



2020 | CSC GUIDE

# DOING BUSINESS OUTSIDE YOUR STATE



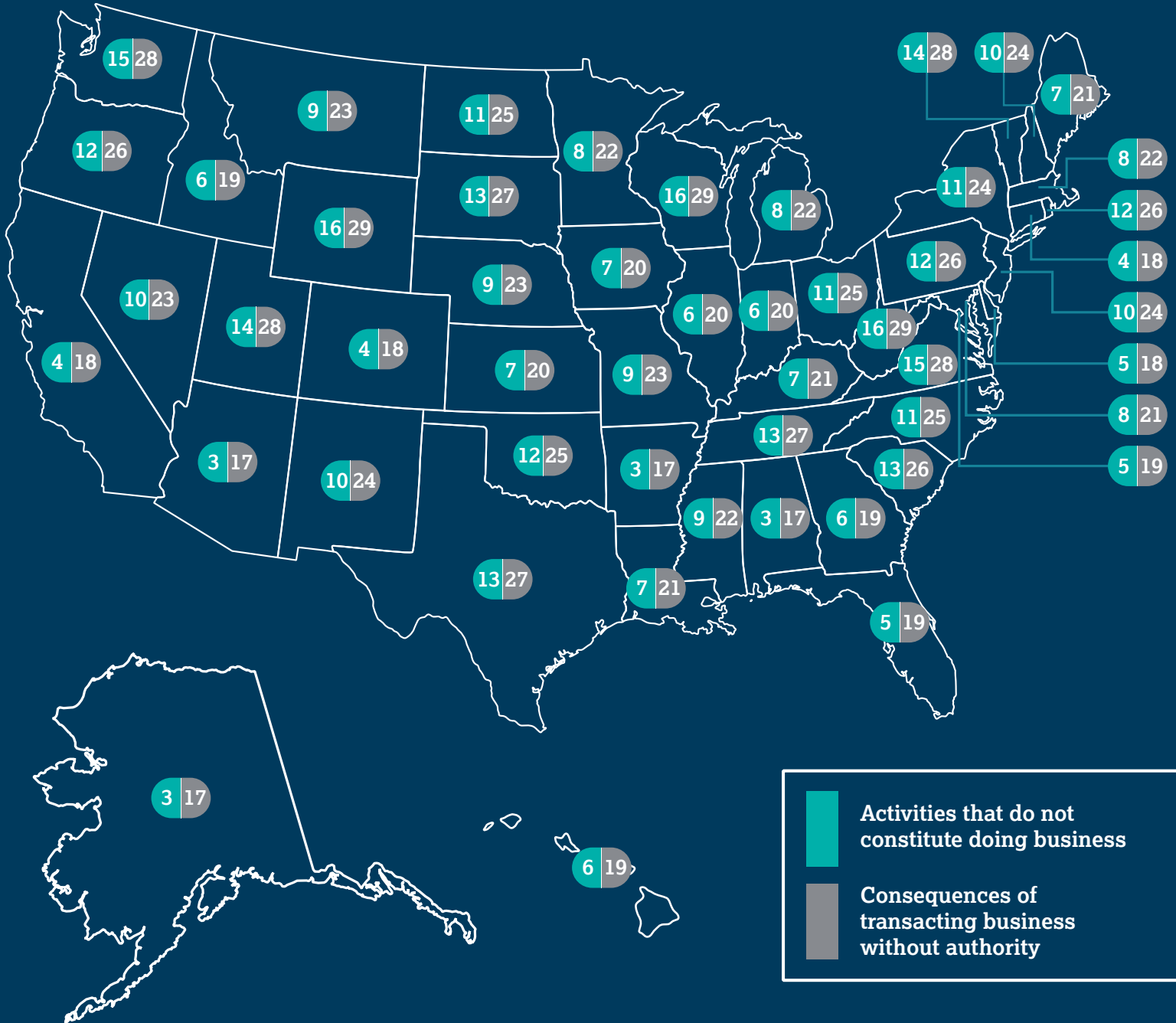
# DOING BUSINESS OUTSIDE YOUR STATE

## The 2020 CSC Guide



The following charts are excerpted from *Qualifying to Do Business in Another State: The CSC® 50-State Guide to Qualification*. The Revised Model Business Corporation Act (RMBCA) defines what does not constitute doing business. It lists activities that alone are insufficient to require a foreign corporation to qualify to do business in a foreign state. Therefore, the following chart outlines these insufficient activities to provide clarification as to what does not constitute doing business in a particular state. The second chart outlines the consequences of transacting business without authority.

