

D R A F T

FOR DISCUSSION ONLY

**UNIFORM LAW ENFORCEMENT ACCESS TO  
ENTITY INFORMATION ACT  
(Record Owners of Business Act)**

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NATIONAL CONFERENCE OF COMMISSIONERS  
ON UNIFORM STATE LAWS

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For April 30 – May 3, 2009 Committee on Style Meeting

*Without Prefatory Notes and With Comments*

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By  
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ON UNIFORM STATE LAWS

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*The ideas and conclusions set forth in this draft, including the proposed statutory language and any comments or reporter's notes, have not been passed upon by the National Conference of Commissioners on Uniform State Laws. They do not necessarily reflect the views of the Conference and its Commissioners and the Drafting Committee and its Members and Reporter. Proposed statutory language may not be used to ascertain the intent or meaning of any promulgated final statutory proposal.*

April 8, 2009

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**UNIFORM LAW ENFORCEMENT ACCESS TO ENTITY INFORMATION ACT**

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1           **UNIFORM LAW ENFORCEMENT ACCESS TO ENTITY INFORMATION ACT**

2  
3           **SECTION 1. SHORT TITLE.** This [act] may be cited as the Uniform Law  
4 Enforcement Access to Entity Information Act.

5           **SECTION 2. DEFINITIONS.** In this [act]:

6           (1) “Appropriate request” means:

7                   (A) a civil, criminal, or administrative subpoena or summons from a [local, state,  
8 or] federal law enforcement authority, [state agency,] federal agency, or committee or  
9 subcommittee of the United States Congress [or a state legislature]; or

10                   (B) a request in the form of a record made by a federal agency on behalf of  
11 another country under:

12                           (i) an international treaty, agreement, or convention; or

13                           (ii) 28 U.S.C. § 1782.

14 ***Legislative Note:*** *An enacting state must decide whether to include the optional provisions in*  
15 *this definition which have the effect of extending the right of access to information provided in*  
16 *this act to local or state authorities.*

17  
18           (2) “Conventional privately-held entity” means a domestic filing entity that has, or will  
19 have on the effective date of its initial public organic record, no more than 50 interest holders  
20 and:

21                   (A) in which one or more domestic or foreign entities with more than 50 interest  
22 holders each do not hold, directly or indirectly, more than 25% of the outstanding interests;

23                   (B) that is not subject to regulation as a bank or other depository institution, trust  
24 company, insurance company, public utility, or securities or commodities broker or dealer;

25                   (C) that is not registered as an “investment company” under the Investment

1 Company Act of 1940;

2 (D) that is not registered as an “investment advisor” under the Investment

3 Advisors Act of 1940 or the law of any state;

4 (E) in which one or more domestic or foreign entities of the types described in

5 subparagraph (B), (C), or (D) do not hold, directly or indirectly, a majority of the outstanding

6 interests; and

7 (F) that does not own a majority of the outstanding interests in a domestic or

8 foreign entity of a type described in subparagraph (B), (C), or (D).

9 **Legislative Note:** *Subparagraph (B) should be revised to omit any of the types of entities listed*  
10 *that are formed under a law that applies only to that type of entity, for example a banking*  
11 *corporation act or insurance company act. Those entities should also not be included in the*  
12 *definition of “domestic filing entity” because this act does not need to include those entities for*  
13 *any purpose.*

14

15 (3) “Domestic,” with respect to an entity, means an entity whose internal affairs are

16 governed by the law of this state.

17 (4) “Domestic filing entity” means:

18 (A) a domestic business corporation;

19 (B) a domestic nonprofit corporation;

20 (C) a domestic limited liability partnership that is not also a limited partnership;

21 (D) a domestic limited partnership, including a limited liability limited

22 partnership;

23 (E) a domestic limited liability company;

24 (F) a domestic limited cooperative association; [or]

25 (G) a domestic statutory trust entity[; or]

26 [(H) list other types of entities authorized by the law of the state].

1 **Legislative Note:** *The entities referred to in this definition are illustrative only. The list as*  
2 *enacted by a state should include all the types of non-governmental entities that may be created*  
3 *under the state’s laws where a filing must be made with the Secretary of State to create or*  
4 *confirm the status or existence of the entity. An enacting state should revise this definition so*  
5 *that (i) the entities are referred to in the manner they are referred to in the state’s other laws and*  
6 *(ii) it includes all of the types of entities that fit within the concept and are recognized by the*  
7 *laws of the state.*

8  
9 *It is not necessary to list in this definition entities that are a subset of a type of entity*  
10 *listed if reference to the more generic type of entity includes entities in that subset. For example,*  
11 *if professional corporations are subject to the state’s business corporation law so that referring*  
12 *to business corporations includes professional corporations, this definition does not need to list*  
13 *professional corporations; but if professional corporations are incorporated under a separate*  
14 *statute and a reference to business corporations would not include professional corporations,*  
15 *then professional corporations should be listed separately.*

16  
17 *If a type of entity described in subparagraph (B) of the definition of “conventional*  
18 *privately-held entity” is formed under a law that applies only to that type of entity, for example a*  
19 *banking corporation act or insurance company act, that type of entity may be omitted from this*  
20 *definition because “domestic filing entity” does not need to include that type of entity for any*  
21 *purpose under this act.*

22  
23 (5) “Entity information statement” means the initial or amended statement described in  
24 Section 4(a) or (c).

25 (6) “Foreign,” with respect to an entity, means an entity whose internal affairs are  
26 governed by the law of a jurisdiction other than this state.

27 (7) “Governance interest” means the right under the organic law or organic rules of an  
28 unincorporated entity, other than as a governor, agent, assignee, or proxy, to:

29 (A) receive or demand access to:

30 (i) information concerning the entity; or

31 (ii) the books and records of the entity;

32 (B) vote for the election of the governors of the entity; or

33 (C) vote on issues involving the internal affairs of the entity.

