" or "annual payment" rather than a filing fee and that is in excess of the filing fee for a Statement of Information.
- Provide an estimated processing time for "minutes" to be prepared and mailed to the entity;
- Indicate the submitted information will be treated as private and confidential.

Those companies have no affiliation with the California Secretary of State's office and no business is required to go through another company in order to file its documents with the Secretary of State's office.

Statement of Information forms and instructions are available through the website at www.sos.ca.gov/business/, and the fee required to file the statement is \$25 for California stock and foreign corporations, and \$20 for California nonprofit corporations and all limited liability companies. Also, the Statement of Information can be submitted for filing directly by mail to the Secretary of

State, Statement of Information Unit, P.O. Box 95814, or, for most corporations, by using a credit card through the internet at <https://businessfilings.sos.ca.gov/>.

If you have received a solicitation letter that seems misleading or confusing, please contact the California Attorney General's office at the California Department of Justice, Public Inquiry Unit, P.O. Box 944255, Sacramento, California 94244-2550 or through the California Attorney General's website at www.ag.ca.gov/consumers/general.php. The telephone number for the Public Inquiry Unit is (800)952-5255 (toll free in California) or (916) 322-3360.

Please note that submitting the fees and filings required by the Corporations Code to a third party for filing with the Secretary of State, does not meet the business entity's statutory obligation to file a Statement of Information with the Secretary of State. Also, please, note that each business entity is required to keep records, books and minutes of its proceedings, however, these items are not filed with the Secretary of State.

NEVADA CORPORATIONS MUST OBTAIN A STATE BUSINESS LICENSE

Effective October 1, 2009, pursuant to AB 146 passed by the 2009 Nevada Legislature, the authority of the Business License was transferred from the Department of Taxation to the Secretary of State's office.

All entities, except NRS Chapter 82 nonprofit corporations and NRS Chapter 84 corporations sole, that are required to file an annual list of officers with the Secretary of State, are required to file for the State Business License at the time their annual list is due. The business license fee is \$200 annually, which may be prorated if your current business license expiration date falls after your annual list due date. Entities

having business licenses expiring before the annual list due date must file a new application and renew again when the list is due. Penalty for late filing is \$100.00.

Upon processing of your business license renewal with the Secretary of State, you will be issued a new state business identification number that will be reflected on your state business license certificate and that will be used for future state business license renewals.

What is the State Business License and who is required to file?

State law requires that every person or entity doing business in the State of Nevada obtain a business license annually. A business that meets the criteria shall not do business in Nevada without the State Business License. Certain businesses may be exempt from the State Business License requirement.

What businesses are exempt from the State Business License requirement?

Nonprofit corporations formed under Nevada Revised Statutes (NRS) Chapter 82 and Corporations Sole formed under NRS Chapter 84 are specific exceptions and are not required to submit a State Business License application. Additional limited exemptions are defined in Title 7 of the NRS> Those businesses must still submit the initial form and state the specific exemption.

What constitutes “doing business” in Nevada?

Pursuant to Title 7 of the NRS and for the purposes of the State Business License, “business” means:

- 1) Any person, except a natural person, that performs a service or engages in a trade for profit,
- 2) Any natural person who performs a service or engages in a trade for profit and is required to file with the Internal Revenue Service a Schedule C (Form 1040) Profit or Loss from Business Form, a Schedule E (Form 1040) Supplemental Income and Loss Form, or a Schedule F (Form 1040) Profit or

loss From Farming Form,

- Or any entity formed pursuant to Title 7 of the NRS, including, and without limitation, those entities required to file with the Secretary of State.

How do I obtain/apply for a State Business License?

Effective October 1, 2009, a business must apply for the State Business License with the Office of the Secretary of State. For Title 7 entities, the application for a business license is part of the Initial List or Annual List of Officers filing and can be filed online at www.nvsos.gov, or by mail, or in person. All filings must be accompanied by all appropriate fees at the time of the filing or the filing will be rejected and additional fees and penalties may apply.

What is the cost of the State Business License and when it is due?

The State Business License fee is \$200 per year. It must be renewed annually. For entities that are formed under NRS Title 7, the business license fee is due at the time an Initial List of Officers or Annual List of Officers is due.

My State Business License expires before my Annual List is due. Will I have to pay more?

Not in the end. A so-called “gap” entity is a Title 7 business whose business license expires before the Annual List is due. To maintain its State Business License, the entity must file a State Business License application and pay the full application fee. The entity will be required to pay a prorated business license fee when it files its Annual List, and the State Business License expiration date will be adjusted to coincide with the Annual List due date. A Title 7 entity that has a current State Business License that expires AFTER the Annual List is due may receive a credit for the unused portion of its existing State Business license fee when it files its next Annual List.

What are the State Business License requirements for non-Title 7 businesses?

For the answers to this and many other frequently asked questions, please visit the

Licensing Center at www.nvsos.gov/licensing.

YOU MAY WANT TO CONSIDER DISSOLVING YOUR NEVADA CORPORATION

Chances are your Nevada corporation isn't working for you. You were probably advised to set it up years ago when Nevada had a lot of privacy perks. Those "privacy perks" have vanished. Everything about a Nevada corporation is on the Internet for the whole world to see (i.e. the corporate filing date, date when your next list of officers is due, number of authorized shares, names and addresses of officers/directors/members and/or managers.). You can even see if any amendments have been filed. Nevada Secretary of State went from giving out the least information.... to giving out the most information. If you set up your Nevada corporation to avoid state taxes, you may want to consider another state that doesn't have state taxes (i.e. Washington, Florida, Texas, Wyoming and Delaware are a few).

We can assist you with the dissolution of your Nevada corporation or LLC. Our fee is \$125 to prepare and file the dissolution and the Nevada filing fee is \$75. Total cost to dissolve is \$200.

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ADDRESS SERVICE REQUESTED

We must drop the idea that change comes slowly. It does ordinarily – in part because we think it does. Today changes must come fast; and we must adjust our mental habits, so that we can accept comfortably the idea of stopping one thing and beginning another overnight. We must discard the idea that past routine, past ways of doing things, are probably the best way's. On the contrary, we must assume that there is probably a better way to do almost everything. We must stop assuming that a thing which has never been done before probably cannot be done at all.

Donald M. Nelson

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Whenever I hear a man or women express hatred of any race, I wonder just what it is in themselves they hate so much. You can always be sure of this; You cannot express hatred for anything or anybody unless you make use of the supply of hatred within yourself. The only hatred you can express is your own personal possession. To hate is to be enslaved by evil.

Thomas Dreier

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