

Are Your Corporate Minutes up to Date? Compliance is the Law.



“ The sole stockholder did not keep corporate minutes: the court held that such a circumstance justified a disregard of the corporate entity.”

- *Cohen vs. Williams, 294 Ala. 417, 318 So.2d 279*

Corporate Record Keeping Just Got Easy A Service Offered by Madsen and Company

Why Are Minutes So Important?

It's The Law

Minutes are legal records that document actions and approve business decisions made by the principals of the business throughout the year. It is important to have and document a separation between the owners and their companies, which will protect the owners and principals from liability.

State law requires corporations to prepare Annual Minutes of the Shareholders. Additionally, Board of Directors Minutes are necessary to document actions taken on behalf of the corporation throughout the year and serves as a track record to document what business has transpired and to confirm the approval of the officers and directors decisions. Although most state laws do not require LLCs to have Minutes, it is recommended to document the actions approved by the members and/or managers. Also, it is common in an LLC for the operating agreement to indicate a requirement to prepare Minutes.

Without current and complete Minutes, the shareholders, officers and/or directors could be held personally liable for the actions of the corporation. Even worse, the legal protection could be in jeopardy if a creditor successfully pierces the corporate veil due to the corporation's failure to keep complete Minutes.

As a general rule, a corporation may be disregarded if it does not maintain a separate identity from its shareholders. In determining whether the corporation has maintained its separate identity, courts consider the degree to which the corporate legal formalities have been maintained, and the degree to which individual and corporate assets and affairs have been comingled. (*United States vs. Van Diviner, 822 F.2d 960, 965*)

Minutes include important items such as:

- Annual meeting of the shareholders
- Election of or changing officers and directors
- Changes in bank accounts (authorized signers, new accounts)
- Filing for S corporation election
- Recording tax decisions and benefits
- Retaining professionals such as a CPA or lawyer

Protect Yourself

Your corporate protection may be in jeopardy if a creditor successfully sues you and pierces the corporate veil due to the failure of keeping complete minutes. Call today and get compliant now.



MADSEN AND COMPANY
Certified Public Accountants

Madsen and Company

Get Compliant Now: Complete the reverse of this questionnaire now and fax or mail to: 7368 S. Opal Hill Dr., West Jordan, UT 84084; Fax: (801) 260-1005
Questions? Call (810) 260-1004



COMPANY INFORMATION			
Name of Company			
Physical Address		City	State Zip
Contact Person		E-mail	
Company Year End		Date meeting held per company Bylaws or Operating Agreement:	
Date you filed with the State		State incorporated in	
Minutes are being prepared for what year(s): <i>For multiple years minutes, please copy this form and complete one for each year.</i>		Minutes Pricing <input type="checkbox"/> 2005 1st year = \$195 <input type="checkbox"/> 2004 2nd previous year \$175 <input type="checkbox"/> 2003 3rd previous year \$155 <input type="checkbox"/> 2002 All other previous years \$135	
FOR CORPORATIONS: ARE THERE ANY CHANGES IN SHAREHOLDERS, DIRECTORS OR OFFICERS?			
<input type="checkbox"/> Yes <input type="checkbox"/> No		If yes, specify:	
FOR LLCs: ARE THERE ANY CHANGES IN MEMBERS OR MANAGERS?			
<input type="checkbox"/> Yes <input type="checkbox"/> No		If yes, specify:	
For LLC only, check one: <input type="checkbox"/> Member Managed <input type="checkbox"/> Manager Managed			
CHECK IF ANY OF THESE ACTIONS NEEDS TO BE DOCUMENTED:			
<input type="checkbox"/> Yes <input type="checkbox"/> No	Salaries and bonuses paid to officers and directors (for corporations)		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Changes to the company's bank account (such as changing from one bank to another, adding or deleting signers, new accounts established)		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Important tax decisions such as the approval or revocation of an S election		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Document contributions to defined benefits and pension plans		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Adoption or termination of pension plans, 401(k), SEP or profit sharing plans		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Bank or other borrowing; credit cards established or credit lines established or renewed		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Loans to officers, directors, shareholders to employees		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Leasing of commercial space (office or place of business)		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Purchase or lease of equipment, furniture, computers or vehicles		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Sale of any significant business assets		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Purchase of real estate		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Employment of a professional adviser such as a consultant, CPA or lawyer		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Adoption of an employee manual		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Any other material transaction If yes, specify:		
LIST ANY OTHER BUSINESS TO DOCUMENT IN THE MINUTES:			
MAIL FORM TO:			
Madsen and Company; 7368 S. Opal Hill Dr., West Jordan, UT 84084; (810) 260-1004		Fax form to: (801) 260-1005	
Payment: <input type="checkbox"/> Visa <input type="checkbox"/> Mastercard Card No.		Expiration Date	
Authorized Signer		Today's Date	