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## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|                       |   |   |   |   |   |   |   |   |   |   | Comments  | State statutes   |
|-----------------------|---|---|---|---|---|---|---|---|---|---|---|--|
| <b>AL</b><br>ALABAMA  |   |   |   |   |   |   |   |   |   |   | <p>Did not adopt the RMBCA qualification language.</p> <p>Furthermore, state statutes give no guidance on what activities constitute not doing business. Therefore, one must find what activities are not doing business from Alabama case law or federal law — “[a] foreign entity is not required to register ... <b>if other law of this state</b> or [i]f federal law authorizes the entity to transact the particular business authorized by law in this state.” Ala. Code § 10A-1-7.02(c). Alabama courts have interpreted what actions constitute not doing business or the types of business that do not merit qualification. For example, see <i>Marcus v. J.R. Watkins Co.</i>, 188 So.2d 543, 547-549 (Ala. 1966) (Alabama Supreme Court found corporation was doing or transacting business in the state where it did “a great deal more activity ... than the mere solicitation of orders.” The Court found that renting hotel rooms in the state, renting meeting halls in the state, and hiring two full-time salaried employees in the state constituted activity that elevated the acts of sales solicitations in the state to the level of transacting business). Also see <i>Casa Invs. Co. v. Boles</i>, 931 So.2d 53 (Ala. Civ. App. 2005) (court held that initiating lawsuit in Alabama to collect on a debt was not doing business); <i>Kelley v. Nawas Int’l Travel Serv.</i>, 68 So.3d 823, 831 (Ala. 2011) (providing travel and touring advice to customers throughout the United States is interstate in nature and not doing business in Alabama for qualification purposes).</p> <p><b>Also note</b> that foreign unincorporated nonprofit associations and general partnerships are not required to qualify in Alabama § 10A-1-7.02(d) and § 10A-1-7.21.</p> <p>Changes to 10A-1-7.01: The 2019 amendment substituted “the foreign entity’s registration” for “the entity’s registration” in (d).</p> <p>Changes to 10A-1-7.21: Substituted “pursuant to federal law” for “under federal law” in (a).</p> | <p>Ala. Code § 10A-1-7.01; § 10A-1-7.02</p> <p>Ala. Code § 10A-1-7.21 (2020)</p> |
| <b>AK</b><br>ALASKA   | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted a substantial part of the RMBCA qualification language.   | Alaska Stat. § 10.06.718 (2019)  |
| <b>AZ</b><br>ARIZONA  | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | <p>Adopted the RMBCA qualification language.</p> <p><b>Added to list of what does not constitute doing business:</b> Being a limited partner of a limited partnership or a member of a limited liability company. § 10-1501(B)(12).</p> <p><b>Also added to statute:</b> This section does not apply to insurance corporations or any corporation transacting in this state only the business of lending monies to religious, social, or benevolent associations. § 10-1501(D).</p>   | A.R.S. § 10-1501 (2019)  |
| <b>AR</b><br>ARKANSAS | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.   | Ark. Code. Ann. § 4-27-1501 (2019)   |