34 (8) “Governor” means:

1 (A) a director of a business corporation [or a shareholder of a close corporation  
2 that is managed by its shareholders instead of a board of directors];

3 (B) a director [or member of a designated body] of a nonprofit corporation;

4 (C) a general partner of a limited liability partnership that is not also a limited  
5 partnership;

6 (D) a general partner of a limited partnership;

7 (E) a manager of a limited liability company or other person that materially  
8 participates in the management of a limited liability company pursuant to its organic law and  
9 organic rules;

10 (F) a director of a limited cooperative association; [or]

11 (G) a trustee of a statutory trust entity[; or]

12 [(H) list governors of other types of entities authorized by the law of the state].

13 **Legislative Note:** *An enacting state should revise this definition so that it refers to the*  
14 *appropriate persons with respect to each type of entity listed in the definition of “domestic filing*  
15 *entity.”*

16  
17 *If an enacting state authorizes a business corporation with a limited number of*  
18 *shareholders to dispense with a board of directors in favor of management by its shareholders,*  
19 *the optional phrase at the end of subparagraph (A) should be included with appropriate changes*  
20 *to conform to the terminology used in the enacting state.*

21  
22 *The Model Nonprofit Corporation Act permits a nonprofit corporation to give some of*  
23 *the responsibilities and obligations of the board of directors to another group of persons known*  
24 *as a “designated body.” If the law of an enacting state permits that type of governance*  
25 *structure, the optional phrase in subparagraph (B) should be included with appropriate changes*  
26 *to conform to the terminology used in the enacting state.*

27  
28 (9) “Interest” means:

29 (A) a governance interest;

30 (B) a transferable interest;

31 (C) a share of a business corporation; or

1 (D) a membership in a nonprofit corporation.

2 (10) “Interest holder” of an entity means:

3 (A) a shareholder of a business corporation;

4 (B) a member of a nonprofit corporation;

5 (C) a general partner of a limited liability partnership that is not also a limited  
6 partnership;

7 (D) a general partner of a limited partnership;

8 (E) a limited partner of a limited partnership;

9 (F) a member of a limited liability company;

10 (G) a member of a limited cooperative association; [or]

11 (H) a beneficiary of a statutory trust entity[; or]

12 [(I) list similar persons in other types of entities authorized by the law of the  
13 state].

14 **Legislative Note:** *An enacting state should revise this definition so that it includes references to*  
15 *the appropriate persons with respect to each type of entity listed in the definition of “domestic*  
16 *filing entity.”*

17  
18 (11) “Non-US entity” means an entity whose internal affairs are governed by the laws of  
19 a jurisdiction other than a state or the United States.

20 (12) “Organic law” means the statutes of an entity’s jurisdiction of incorporation,  
21 organization, or other formation which govern the internal affairs of the entity.

22 (13) “Organic rules” means the public organic record and private organic rules of an  
23 entity.

24 (14) “Person” means an individual, corporation, estate, trust, partnership, limited liability  
25 company, business or similar trust, cooperative, association, joint venture, public corporation,



1 government or governmental subdivision, agency, or instrumentality, or any other legal or  
2 commercial entity.

3 (15) “Private organic rules” means:

4 (A) the bylaws of a business corporation;

5 (B) the bylaws of a nonprofit corporation;

6 (C) the partnership agreement of a limited liability partnership that is not a  
7 limited partnership;

8 (D) the partnership agreement of a limited partnership;

9 (E) the operating agreement of a limited liability company;

10 (F) the bylaws of a limited cooperative association;

11 (G) the trust instrument of a statutory trust entity; [and]

12 (H) [list similar documents for other types of entities authorized by the law of the  
13 state; and

14 (I)] any other rules, whether or not in a record, that govern the internal affairs of  
15 a domestic filing entity, are binding on all of its interest holders, and are not part of its public  
16 organic record, if any.

17 **Legislative Note:** *An enacting state should revise this definition so that it refers to the*  
18 *appropriate item with respect to each type of entity listed in the definition of “domestic filing*  
19 *entity.”*

20  
21 (16) “Public organic record” means:

22 (A) the articles of incorporation of a business corporation;

23 (B) the articles of incorporation of a nonprofit corporation;

24 (C) the statement of qualification of a limited liability partnership that is not a  
25 limited partnership;

- 1 (D) the certificate of limited partnership of a limited partnership;  
2 (E) the certificate of organization of a limited liability company;  
3 (F) the articles of organization of a limited cooperative association; [and]  
4 (G) the certificate of trust of a statutory trust entity[; and]  
5 [(H) list similar documents for other types of entities authorized by the law of the  
6 state].

7 **Legislative Note:** *An enacting state should revise this definition so that it refers to the*  
8 *appropriate document with respect to each type of entity listed in the definition of “domestic*  
9 *filing entity.”*

10  
11 (17) “Record,” used as a noun, means information that is inscribed on a tangible medium  
12 or that is stored in an electronic or other medium and is retrievable in perceivable form.

13 (18) “Records contact” means an individual whose principal residence is in the United  
14 States and who has access to and can produce within the United States on a timely basis upon  
15 appropriate request the information described in Section 7(a).

16 (19) “Responsible individual” means an individual who, directly or indirectly,  
17 participates in the control or management of an entity or, in the case of an entity being formed,  
18 will participate in the control or management of the entity.

19 (20) “Sign” means, with present intent to authenticate or adopt a record:

20 (A) to execute or adopt a tangible symbol; or

21 (B) to attach to or logically associate with the record an electronic sound, symbol,  
22 or process.

23 (21) “Transferable interest” means the right under the organic law of an unincorporated  
24 entity to receive distributions from the entity.

25 (22) “Transferee” means a person to which all or part of a transferable interest has been

1 transferred without a governance interest, whether or not the transferee is an interest holder.

2 (23) “Unincorporated entity” means an entity that is not a corporation.

3 **Comment**

4 “Appropriate request.” This definition is patterned after Section 2009(a)(1)(D) of the  
5 Homeland Security Act of 2002 (6 U.S.C. § 601 et seq.), as proposed to be added by S. 569.

