

Client newsletter



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by Robert L. Holladay, Jr.

Annual Reports Due with Secretaries of State; Annual Meetings or Consents in Lieu Thereof Required

Annual reports (or annual registrations) are due each year in a company's state of formation and in each of the states in which the company is "authorized to transact business." These filings must be made in order to maintain your business in good standing and to avoid an administrative dissolution (and the expense of getting your company reinstated). They also provide an opportunity for you to check the accuracy of your company's public profile with the state and to update company information.

Laws governing business entities and filings vary from state to state, but currently, Mississippi law provides that only corporations are required to file annual reports. Limited liability companies, limited partnerships and general partnerships are not currently required to file annual reports, but this may soon change (see Current Developments below). The filing period for Mississippi is between January 1 and April 1 of each year. This year, however, the filing deadline has been extended to April 15. Although the Secretary of State's Office does accept paper filings, it is urging all corporations to file their annual reports online using its website: www.sos.state.ms.us. The filing fee is \$25.

Many of our clients are organized under the laws of, or doing business in, the State of Delaware. The filing period for Delaware is between January 1 and March 1 of each year and the report has to be filed online. As in Mississippi, limited liability companies, limited partnerships and general partnerships are not currently required to file annual reports in Delaware but are required to pay annual taxes.

If your company was organized or is authorized to transact business in a state other than Mississippi or Delaware, the particular state's laws and filing deadlines can usually be found at the appropriate secretary of state's website.

Current Developments

There are currently bills in both the Mississippi House and Senate that would amend current law to require domestic and foreign limited liability companies and other types of entities operating in the State to file an annual report. These bills also include new procedures for administrative dissolutions and reinstatements following dissolutions that will increase the time and expense required to remedy any deficiency.

Annual Meetings or Consents in Lieu Thereof

Annual shareholders' and directors' meetings are also required to maintain the legal status of your corporation. Shareholders usually elect or re-elect board members and the board elects or re-elects the officers at these meetings. It is also important to document material corporate decisions and this is often accomplished through annual meeting minutes. Where there are relatively few shareholders and directors of a corporation, written consents in lieu of such annual meetings are permitted and are widely utilized.

Bottom Line

Failure to maintain these "corporate formalities" may result in fines and administrative dissolution and could possibly even result in the shareholders, officers and/or directors being held personally liable for the corporation's debts or other liabilities. We offer a broad range of corporate services and will be happy to assist you in handling any of these matters in an efficient and economical manner.

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