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                  - Maintaining bank accounts
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|                          | Engaging in litigation | Interstate commerce | Isolated transaction | Owning real or personal property | Securing or collecting debts | Creating or acquiring indebtedness | Soliciting orders by mail or otherwise | Selling through independent contractors | Maintaining offices or agencies for the transfer of securities | Maintaining bank accounts | Carrying on internal corporate affairs | Comments  | State statutes                   |
|--------------------------|------------------------|---------------------|----------------------|----------------------------------|------------------------------|------------------------------------|--|---|--|---------------------------|--|---|----------------------------------|
| <b>CA</b><br>CALIFORNIA  | ●                      | ●                   |                      | ●                                | ●                            | ●                                  | ●                                      | ●                                       | ●  |                           |  | Adopted some of the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business:</b><br>Specific activities of foreign lending institutions: Being a shareholder of a domestic corporation or foreign corporation transacting intrastate business; being a limited partner of a domestic limited partnership or foreign limited partnership conducting intrastate business; being a member or manager of a domestic limited liability company or foreign limited liability company transacting intrastate business; having a subsidiary that transacts intrastate business. § 191(b)(1) to (6).<br><b>Changes:</b> Modified isolated transaction timeframe from 30 days to 180 days. § 191(c)(8).  | Cal. Corp. Code § 191 (2019)     |
| <b>CO</b><br>COLORADO    | ●                      | ●                   | ●                    | ●                                | ●                            | ●                                  | ●                                      | ●                                       | ●  | ●                         | ●                                      | Adopted similar language to that of the RMBCA.<br><b>Added to list of what does not constitute doing business:</b><br>In the case of a foreign nonprofit corporation: a) Granting funds, b) Distributing information to its members. § 7-90-801(2)(m).<br><b>Specifically described the following as doing business:</b><br>Nonprofit entity is considered transacting business in state if required to register as a charitable organization under Colo. Rev. Stat. § 6-16-104; § 7-90-801(5).   | C.R.S. § 7-90-801 (2019)         |
| <b>CT</b><br>CONNECTICUT | ●                      | ●                   | ●                    | ●                                | ●                            | ●                                  | ●                                      | ●                                       | ●  | ●                         | ●                                      | Adopted the RMBCA qualification language.<br><b>Alert:</b> State tends toward a broad interpretation of the exceptions. See, e.g., <i>Donner v. Knoa Corp.</i> , 2002 US Dist. LEXIS 17618, *8 (D. Conn. 2002); <i>Chemical Trading, Inc. v. Man. de Prod. Chimiques de Tournan</i> , 870 F. Supp. 21, 23 (D. Conn. 1994).<br><b>Note language of § 33-920(a):</b> “A foreign corporation, other than an insurance, surety, or indemnity company, may not transact business in this state until it obtains a certificate of authority from the secretary of state. No foreign corporation engaged in the business of a gas, electric distribution, or water company, or cemetery corporation, or of any company requiring the right to take and condemn lands or to occupy the public highways of this state, and no foreign telephone company, shall transact in this state the business authorized by its certificate of incorporation or by the laws of the state under which it was organized, unless empowered so to do by some general or special act of this state, except for the purpose of carrying out and renewing contracts existing upon August 1, 1903. No insurance, surety, or indemnity company shall transact business in this state until it has procured a license from the Insurance Commissioner in accordance with the provisions of § 38a-41.” | Conn. Gen. Stat. § 33-920 (2019) |