6  
7 “Governor.” The second clause of subparagraph (E) of this definition, which refers to  
8 persons who are not managers of a limited liability company but participate materially in its  
9 management, is patterned after 6 Del. Code § 18-109(a). It is not intended that the power to elect  
10 or otherwise select or to participate in the election or selection of a person to be a manager of a  
11 limited liability company will, by itself, constitute participation in the management of the  
12 company.

13  
14 “Interest holder.” Whether a person is a member of a nonprofit corporation will be  
15 determined under a state’s nonprofit corporation law. Many nonprofit corporations refer to their  
16 financial supporters as “members” even though those contributors do not have governance rights  
17 under the organic law and organic rules of the corporation.

18  
19 “Responsible individual.” A responsible individual may be an individual who is a  
20 governor of the entity, an agent of another person, or an agent or officer of the entity itself, or  
21 who meets the requirements of this definition because of ownership of an interest in the entity or  
22 other factors. To qualify as a responsible individual, what is required is that the individual  
23 participate in the control or management of the entity. A responsible individual may have sole  
24 responsibility for the management of the entity or may share that responsibility with others. The  
25 term has been created for use in this act and is not intended to change the law with respect to the  
26 governance of any form of entity.

27  
28 **SECTION 3. FORMATION OF ENTITIES.**

29 (a) When the initial public organic record of a domestic filing entity that is a  
30 conventional privately-held entity is delivered to the [Secretary of State] for filing, it must be  
31 accompanied by an initial entity information statement.

32 (b) The public organic record of a domestic filing entity must include, in addition to any  
33 other information required by its organic law, a statement as to whether or not the entity is a  
34 conventional privately-held entity. The delivery to the [Secretary of State] for filing of an initial  
35 or amended public organic record constitutes an affirmation under the penalties of perjury by the

1 entity and by any person signing the record that the statement required by this subsection is  
2 correct.

3 **Legislative Note:** States should consider adding a reference to the requirements of subsection  
4 (b) in the section of the organic law of each domestic filing entity dealing with the entity’s public  
5 organic record so that people consulting that law will be aware of the requirements of  
6 subsection (b). Such a reference in the section of the organic law of an entity dealing with the  
7 contents of its public organic record might read, for example, “the statement required by  
8 [Section 3(b) of the Uniform Law Enforcement Access to Entity Information Act].”  
9

10 (c) If the statement required by subsection (b) becomes incorrect, the entity must  
11 promptly deliver to the [Secretary of State] for filing an amendment of its public organic record  
12 correcting the statement. [An amendment pursuant to this subsection does not need to be  
13 approved by the governors or interest holders.] [The [Secretary of State] shall not charge a fee  
14 for filing an amendment pursuant to this subsection.]

15 **Legislative Note:** The optional penultimate sentence of subsection (c) is intended to simplify the  
16 procedure for approving an amendment of the public organic record so that, for example, an  
17 amendment to the articles of incorporation of a business corporation to change the statement as  
18 to whether the corporation is a conventional privately-held entity may be filed without action by  
19 the board of directors or shareholders. Enacting states may choose to place that type of  
20 provision in the individual organic laws for each type of entity listed in the definition of  
21 “domestic filing entity” in Section 2 or may decide to vary the rule of that sentence for some  
22 types of entities by requiring, for example, approval by the governors.  
23

24 The last sentence of subsection (c) is optional because an enacting state may choose to  
25 require a fee for filing an amendment of the public organic record that is required under  
26 subsection (c). It will be preferable, however, for states not to require a fee as a way of  
27 encouraging amendments that keep the public records up to date regarding the status of an  
28 entity. If a state chooses to impose a fee, the fee will presumably be the same as for filing any  
29 other amendment to a public organic record. Thus the possibility of a fee being charged for a  
30 filing under subsection (c) has not been included in Section 13.  
31

32 (d) An amendment filed under subsection (c) indicating that an entity has become a  
33 conventional privately-held entity must be accompanied by an initial entity information  
34 statement.

35 (e) Subsection (a) does not apply to an initial public organic record delivered to the

1 [Secretary of State] before [the effective date of this act]. Subsections (b), (c), and (d) do not  
2 apply to a domestic filing entity that is in existence on [the effective date of this act] until the  
3 date provided in Section 16.

#### 4 **Comment**

5 The same individual may serve as the records contact and responsible individual for a  
6 conventional privately-held entity. When an entity needs to be formed on a rush basis, or when a  
7 records contact or responsible individual has not yet been identified for an entity, a person  
8 forming the entity, such as an incorporator, may serve as an accommodation in the capacities of  
9 records contact and responsible individual. Regardless of the reason why the person forming the  
10 entity is also shown as the records contact or responsible individual, so long as the person is  
11 named in those capacities, the person will have the duties attendant to those positions under this  
12 act.

13  
14 The public organic record of every domestic filing entity must include a statement  
15 satisfying subsection (b), either that the entity is a conventional privately-held entity or that the  
16 entity is not a conventional privately-held entity.

17  
18 If a domestic filing entity ceases to be a conventional privately-held entity, for example  
19 because it conducts a public offering of its equity securities, it will need to amend its public  
20 organic record to reflect the change in its status. Entity information statements previously  
21 delivered to the Secretary of State will remain in the records of the Secretary of State, but the  
22 entity will no longer have an obligation to update the information in the statements. The  
23 individuals previously identified as its records contact and responsible individual will cease to  
24 have that status.

25  
26 Most organic laws provide that it is a criminal offense to sign a document delivered to the  
27 Secretary of State for filing that the signatory knows to be false in any material respect. The last  
28 sentence of subsection (b) confirms that result and also imposes liability on the entity for a false  
29 statement as to its status as a conventional privately-held entity.

#### 30 31 **SECTION 4. ENTITY INFORMATION STATEMENT.**

32 (a) An initial entity information statement must set forth:

33 (1) the name of the conventional privately-held entity;

34 (2) the name and a business or residential address of the records contact of the

35 entity; and

36 (3) the name and a business or residential address of a responsible individual of

1 the entity.

2 (b) An entity information statement must be signed as follows:

3 (1) an initial statement must be signed by:

4 (A) the records contact named in the statement; and

5 (B) the responsible individual named in the statement; and

6 (2) an amended statement must be signed by any new records contact or new  
7 responsible individual named in the amended statement.

