

Topic: Question about Conversions

Question by: Patricia L. Barfield

Jurisdiction: Arizona

Date: April 15, 2014

Jurisdiction	Question(s)			
	1. Do you allow the converted entity to retain its same file number in your system?	2. Does the converted entity retain its original incorporation date, date of organization, or formation date in your system?	3. If your answer to number 2 was "yes," do you also show a conversion date?	4. Have you run into any issues that I'm simply not spotting because we've never dealt with this before?
<b>Manitoba</b>				
<b>Corporations Canada</b>				
<b>Alabama</b>				
<b>Alaska</b>				
<b>Arizona</b>				
<b>Arkansas</b>				
<b>California</b>				
<b>Colorado</b>				
<b>Connecticut</b>				
<b>Delaware</b>				

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<b>District of Columbia</b>	Yes that is correct.	That is correct.	Yes, we show conversion date under filing history.	Conversion from LLC into nonprofit and vice versa; there are a lot of regulatory issues involved in conversion from for-profit into nonprofit entity and back; for out of state entity conversion we require evidence of existence if entity is not qualified;
<b>Florida</b>				
<b>Georgia</b>				
<b>Hawaii</b>	No, the new business entity type will have new corresponding file number.	No, converted entity is effective as of conversion date. The converting (original) entity has status changed to "Converted" and the conversion transaction, "from & to" history. The converted (new) entity has conversion formation history.		no
<b>Idaho</b>				
<b>Illinois</b>				

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<b>Indiana</b>	Yes	Yes	Yes	The biggest issue Indiana faced with conversions was that the filing type came along well after the system was built. Given the age of the system, conversions are a bit of a square peg in a round hole. We currently process conversions as a change filing, and the filing appears as part of the entity’s history with its own filing date. The entity type then has to be updated through an administrative tool. It is not ideal, and the process will be changed with the new system.
<b>Iowa</b>				
<b>Kansas</b>	The entity ID# remains the same	The date of formation remains the same	The conversion and its date will be notated on a history line in the entity’s business records	In Kansas insurance companies, banks, trust companies, credit unions, and professional associations are excluded from BETA transactions.
<b>Kentucky</b>				
<b>Louisiana</b>				
<b>Maine</b>				

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<b>Maryland</b>				
<b>Massachusetts</b>				
<b>Michigan</b>	No, due to system limitations.	Yes	No, they would have to look at the images to determine the date of conversion.	
<b>Minnesota</b>				
<b>Mississippi</b>				
<b>Missouri</b>				
<b>Montana</b>	No. A conversion changes the entity type so it is issued a new filing number that reflects the new business type.	Yes	The date of conversion is noted in the history of the company on our mainframe, and the date it happened. The documentation is retained and kept in the file record.	There are always issues, but it mostly depends on your state code because what may be an issue for me won't even be on the radar for you.
<b>Nebraska</b>				
<b>Nevada</b>				
<b>New Hampshire</b>				
<b>New Jersey</b>				
<b>New Mexico</b>				
<b>New York</b>				

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<b>North Carolina</b>	Yes	The entity is given a new entity tab in the same profile. The new tab has a new creation date. The previous entity tab contains all information relevant to the prior entity type.	The conversion event is the last event line on the prior entity type and the Conversion Articles is the first event on the new entity tab.	The only issue we ran into was the filing of annual reports. We require the entity to be current on annual reports prior to conversion. The filing fee is different for Corporations and LLCs.
<b>North Dakota</b>	We do allow the converted entity to retain its same file number in our system.	The converted entity does retain its original creation date.	It is easily recognizable from our system when the conversion occurred.	Our only issue with conversions is making sure that the converting entity has filed its most recent annual report so that the entity doesn’t “miss” a reporting cycle. This can be a little challenging when our various entities have different reporting dates.
<b>Ohio</b>	Yes	Yes	This date appears on the record and would show up on a long form good standing certificate, but the main date we refer to is the original date of formation.	no
<b>Oklahoma</b>				
<b>Oregon</b>	Oregon doesn't have META, but we have had conversions for a while. Yes	Yes	Yes, in the transaction history	We don't show foreign to foreign conversions, and don't allow conversions from or to a nonprofit.

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<b>Pennsylvania</b>	Currently, PA permits conversions from only a business corporation to a nonprofit corporation or from a nonprofit corporation to a business corporation	The converted entity is permitted to retain its entity number. The converted entity retains its original filing date.	The articles of conversion date is shown.	
<b>Rhode Island</b>	Yes	Yes	YES – Conversion record shows on entity summary page and as a record detail with document image. A link is also provided to the “inactive” record of the converted entity.	I believe it was already mentioned but for us (we have set filing periods) determining the next annual report filing period can be a challenge.
<b>South Carolina</b>				
<b>South Dakota</b>				
<b>Tennessee</b>	Yes	Yes	Yes	One issue we are still dealing with is how to reflect a foreign to foreign conversion. Our statute doesn't address foreign to foreign conversions, but there is a clear desire on the part of foreign companies to have their certificate of authority reflect that the conversion took place without having to withdraw and re-file.
<b>Texas</b>				

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<b>Utah</b>	Yes	Yes	Yes	Not really
<b>Vermont</b>				
<b>Virginia</b>	See additional comments			
<b>Washington</b>	Our conversion law just passed this past session and goes into effect on June 12. We are struggling with many of the same questions, but here’s what we have decided... Yes.	Yes	Yes	We are wondering about this one as well and will be reading all the answers
<b>West Virginia</b>				
<b>Wisconsin</b>				
<b>Wyoming</b>				

**Additional comments:**

**VIRGINIA:**

We recognize a “conversion” as a change of entity type, and a “domestication” as a change of the jurisdiction under whose laws the entity is organized, without a change of entity type.

1. The converted entity gets a new ID number, as our system currently assigns these numbers based on entity type.

2. Yes, we capture the original formation date of the entity on our system.
3. Yes, we also capture the date on which the entity converted to the new entity type.

As to foreign to foreign conversions, the resulting entity will need to make an application to register to transact business in Virginia under the new entity type. The application, which has a box that is supposed to be marked if the entity has been registered with us before, needs to be accompanied by a certified copy of the conversion instrument and the new organizational document. Based on the conversion instrument, we change the status of the former registered entity to “converted” so we stop assessing it an annual registration fee.

If a foreign registered entity will not be transacting business in Virginia as its new entity type after the conversion, the resulting entity needs to file, on behalf of its former incarnation, the conversion instrument and an application for withdrawal.

**Question to Tennessee:**

Kevin,

Foreign to Foreign conversions is an interesting conundrum. We've had the same problem with foreign to foreign mergers: no statute to follow, but companies insist on the record reflecting the change - without withdrawal and (possible) filing. We haven't had the same question yet with conversions, but it's only a matter of time, as more states allow for them.

What are people doing about this?

Thanks,

Tom

**Washington's Response:**

Washington files them as an amendment to the Certificate of Authority, which is their original registration in the state.

**Rhode Island Response:**

Taking Massachusetts' lead, we developed a filing called Transfer of Authority. It's an evidence of conversion filing that allows a foreign to record the conversion together with the qualification documents of its new structure, eliminating the need to withdraw and then re-qualify. The we record a transfer within our filing system in the same manner as a conversion. I've attached a copy of the form.

**Full text of email:**

Hi Everyone.

Arizona has passed a bill that is based on the Model Entity Transactions Act. The Arizona Act will allow conversions here for the first time. For those states that have been dealing with conversions for quite some time, your experience would be most helpful.

My questions are these:

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Thank you in advance for your responses.

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