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## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|                           |   |   |   |   |   |   |   |   |   | Comments | State statutes  |                                   |
|---------------------------|---|---|---|---|---|---|---|---|---|----------|---|-----------------------------------|
| DE<br>DELAWARE            |   |   |   |   |   |   |   |   |   |          | <p>Adopted only portions of the RMBCA qualification language and added other activities.</p> <p>Significantly added to the “soliciting orders by mail or otherwise” exception. § 373(a)(1)-(2).</p> <p><b>Notable additions to list of what does not constitute doing business:</b> If it sells, by contract consummated outside this state, and agrees, by the contract, to deliver into this state, machinery, plants, or equipment, the construction, erection, or installation of which within this state requires the supervision of technical engineers or skilled employees performing services not generally available, and as a part of the contract of sale agrees to furnish such services, and such services only, to the vendee at the time of construction, erection, or installation. § 373(a)(3).</p> <p>If it is an insurance company doing business in this state. § 373(a)(5).</p> <p><b>Alert:</b> Delaware’s and Oklahoma’s “doing business” exceptions are similar, and thus Oklahoma case law may be useful in interpreting the exceptions language noted above for Delaware.</p>  | 8 Del. C. § 373(a)(1)-(2) (2020)  |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           |   | ● |   |   |   |   |   |   |   |          |   |                                   |
|                           |   |   | ● |   |   |   |   |   |   |          |   |                                   |
|                           |   |   |   | ● |   |   |   |   |   |          |   |                                   |
|                           |   |   |   |   | ● |   |   |   |   |          |   |                                   |
|                           |   |   |   |   |   | ● |   |   |   |          |   |                                   |
|                           |   |   |   |   |   |   | ● |   |   |          |   |                                   |
|                           |   |   |   |   |   |   |   | ● |   |          |   |                                   |
|                           |   |   |   |   |   |   |   |   | ● |          |   |                                   |
| DC<br>WASHINGTON,<br>D.C. |   |   |   |   |   |   |   |   |   |          | <p>Adopted the RMBCA qualification language.</p> <p><b>Added to list of what does not constitute doing business:</b> A person does not do business in the District solely by being an interest holder or governor of a foreign entity that does business in the District. § 29-105.05(c).</p>   | D.C. Code Ann. § 29-105.05 (2020) |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           |   | ● |   |   |   |   |   |   |   |          |   |                                   |
|                           |   |   | ● |   |   |   |   |   |   |          |   |                                   |
|                           |   |   |   | ● |   |   |   |   |   |          |   |                                   |
|                           |   |   |   |   | ● |   |   |   |   |          |   |                                   |
|                           |   |   |   |   |   | ● |   |   |   |          |   |                                   |
|                           |   |   |   |   |   |   | ● |   |   |          |   |                                   |
| FL<br>FLORIDA             |   |   |   |   |   |   |   |   |   |          | <p>Adopted the RMBCA qualification language.</p> <p><b>Added to list of what does not constitute doing business:</b></p> <p>Owning and controlling a subsidiary corporation incorporated in or transacting business within this state or voting the stock of any corporation which it has lawfully acquired. § 607.1501(k).</p> <p>Owning a limited partnership interest in a limited partnership that is doing business within this state, unless such limited partner manages or controls the partnership or exercises the powers and duties of a general partner. § 607.1501(l).</p> <p>The 2019 amendment by s. 197 ch. 2019-90 added “activities not constituting transacting business” in the section heading; deleted “of state” at the end of (1); added “mediating, arbitrating” in (2)(a); rewrote (2)(b); added “in financial institutions” in (2)(c); in (2)(d), substituted “offices” for “officers” and “securities of the foreign corporation”; substituted “or security” for “and security” in (2)(g) and (2)(h); added “and holding, protecting, or maintaining property so acquired” in (2)(h); rewrote (2)(k); in (2)(l), substituted “transacting business” for “doing business” and “the limited partner” for “such limited partner”; added “protecting, and maintaining” in (2)(m); added “list of activities that do not constitute transacting business within the meaning of subsection (1)” in (3); rewrote (4); and made a stylistic change.</p> | Fla. Stat. Ann. § 607.1501 (2020) |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |
|                           | ● |   |   |   |   |   |   |   |   |          |   |                                   |

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|                       |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  | Comments  | State statutes              |
|-----------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|---|-----------------------------|
| <b>GA</b><br>GEORGIA  | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ●  | Adopted the RMBCA qualification language.<br><b>Changes:</b> Removed timeframe from isolated transaction exception and replaced with “conducting an isolated transaction not in the course of a number of repeated transactions of a like nature.” § 14-2-1501(10).<br><b>Also note subsections (12), (13), and (14) (through § 14-2-1501(b)) regarding activities that do not constitute doing business:</b> <ul style="list-style-type: none"> <li>(12) Serving as trustee, executor, administrator, or guardian or in like fiduciary capacity, where permitted to serve by the laws of this state;</li> <li>(13) Owning (directly or indirectly) an interest in or controlling (directly or indirectly) another entity organized under the laws of, or transacting business within, this state; or</li> <li>(14) Serving as a manager of a limited liability company organized under the laws of, or transacting business within, this state.</li> </ul> | O.C.G.A. § 14-2-1501 (2019) |
| <b>HI</b><br>HAWAII   | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.  | H.R.S. § 414-431 (2019)   |                             |
| <b>ID</b><br>IDAHO    | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.  | Idaho Code § 30-21-505 (2019)   |                             |
| <b>IL</b><br>ILLINOIS | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted portions of the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business:</b> Having a corporate officer or director who is a resident of this state. 805 ILCS 5/13.75(11).<br><b>Changes:</b> Modified the timeframe of the isolated transaction from 30 days to 120 days, and further defined isolated transaction as “not one in the course of repeated transactions of a like nature.” 805 ILCS 5/13.75(10).   | 805 ILCS 5/13.75 (2019)   |                             |
| <b>IN</b><br>INDIANA  | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br>Additions to the 2018 Indiana statute: <ul style="list-style-type: none"> <li>(12) If the entity is a nonprofit corporation, soliciting funds if otherwise authorized by Indiana law.</li> <li>(b) A person does not do business in Indiana solely by being an interest holder or governing person of a foreign entity that does business in Indiana.</li> <li>(d) The list of activities in subsection (a) is not exhaustive and recodifies, not repeals, those activities previously listed in previous statute.</li> </ul> | Burns Ind. Code Ann. § 23-0.5-5-5 (2019)  |                             |