8 (c) If any of the information in a filed entity information statement becomes incorrect or  
9 incomplete, the conventional privately-held entity must promptly deliver to the [Secretary of  
10 State] for filing an amended entity information statement that is correct as of the date of its  
11 delivery to the [Secretary of State] and that includes all of the information required by subsection

12 (a).

13 (d) A records contact or responsible individual may change his or her address or resign  
14 by delivering to the [Secretary of State] for filing a statement of change signed by the records  
15 contact or responsible individual that sets forth:

16 (1) the name of the conventional privately-held entity; and

17 (2) either:

18 (A) the new address; or

19 (B) a statement that the records contact or responsible individual resigns.

20 (e) A records contact or responsible individual who delivers to the [Secretary of State]  
21 for filing a statement of change pursuant to subsection (d) must promptly furnish the  
22 conventional privately-held entity with notice in a record of the delivery to the [Secretary of  
23 State] of the statement of change and a copy of the statement.

1 (f) An initial entity information statement filed under subsection (a) takes effect upon  
2 filing or any later effective time of the initial or amended public organic record in connection  
3 with which the statement is delivered to the [Secretary of State] for filing. An amended entity  
4 information statement filed under subsection (c) or a statement of change filed under subsection  
5 (d) takes effect upon filing.

6 (g) The signing by a records contact or responsible individual of an entity information  
7 statement or a statement of change that reflects a change of address constitutes an affirmation  
8 under the penalties of perjury that:

9 (1) the address of the signing individual is correct; and

10 (2) either:

11 (A) the records contact understands the duties of a records contact under  
12 this [act] and has agreed to serve in that capacity; or

13 (B) the responsible individual meets the definition of a responsible  
14 individual in Section 2.

15 (h) Every signature of a records contact or responsible individual on an entity  
16 information statement or statement of change must be notarized.

17 ***Legislative Note:*** *Subsection (h) does not specify the manner in which the required notarizations*  
18 *must be submitted. That is an issue to be determined by the enacting state and may require*  
19 *amendment of subsection (h) or other state law. Some states may choose to accept only paper*  
20 *filings, while other states may provide for electronic notarization. If the Secretary of State only*  
21 *accepts electronic filings, an enacting state will need to provide for either electronic notarization*  
22 *or the acceptance of notarized documents by electronic means.*

23  
24 (i) If the principal residence of a responsible individual is outside the United States, the  
25 responsible individual must provide the records contact with a copy of a passport, driver's  
26 license, or other government-issued photo identification document for the responsible individual.

27 [(j) The [Secretary of State] shall not charge a fee for filing an amended entity

1 information statement or statement of change.]

2 **Legislative Note:** Subsection (j) is optional because an enacting state may choose to require a  
3 fee for filing an amended entity information statement or statement of change. It will be  
4 preferable, however, for states not to require a fee as a way of encouraging filings that keep the  
5 public records up to date. If a state chooses to impose a fee, the fee should be included in  
6 Section 13.

7  
8

### Comment

9 1. Because subsection (c) requires an amended entity information statement to include all  
10 of the information required by subsection (a), a domestic filing entity must always have a records  
11 contact and responsible individual identified in the records of the Secretary of State. *But see* the  
12 transitional provisions in Section 16.

13

14 2. Subsection (f) provides that a statement of change under subsection (d), which could  
15 include a resignation by a records contact or responsible individual, takes effect upon filing.  
16 That is different than the practice in some states of delaying the effectiveness of a resignation of  
17 a registered agent. *See, e.g.*, Model Registered Agents Act § 11 (delaying a resignation for 31  
18 days). The main function of a registered agent is simply to forward service of process to the  
19 represented entity, and delaying resignation from that position typically does not pose problems  
20 for either the registered agent or the represented entity. A records contact or responsible  
21 individual, in contrast, has an important place in the law enforcement process created by this act,  
22 making it more important for the records contact or responsible individual to be able to resign  
23 immediately in appropriate circumstances. Making a resignation effective immediately under  
24 subsection (f) also provides an earlier start to the period in which the entity must replace the  
25 records contact or responsible individual if the entity wishes to avoid administrative dissolution  
26 under Section 9.

27

28 3. The purpose of subsection (h) is to use the notarial process to provide some  
29 verification of the identity of a records contact or responsible individual since notarization  
30 requires the notary to know or verify the identity of the individual whose signature is being  
31 notarized. Notarization may include taking an acknowledgment, administering an oath or  
32 affirmation, taking a verification upon oath or affirmation, or witnessing or attesting a signature.  
33 *See* Uniform Law on Notarial Acts (1982) § 1(1) (“notarial act”). Modern law on notarial acts is  
34 evolving to permit notarization of electronic records, and thus even in those states where all  
35 entity filings are made electronically it should be possible to comply with subsection (h).

36

37 Subsection (h) does not address the duty of the Secretary of State to verify that the  
38 notarization of a signature on an entity information statement is valid. Every state has statutory  
39 law on the acceptance of notarized documents. Those laws often deal separately with  
40 notarizations performed within the state, outside of the state, under federal authority, or in  
41 foreign countries. *See, e.g.*, Uniform Law on Notarial Acts (1982) §§ 3-6.

42



1           **SECTION 5. DUTIES OF RECORDS CONTACT.**

2           (a) A records contact for a conventional privately-held entity has the following duties:

3                   (1) to enquire at the time the records contact signs an initial or amended entity  
4 information statement whether the current responsible individual is required to comply with  
5 Section 4(i) and, if the required individual is required to comply but does not do so within five  
6 business days after the [Secretary of State] files the initial or amended entity information  
7 statement, to resign as records contact in the manner provided in Section 4(d);

8                   (2) to request promptly from the entity the information described in Section 7  
9 when the records contact receives an appropriate request for the information;

10                  (3) to produce on a timely basis to a party making an appropriate request:

11                           (A) the photo identification document, if any, for the entity's responsible  
12 individual required by Section 4(i);

13                           (B) any information described in Section 7(a) which is provided by the  
14 entity to the records contact; and

15                           (C) any certification described in Section 7(b) which is provided by the  
16 entity to the records contact;

17                   (4) if the records contact becomes aware, either before or after receiving an  
18 appropriate request, that a request for information by the records contact to the entity will not be  
19 honored by the entity on a timely basis, to resign as records contact in the manner provided in  
20 Section 4(d); and

21                   (5) if information in response to an appropriate request is not provided on a  
22 timely basis by the entity upon request by the records contact, to notify the party that made the  
23 appropriate request of:

1 (A) the name and a business or residential address of the individual whom  
2 the records contact believed would be the source of the information; or

3 (B) if there is no such individual, the source or location from which the  
4 records contact believed the information could be obtained.

5 (b) A records contact, as such, does not have a duty to verify the accuracy of information  
6 described in Section 7(a) or a certification under Section 7(b).

### 7 **Comment**

8 If there is a failure to respond to an appropriate request for information, the consequences  
9 of that failure and possible sanctions will depend on the nature of the request. For example,  
10 failure to respond to a subpoena will have the same consequences and sanctions as any other  
11 failure to respond to a subpoena under the applicable federal or state law. Whether the  
12 consequences of a failure to respond to an appropriate request for information should be imposed  
13 on the records contact or on the conventional privately-held entity will depend on whether the  
14 records contact has performed the duties required by this section.

15  
16 The requirement in subsection (a)(2) that information be produced on a “timely basis” is  
17 intended to satisfy Recommendation 33 of the 40 Recommendations of the Financial Action  
18 Task Force. In the case of a subpoena, what will be a timely response will be controlled by the  
19 response date in the subpoena. A response date in a request made under a treaty, however, does  
20 not have the force of law and will not necessarily be binding.

21  
22 A records contact may wish as a matter of good business practice to verify periodically  
23 that the records contact continues to have the required access to information, although an  
24 obligation to verify that the records contact continues to have access to information is not part of  
25 the required duties of a records contact.

26  
27 Subsection (a)(4) imposes a duty on a records contact that applies at all times, regardless  
28 of whether an appropriate request for information is pending. If a records contact becomes  
29 aware at any time that information will not be provided as required by this act, the records  
30 contact has a duty to resign under subsection (a)(3) even though there is no pending appropriate  
31 request.

32  
33 A records contact is defined in Section 2(18) as an individual who has access to the  
34 information required by Section 7, and when a records contact signs an entity information  
35 statement under Section 4 that signature constitutes an affirmation that the individual  
36 understands the duties of a records contact.

37  
38 Subsection (b) applies only to a records contact in the individual’s capacity as a records  
39 contact. If the individual also maintains the records required to be produced under Section 7(a)

1 in another capacity, for example as a corporate secretary, the individual will have the obligations  
2 associated with serving in that capacity. This act does not address those obligations.

3  
4 **SECTION 6. INTEREST HOLDERS FROM OUTSIDE UNITED STATES.**

5 (a) Except as provided in subsection (d), when a non-US entity first becomes a transferee  
6 or interest holder in a conventional privately-held entity after [the effective date of this act],  
7 whether by transfer, issuance of an interest, or admission as an interest holder, the transferee or  
8 interest holder must provide the entity with a certification signed under the penalties of perjury  
9 stating the name and a business or residential address of a responsible individual for the  
10 transferee or interest holder.

11 (b) If any of the information in a certification provided under subsection (a) becomes  
12 incorrect, the interest holder or transferee must promptly provide the conventional privately-held  
13 entity with a corrected certification.

14 (c) A certification provided under subsection (a) or (b) that is incorrect or incomplete, or  
15 the failure of a conventional privately-held entity to obtain a required certification, does not  
16 affect the existence of the conventional privately-held entity, the validity of any acts of the  
17 entity, the interest of any interest holder or transferee, or the status of any interest holder or  
18 transferee as such.

19 (d) A non-US entity that is required to provide a certification under this section may not  
20 maintain a proceeding in any court in this state with respect to the interest giving rise to the  
21 obligation to provide the certification unless the non-US entity demonstrates compliance with  
22 this section.

23 (e) Subsections (a) and (b) apply only to an interest holder or transferee that would be a  
24 conventional privately-held entity if the interest holder or transferee were a domestic filing  
25 entity.

1 **Comment**

2 This section is patterned in part after Section 2009(a)(2) of the Homeland Security Act of  
3 2002 (6 U.S.C. § 601 et seq.), as proposed to be added by S. 569.

4  
5 This section is not intended to require the conventional privately-held entity to track  
6 transfers of interest before the entity has notice of a transfer. It is the obligation of a transferee to  
7 provide the certifications required by this section.

8  
9 **SECTION 7. RECORDS OF CONVENTIONAL PRIVATELY-HELD ENTITIES.**

10 (a) A conventional privately-held entity must have a records contact at all times while it  
11 is a conventional privately-held entity. When the records contact notifies the entity that an  
12 appropriate request has been received, the entity must provide on a timely basis to the records  
13 contact information in a record that:

14 (1) includes the name and last known address of each current transferee of which  
15 the entity has actual knowledge, each current interest holder in the entity, and any other person to  
16 whom the entity has been instructed to send distributions;

17 (2) indicates for each current transferee of which the entity has actual knowledge  
18 or current interest holder that is a foreign or domestic entity, the jurisdiction whose laws govern  
19 its internal affairs;

20 (3) includes the name and a residential or business address for each governor of  
21 the entity;

22 (4) includes a copy of a passport, driver's license, or other government-issued  
23 photo identification document for:

24 (A) each governor of the entity who is an individual and whose principal  
25 residence at the time the individual becomes a governor is outside the United States; and

26 (B) its responsible individual if the principal residence of the responsible  
27 individual is outside the United States;

1 (5) includes any records maintained by the entity regarding the process by which  
2 the governors of the entity are elected or otherwise designated;

3 (6) indicates the voting power in the entity held by each of its interest holders or  
4 describes the manner in which each interest holder's voting power in the entity is determined;

5 (7) identifies the individuals responsible for preparing the information provided  
6 to the records contact under this subsection; and

7 (8) includes the certifications required by section 6(a) and (b).