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|------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| <b>IA</b><br>IOWA      | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.   | Iowa Code § 490.1501 (2019)                                 |
| <b>KS</b><br>KANSAS    | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted substantial parts of the RMBCA qualification language.<br><b>Alert:</b> This state tends toward a narrow reading of the exceptions. See, e.g., <i>A.H.L., Inc. v. Star Ins. Co.</i> , 10 F. Supp. 2d 1216 (D. Kan. 1998); <i>Alliance Steel, Inc. v. Piland</i> , 134 P. 3d 669 (Kan. Ct. App. 2006).<br><b>Note language in K.S.A. 17-7932(a)(7), activities that do not constitute doing business:</b><br>“[S]elling, by contract consummated outside the state of Kansas, and agreeing, by the contract, to deliver into the state of Kansas machinery, plants, or equipment, the construction, erection, or installation of which within the state requires the supervision of technical engineers or skilled employees performing services not generally available, and as part of the contract of sale agreeing to furnish such services, and such services only, to the vendee at the time of construction, erection, or installation.”<br><b>Also, note K.S.A. § 17-7932(b):</b> “A person shall not be deemed to be doing business in the state of Kansas solely by reason of being a member, stockholder, limited partner, or governor of a domestic covered entity or a foreign covered entity.” | K.S.A. § 17-7932 (2019)                                     |
| <b>KY</b><br>KENTUCKY  | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br>Does not apply to a foreign insurer with a certificate of authority from the commissioner of the Department of Insurance. § 14A.9-010(7).<br>Does not apply to foreign general partnerships. § 14A.9-010(4).<br><b>Does</b> apply to foreign limited liability partnerships. § 14A.9-010(4).   | K.R.S. § 14A.9-010 (2019)                                   |
| <b>LA</b><br>LOUISIANA | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business:</b><br>Acquiring and disposing of property or a property interest, not as a part of any regular business activity. § 12:302(J).<br>Specific activities of banking institutions. § 12:302(K).  | La. R.S. § 12:302 (2019)<br>Note: Updates still in progress |
| <b>ME</b><br>MAINE     | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business:</b><br>Engaging as a trustee in those actions defined by Title 18-C, § 7-103 as not in themselves requiring local qualification of a foreign corporate trustee. § 1501(L).<br>Owning and controlling a subsidiary corporation incorporated in or transacting business within this state. § 1501(M).   | 13-C, M.R.S. § 1501 (2019)                                  |