8 (b) When information is provided pursuant to subsection (a), it must include a  
9 certification by the conventional privately-held entity, signed under the penalties of perjury, that  
10 the information accurately reflects the current records of the entity.

#### 11 **Comment**

12 A non-U.S. resident is not required to supply a photo identification document as a  
13 condition to becoming a governor under paragraph (a)(4). Those paragraphs simply require that  
14 when an appropriate request is made the conventional privately-held entity must be able to  
15 supply the required document. The entity may obtain the document at that time, but many  
16 entities will choose to obtain the document earlier because they otherwise run the risk of being  
17 unable to obtain the document on a timely basis once an appropriate request has been made.

18  
19 The obligation to provide information under paragraph (a)(6) about voting power in the  
20 conventional privately-held entity may be satisfied by supplying a copy of the operative  
21 documents that determine that voting power. Those documents will often be simply the public  
22 organic record or private organic rules of the entity, such as the articles of incorporation of a  
23 corporation or the operating agreement of a limited liability company; but may include other  
24 documents such as shareholder agreements, voting agreements, investor rights agreements, etc.

#### 25 26 **SECTION 8. JUDICIAL DISSOLUTION.**

27 (a) The [name or describe court or courts] may dissolve a conventional privately-held  
28 entity in a proceeding by the attorney general if it is established that the entity materially failed  
29 to comply with Section 7 or Section 12.

30 (b) It is not necessary to make interest holders parties to a proceeding to dissolve a

1 conventional privately-held entity under this section unless relief is sought against them  
2 individually.

3 (c) The court may issue injunctions, appoint a receiver or custodian pendente  
4 lite with the powers and duties the court directs, take other action required to preserve the assets  
5 of the conventional privately-held entity wherever located, and carry on the business of the entity  
6 until a full hearing can be held.

7 (d) The court may appoint one or more receivers to wind up and liquidate the business  
8 and affairs of the conventional privately-held entity. The court shall hold a hearing, after  
9 notifying all parties to the proceeding and any interested persons designated by the court, before  
10 appointing a receiver. The court appointing a receiver has exclusive jurisdiction over the entity  
11 and all of its property wherever located.

12 (e) The court may appoint an individual or a domestic or foreign entity authorized to  
13 transact business in this state as a receiver. The court may require the receiver to post bond, with  
14 or without sureties, in an amount the court directs.

15 (f) The court shall describe the powers and duties of the receiver in its appointing order,  
16 which may be amended from time to time. Among other powers, the receiver may:

17 (1) dispose of all or any part of the assets of the conventional privately-held  
18 entity wherever located, at a public or private sale, if authorized by the court; and

19 (2) sue and defend in the receiver's own name as receiver of the entity in all  
20 courts of this state.

21 (g) The court from time to time during the receivership may order compensation paid  
22 and expense disbursements or reimbursements made to the receiver and counsel for the receiver  
23 from the assets of the conventional privately-held entity or from proceeds from the sale of the

1 assets.

2 (h) If after a hearing the court determines that grounds for judicial dissolution of a  
3 conventional privately-held entity under this section exist, it may enter a decree dissolving the  
4 entity and specifying the effective date of the dissolution, and the clerk of the court shall deliver  
5 a certified copy of the decree to the [Secretary of State] for filing.

6 (i) After entering the decree of dissolution, the court shall direct the winding-up of the  
7 business and affairs of the conventional privately-held entity in accordance with the organic law  
8 of the entity.

9 **Legislative Note:** *If an enacting state has existing judicial dissolution procedures for some or all*  
10 *of the entities included in the definition of “domestic filing entity” in Section 2, this section may*  
11 *be revised so that it only applies to those entities for which the state does not already have*  
12 *judicial dissolution procedures. For those entities excluded from the scope of this section,*  
13 *subsection (a) will need to be added to the judicial dissolution provisions in the organic laws of*  
14 *those entities as an additional basis for judicial dissolution.*

15

16

### Comment

17 If a conventional privately-held entity believes that it has defenses to a proceeding to  
18 dissolve it under this section, those issues may be raised and tried in the dissolution proceeding.

19

20 An action under this section will usually involve just the conventional privately-held  
21 entity. However, subsection (b) permits the interest holders to be made parties to the dissolution  
22 proceeding because it may be appropriate to seek relief against them, for example in a  
23 proceeding brought to dissolve an entity that has violated the prohibition in Section 12 on issuing  
24 bearer interests.

25

26 Judicial dissolution under this section is in addition to judicial dissolution on other  
27 grounds that may be provided in the organic law of an entity or an enacting state’s other law.

28

29

## **SECTION 9. ADMINISTRATIVE DISSOLUTION.**

30 (a) The [Secretary of State] shall administratively dissolve:

31 (1) a conventional privately-held entity if the records of the [Secretary of State]  
32 do not show a current records contact or responsible individual for the entity for a period of 60  
33 consecutive days; and

1 (2) except as provided in Section 16, a domestic filing entity if its public organic  
2 record does not contain the statement required by Section 3(b).

3 (b) If the [Secretary of State] determines that a ground exists for administratively  
4 dissolving an entity under subsection (a), the [Secretary of State] shall file a record of the  
5 determination and serve the entity with a copy of the filed record.

6 (c) If within 60 days after service of the copy pursuant to subsection (b) the entity does  
7 not correct each ground for dissolution, the [Secretary of State] shall administratively dissolve  
8 the entity by preparing, signing, and filing a declaration of dissolution that states the grounds for  
9 dissolution. The [Secretary of State] shall serve the entity with a copy of the filed declaration.

10 (d) An entity that has been administratively dissolved continues in existence but, subject  
11 to subsection (i), may carry on only activities necessary to wind up its activities under its organic  
12 law.

13 (e) The administrative dissolution of an entity under this section does not terminate the  
14 authority of its agent for service of process or the responsibilities of a records contact or  
15 responsible individual shown in the records of the [Secretary of State] at the time of dissolution.

16 (f) An entity that has been administratively dissolved under this section may apply to the  
17 [Secretary of State] for reinstatement by delivering to the [Secretary of State] for filing an  
18 application signed by the entity that states:

19 (1) the name of the entity and the effective date of its dissolution;

20 (2) either:

21 (A) both:

22 (i) the name and a business or residential address of the entity's  
23 records contact; and



1 (ii) the name and a business or residential address of the entity's  
2 responsible individual; or

3 (B) that the entity is not a conventional privately-held entity; and

4 (3) if the entity's name is no longer available, a new name that satisfies the  
5 requirements of the entity's organic law.

6 (g) If the statement required by Section 3(b) in the public organic record of an entity that  
7 has been administratively dissolved under this section is not consistent with the entity's  
8 application for reinstatement under subsection (f), the application must be accompanied by an  
9 amendment of the public organic record that correctly states whether the entity is a conventional  
10 privately-held entity.

11 (h) If the [Secretary of State] determines that an application under subsection (f) contains  
12 the required information and is accompanied by any required amendment of the entity's public  
13 organic record, the [Secretary of State] shall prepare a declaration of reinstatement that states  
14 those determinations, sign and file the original of the declaration of reinstatement, and serve the  
15 entity with a copy.

16 (i) When a reinstatement under subsection (h) becomes effective, it relates back to and  
17 takes effect as of the effective date of the administrative dissolution and the entity may resume  
18 its activities as if the dissolution had not occurred.

19 (j) This section does not apply to a domestic filing entity in existence on [the effective  
20 date of this act] until the date provided in Section 16(b).

21 **Legislative Note:** *If an enacting state has existing administrative dissolution procedures for*  
22 *some or all of the entities included in the definition of "domestic filing entity" in Section 2, this*  
23 *section may be revised so that it only applies to those entities for which the state does not*  
24 *already have administrative dissolution procedures. For those entities excluded from the scope*  
25 *of this section, subsection (a) will need to be added to the administrative dissolution provisions*  
26 *in the organic laws of those entities as an additional basis for administrative dissolution.*

1  
2 *This section may be conformed to existing administrative dissolution procedures in the*  
3 *state. For example, if the existing practice in a state is for the Secretary of State to mail notice of*  
4 *an administrative dissolution to the entity, that practice may be substituted for the requirement in*  
5 *subsection (c) that the Secretary of State serve the filed declaration of dissolution on the entity.*  
6

7 *Some state administrative dissolution statutes may include a time limit on reinstatement,*  
8 *unlike this section which does not impose a time limit on reinstatement. States should decide*  
9 *whether they wish to impose such a limit under this section.*  
10

## 11 **Comment**

12

13 This section applies to all domestic filing entities and not just conventional privately-held  
14 entities. After the transition period provided in Section 16, failure of a domestic filing entity that  
15 is not a conventional privately-held entity to include in its public organic record the statement  
16 required by Section 3(b) will be grounds for administrative dissolution of the entity.  
17

18 A consequence of administrative dissolution in many states is to permit the use of the  
19 name of the dissolved entity by another entity. Thus subsection (f)(3) requires an entity seeking  
20 reinstatement to adopt a new name if its prior name has become unavailable because it has been  
21 appropriated by another entity during the period the entity seeking reinstatement was dissolved.  
22 *See, e.g., Model Business Corporation Act (4<sup>th</sup> Ed.) § 14.22(a)(3) and Uniform Limited Liability*  
23 *Company Act (2006) § 706(a)(3).*  
24

25 Administrative dissolution under this section is in addition to administrative dissolution  
26 on other grounds that may be provided in the organic law of an entity or an enacting state's other  
27 law.  
28

## 29 **SECTION 10. LIMITATION OF LIABILITIES.**

30 (a) A records contact is not liable to the conventional privately-owned entity or its  
31 interest holders or transferees for producing upon an appropriate request the information  
32 described in Section 7(a) or the certification described in Section 7(b).  
33

34 (b) Except as provided in a contract for the provision of the services of a records contact,  
35 a records contact is not liable for any inaccuracy in or omission from the information described  
36 in Section 7(a) or the certification described in Section 7(b), except that this paragraph does not  
37 limit the liability of a records contact for recklessness, intentional misconduct, or criminal  
conduct.

1 (c) A records contact or responsible individual is not liable under law other than this  
2 [act] because of being identified as a records contact or responsible individual in the records of  
3 the [Secretary of State].

4 (d) Compliance or noncompliance by a domestic filing entity with the requirements of  
5 this [act] is not a ground for imposing liability on its interest holders, beneficial owners,  
6 transferees, or governors for the debts, obligations, or other liabilities of the entity.

7 **Comment**

8 Subsection (d) makes clear that the failure of a domestic filing entity to comply with the  
9 requirements of this act is not a basis for piercing the veil of the entity. That subsection also  
10 makes clear that complying with this act is not a basis for imposing liability on the interest  
11 holders or governors of an entity on the basis of an alter ego theory.

12  
13 **SECTION 11. ADDRESSES.** Whenever this [act] requires the provision of an address,  
14 the following information must be provided:

- 15 (1) an actual street address or rural route box number; and
- 16 (2) a mailing address, if different from the address under paragraph (1).

17 **SECTION 12. PROHIBITION OF BEARER INTERESTS.** A domestic filing entity  
18 may not issue a certificate in bearer form evidencing either a whole or fractional interest.

19 *Legislative Note: Enacting states may choose to omit this section and instead prohibit the*  
20 *issuance of bearer certificates in the individual organic laws for each type of entity listed in the*  
21 *definition of “domestic filing entity” in Section 2.*

22  
23 **SECTION 13. FEES.**

24 **Alternative A**

25 (a) The [Secretary of State] shall collect the following fees when a document is delivered  
26 for filing under this [act]:

- 27 (1) initial entity information statement \$\_\_\_
- 28 (2) [amended entity information statement \$\_\_\_

1 (3) statement of change \$\_\_\_

2 (4)] application for reinstatement following

3 administrative dissolution \$\_\_\_

4 **Legislative Note:** *With respect to optional paragraphs (2) and (3), see the Legislative Note to*  
5 *Section 4(j).*

6  
7

**Alternative B**

8 (a) The [Secretary of State] shall adopt rules[, in accordance with the state’s  
9 administrative procedure act] setting the fee for processing filings under this [act]. The fee shall  
10 be set at an amount such that the total amount of fees collected during a year is not less than the  
11 annual costs incurred by the [Secretary of State] in administering this [act].

12

**End of Alternatives**

13 (b) The fees collected under subsection (a) shall be deposited into a restricted account  
14 within the General Fund. Funds in the restricted account shall be used only for the  
15 administration of this [act].

16 **Legislative Note:** *Subsection (b) should be revised to conform to the enacting state’s practice in*  
17 *establishing special purpose funds.*

18  
19

**SECTION 14. PROCESSING OF DOCUMENTS.** The [Secretary of State] shall  
20 refuse to file a document if the document or any aspect of its delivery to the [Secretary of State]  
21 does not comply with this [act].

22

**[SECTION 15. CONFIDENTIALITY.**

23 (a) The initial entity information statement of a conventional privately-held entity and  
24 any amended statement or statement of change shall be kept confidential by the [Secretary of  
25 State] and shall not be disclosed except:

1 (1) to an authorized agent of a [local, state, or] federal law enforcement agency,  
2 [state agency,] federal agency or committee or subcommittee of the United States Congress [or a  
3 state legislature] upon the request of the agent in a signed record;

4 (2) in response to a request made in a record by a federal agency on behalf of  
5 another country under:

6 (A) an international treaty, agreement, or convention; or

7 (B) 28 U.S.C. section 1782; or

8 (3) to a person who is shown in the records of the [Secretary of State] as a current  
9 records contact, responsible individual, governor, or officer of the entity upon the request of the  
10 person in a signed record.

11 **Legislative Note:** *With respect to paragraph (1), see the Legislative Note to Section 2(1).*

12  
13 (b) A request pursuant to subsection (a)(1) or (2) shall be kept confidential by the  
14 [Secretary of State] and shall be disclosed only pursuant to a subsequent request under  
15 subsection (a)(1) or (2).]

### 16 **Comment**

17  
18 This section is optional because it implicates policy concerns beyond the scope of this  
19 act. Enactment or omission of this section will not affect the purpose of this act to provide law  
20 enforcement with important sources of information about conventional privately-held entities.  
21 Some states may decide that it is appropriate to keep entity contact statements confidential as  
22 permitted by this section. Other states may conclude that it is appropriate to make the contents  
23 of entity contact statements publicly available.

24  
25 This section does not require that the request of a law enforcement agency for access to  
26 an entity information statement must be an “appropriate request” as defined in Section 2. Any  
27 request in a record from an authorized law enforcement agent should be honored by the  
28 Secretary of State.

### 29 **SECTION 16. TRANSITIONAL PROVISION.**

30  
31 (a) On or before the date provided in subsection (b), a domestic filing entity in existence

1 on [the effective date of this act] must deliver to the [Secretary of State] for filing:

2 (1) an amendment of its public organic record that contains the statement  
3 required by Section 3(b); and

4 (2) if it is a conventional privately-held entity, an initial entity information  
5 statement.

6 (b) A domestic filing entity must comply with subsection (a) by the earlier of:

7 (1) [the second anniversary of the effective date of this act]; or

8 (2) the date the entity first delivers to the [Secretary of State] for filing any other  
9 document.

10 (c) The [Secretary of State] shall, not earlier than [the first anniversary of the effective  
11 date of this act], mail to every domestic filing entity that has not complied with subsection (a)  
12 before that date a notice advising the entity of the requirement to comply with subsection (a).  
13 Failure by the [Secretary of State] to provide the notice to any entity, or failure by any person to  
14 receive the notice, shall not relieve an entity of the obligation to comply with subsection (a).

15 [(d) The amendment required by subsection (a)(1) does not need to be approved by the  
16 governors or interest holders of a domestic filing entity.]

17 **Legislative Note:** *Optional subsection (d) is intended to simplify the procedure for approving an*  
18 *amendment of the public organic record so that, for example, an amendment to the articles of*  
19 *incorporation of a business corporation to adopt the statement as to whether the corporation is a*  
20 *conventional privately-held entity may be filed without action by the board of directors or*  
21 *shareholders. As with the similar optional provision in Section 3(c), an enacting state may*  
22 *choose to place that provision in the individual organic laws for each type of entity listed in the*  
23 *definition of “domestic filing entity” in Section 2 or may decide to vary the rule of subsection (d)*  
24 *for some types of entities by requiring, for example, approval by the governors.*

25  
26

### Comment

27 The intention of this act is that all entities will be in compliance within two years after the  
28 effective date of the act. Subsection (d) requires the Secretary of State to send out a reminder  
29 notice one year after the effective date to facilitate compliance. That notice or lack thereof does

1 not modify or affect the requirement that all entities must comply with subsection (a) within two  
2 years after the effective date of the act. Failure of a domestic filing entity to comply with  
3 subsection (a) is grounds for administrative dissolution of the entity under Section 9.  
4

5 **SECTION 17. UNIFORMITY OF APPLICATION AND CONSTRUCTION.** In  
6 applying and construing this uniform act, consideration must be given to the need to promote  
7 uniformity of the law with respect to its subject matter among states that enact it.

8 **SECTION 18. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND**  
9 **NATIONAL COMMERCE ACT.** This [act] modifies, limits, and supersedes the federal  
10 Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et seq., but  
11 does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c), or  
12 authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15  
13 U.S.C. Section 7003(b).

14 **SECTION 19. REPEALS.** The following acts and parts of acts are repealed:

15 (1)

16 *Legislative Note: If a state chooses to include optional Section 15, the state's open records or*  
17 *similar law must be amended or repealed to the extent it would require that an entity information*  
18 *statement or statement of change not be kept confidential as provided in Section 15.*  
19

20 **SECTION 20. EFFECTIVE DATE.** This [act] takes effect on . . . .