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|----------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|---|
| <b>MD</b><br>MARYLAND      | ● | ● | ● |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | <p>Did not adopt all sections of the RMBCA qualification language.</p> <p><b>Added to list of what does not constitute intrastate business in § 7-103:</b></p> <p>Appointing and maintaining trustees or depositories with respect to its securities. § 7-103(5).</p> <p><b>Note language of § 7-201:</b> This subtitle does not apply to:</p> <ol style="list-style-type: none"> <li>(1) An insurance company subject to the provisions of the insurance article;</li> <li>(2) A railroad operating in this state;</li> <li>(3) A national bank that:               <ol style="list-style-type: none"> <li>(i) Has its main office located in this state; or</li> <li>(ii) Does not maintain a branch in this state;</li> </ol> </li> <li>(4) A federal credit union;</li> <li>(5) A foreign nonstock corporation whose only activity in this state is supplying police, fire, rescue, or emergency services personnel on a nonprofit basis to assist in an area covered by a state of emergency declared by the governor under § 14-107 of the Public Safety Article.</li> </ol> <p><b>Note:</b> As of 7/1/2019, Maryland no longer requires a trustee engaging in actions in §7-103 and 7-105 to qualify.</p> | Md. Corporations and Associations Code Ann., §§ 7-103; 7-201 (2020) |
| <b>MA</b><br>MASSACHUSETTS | ● | ● | ● |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | <p>Deviates significantly from RMBCA qualification language.</p> <p><b>ALM GL ch. 156D, § 15.01(b):</b> The following activities, among others, do constitute transacting business within the meaning of subsection (a):</p> <ol style="list-style-type: none"> <li>(1) the ownership or leasing of real estate in the commonwealth;</li> <li>(2) engaging in the construction, alteration, or repair of any structure, railway, or road; or</li> <li>(3) engaging in any other activity requiring the performance of labor.</li> </ol> <p><b>Added to list of what does not constitute doing business:</b></p> <p>Certain activities of entities subject to banking and insurance regulations under Mass. Gen. Laws ch. 167 &amp; 175. § 15.01(c)(11).</p>  | ALM GL ch. 156D, § 15.01 (2019)                                     |
| <b>MI</b><br>MICHIGAN      | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.  | MCLS § 450.2012 (2019)  |
| <b>MN</b><br>MINNESOTA     | ● | ● | ● | ● | ● |   |   |   |   |   |   |   |   |   |   |   |   |   |   | <p>Adopted substantial portions of the RMBCA qualification language, but not all.</p> <p><b>Changes:</b> Holding title to and managing real or personal property situated in this state as executor of will, administrator of estate, trustee of trust, guardian of person, or conservator of estate. § 303.03(e).</p> <p>Special language with respect to creating or acquiring indebtedness. § 303.03(f).</p>  | Minn. Stat. § 303.03 (2019)   |

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                  - Maintaining bank accounts
                    - Carrying on internal corporate affairs

## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|                          |   |   |   |   |   |   |   |   |   |   |   |   |   |   | Comments  | State statutes                      |
|--------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|-------------------------------------|
| <b>MS</b><br>MISSISSIPPI | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ●   | Adopted the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business:</b> Being a shareholder in a corporation or a foreign corporation that transacts business in this state. § 79-4-15.01(b)(12). Being a limited partner of a limited partnership or foreign limited partnership that is transacting business in this state. § 79-4-15.01(b)(13). Being a member or manager of a limited liability company or foreign limited liability company that is transacting business in this state. § 79-4-15.01(b)(14). | Miss. Code Ann. § 79-4-15.01 (2019) |
| <b>MO</b><br>MISSOURI    | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted some parts of the RMBCA qualification language.   | § 351.572 R.S.Mo. (2019)  |                                     |
| <b>MT</b><br>MONTANA     | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br><br>MT legislators repealed 35-1-1026 MCA (2018) pertaining to foreign qualification, and replaced it with 2019 Mt. Laws 207(4). The new sections affecting foreign qualification are: § 203 “Foreign Corporations—governing law,” § 204 “Registration to do business in this state,” and § 207 “Activities not constituting doing business.” The new legislation is effective as of 6/1/2020. | § 35-1-1026 MCA (2019)  |                                     |
| <b>NE</b><br>NEBRASKA    | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business:</b> Acting as a foreign corporate trustee to the extent authorized under section 30-3820. § 21-20,168(2)(l).<br><b>Also note:</b> The requirements of the Business Corporation Act shall not be applicable to foreign or alien insurers, which are subject to the requirements of Chapter 44 [Insurance]. § 21-20,168(4).         | Neb. Rev. Stat. Ann. § 21-20,168 (2019)   |                                     |

- Engaging in litigation
- Interstate commerce
- Isolated transaction
- Owning real or personal property
- Securing or collecting debts
- Creating or acquiring indebtedness
- Soliciting orders by mail or otherwise
- Selling through independent contractors
- Maintaining offices or agencies for the transfer of securities
- Maintaining bank accounts
- Carrying on internal corporate affairs

## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|                            |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  | Comments  | State statutes                       |
|----------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|---|--------------------------------------|
| <b>NV</b><br>NEVADA        | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ●  | <p>Based its qualification language on the RMBCA qualification language and on Delaware's qualification language.</p> <p><b>Added to list of what does not constitute doing business:</b> The production of motion pictures as defined in NRS § 231.020; Transacting business as an out-of-state depository institution pursuant to the provisions of Title 55 of NRS. NRS § 80.015(1)(k).</p> <p><b>Specifically described the following as doing business:</b> Maintains an office in this state for the transaction of business. NRS § 80.015(3)(a). Solicits or accepts deposits in the state, except pursuant to the provisions of chapter 666 or 666A of NRS. NRS § 80.015(3)(b). Solicits business for the activities of a mortgage company as defined in NRS 645B.0127. NRS § 80.015(3)(c). Arranges a mortgage loan secured by real property, which is not commercial property as defined by NRS 645B.01047. NRS § 80.015(3)(d). The 2017 amendment by ch. 486, effective January 1, 2020, substituted "chapter 645A or 645B of NRS" for "chapter 645A, 645B or 645E of NRS" in the introductory language of (3); substituted "mortgage company as defined in NRS 645B.0127" for "mortgage broker as defined by NRS 645E.0127 or the activities of a mortgage banker as defined by NRS 645E.100" in (3)(c); and substituted "as defined in NRS 645B.01047" for "as defined by NRS 645E.040" in (3)(d).</p> | Nev. Rev. Stat. Ann. § 80.015 (2020) |
| <b>NH</b><br>NEW HAMPSHIRE | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | <p>Adopted the RMBCA qualification language.</p> <p><b>Note:</b> Any so-called Massachusetts trust or business trust established by law of any other state, desiring to do business in this state, shall be deemed to be a foreign corporation, and shall be required to register under and comply with the provisions of this subdivision. § 293-A:15.01(e).</p>  | RSA § 293-A:15.01 (2019)  |                                      |
| <b>NJ</b><br>NEW JERSEY    | ● |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | <p>Deviates significantly from RMBCA list of transactions not constituting doing business.</p>   | N.J. Stat. § 14A:13-3 (2019)  |                                      |
| <b>NM</b><br>NEW MEXICO    | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | <p>Adopted the RMBCA qualification language.</p> <p><b>Added to list of what does not constitute doing business:</b> Investing in or acquiring, in transactions outside New Mexico, royalties and other non-operating mineral interests and the execution of division orders, contracts of sale, and other instruments incidental to the ownership of the non-operating mineral interests. § 53-17-1(K).</p> | N.M. Stat. Ann. § 53-17-1 (2019)  |                                      |



- Engaging in litigation
  - Interstate commerce
    - Isolated transaction
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        - Securing or collecting debts
          - Creating or acquiring indebtedness
            - Soliciting orders by mail or otherwise
              - Selling through independent contractors
                - Maintaining offices or agencies for the transfer of securities
                  - Maintaining bank accounts
                    - Carrying on internal corporate affairs

## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|                    |   |   |   |   |   |   |   |   |   |   | Comments  | State statutes                      |
|--------------------|---|---|---|---|---|---|---|---|---|---|---|-------------------------------------|
| OK<br>OKLAHOMA     |   |   |   |   |   |   |   |   |   |   | Deviates significantly from RMBCA qualification language, tracking Delaware language. See Delaware comments above.<br><b>Alert:</b> Oklahoma's exceptions track Delaware's exceptions, and thus Delaware's case law may be useful in interpreting the exceptions language for Oklahoma. See, e.g., <i>Kimbrough Roofing, Inc. v. Terrace Apts.</i> , 1985 Kan. App. LEXIS 777 (Kan. Ct. App. May 23, 1985).<br><b>Note language of § 1132 (2), (3), and (5):</b><br>(2) it employs salesmen, either resident or traveling, to solicit orders in this state, either by display of samples or otherwise, whether or not maintaining sales offices in this state, all orders being subject to approval at the offices of the corporation without this state, and all goods applicable to the orders being shipped in pursuance thereof from without this state to the vendee or to the seller or his agent for delivery to the vendee, and if any samples kept within this state are for display or advertising purposes only, and no sales, repairs, or replacements are made from stock on hand in this state; or<br>(3) it sells, by contract consummated outside this state, and agrees by the contract, to deliver into this state, machinery, plants, or equipment, the construction, erection, or installation of which within this state requires the supervision of technical engineers or skilled employees performing services not generally available, and as a part of the contract of sale agrees to furnish such services, and such services only, to the vendee at the time of construction, erection, or installation; or<br>(5) it is an insurance company doing business in this state. | 18 Okl. St. § 1132 (2019)           |
|                    | ● |   |   |   |   |   |   |   |   |   |   |                                     |
|                    | ● | ● |   |   |   |   |   |   |   |   |   |                                     |
|                    | ● | ● | ● |   |   |   |   |   |   |   |   |                                     |
|                    | ● | ● | ● | ● |   |   |   |   |   |   |   |                                     |
|                    | ● | ● | ● | ● | ● |   |   |   |   |   |   |                                     |
|                    | ● | ● | ● | ● | ● | ● |   |   |   |   |   |                                     |
|                    | ● | ● | ● | ● | ● | ● | ● |   |   |   |   |                                     |
|                    | ● | ● | ● | ● | ● | ● | ● | ● |   |   |   |                                     |
|                    | ● | ● | ● | ● | ● | ● | ● | ● | ● |   |   |                                     |
|                    | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |   |                                     |
| OR<br>OREGON       | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.   | ORS § 60.701 (2019)                 |
| PA<br>PENNSYLVANIA | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted substantial portions of the RMBCA qualification language. Solely being an interest holder or governor of a foreign entity that does business in Pennsylvania does not by itself constitute doing business in Pennsylvania. 15 Pa. C.S. § 403(b).  | 15 Pa. C.S. § 403 (2019)            |
| RI<br>RHODE ISLAND | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business:</b><br>Acting as a general partner of a limited partnership which has filed a certificate of limited partnership as provided in § 7-13-8 or has registered with the secretary of state as provided in § 7-13-49. § 7-1.2-1401(b)(11).<br>Acting as a member of a limited liability company which has registered with the secretary of state as provided in § 7-16-49. § 7-1.2-1401(b)(12).  | R.I. Gen. Laws, § 7-1.2-1401 (2019) |

- Engaging in litigation
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        - Securing or collecting debts
          - Creating or acquiring indebtedness
            - Soliciting orders by mail or otherwise
              - Selling through independent contractors
                - Maintaining offices or agencies for the transfer of securities
                  - Maintaining bank accounts
                    - Carrying on internal corporate affairs

## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|                             |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | Comments  | State statutes                          |
|-----------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| <b>SC</b><br>SOUTH CAROLINA | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business:</b> Owning and controlling a subsidiary corporation incorporated in or transacting business within this state. § 33-15-101(b)(12).<br>Owning, without more, an interest in a limited liability company organized or transacting business in this state. § 33-15-101(b)(13).   | S.C. Code Ann. § 33-15-101 (2019)       |
| <b>SD</b><br>SOUTH DAKOTA   | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the MBCA qualification language.  | S.D. Codified Laws § 47-1A-1501 (2019)  |
| <b>TN</b><br>TENNESSEE      | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted the RMBCA qualification language.<br><b>Changes:</b> Modified the timeframe of the isolated transaction from 30 days to one month, and further defined isolated transaction as “not one in the course of repeated transactions of a like nature.” § 48-25-101(b)(10).<br><b>Added to “owning real or personal property” exception in § 48-25-101(b)(9):</b> § 48-25-101. “Owning, without more, real or personal property; provided, that for a reasonable time the management and rental of real property acquired in connection with enforcing a mortgage or deed of trust shall also not be considered transacting business if the owner is attempting to liquidate the owner’s investment and if no office or other agency therefore, other than an independent agency, is maintained in this state.”   | Tenn. Code Ann. § 48-25-101 (2019)      |
| <b>TX</b><br>TEXAS          | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted most of the RMBCA qualification language but deviates significantly from the RMBCA.<br><b>Note language in § 9.251(5), (11), (12), (13), and (14):</b><br>(5) voting the interest of an entity the foreign entity has acquired;<br>(11) in a case that does not involve an activity that would constitute the transaction of business in this state if the activity were one of a foreign entity acting in its own right:<br>(A) exercising a power of executor or administrator of the estate of a nonresident decedent under ancillary letters issued by a court of this state; or<br>(B) exercising a power of a trustee under the will of a nonresident decedent, or under a trust created by one or more nonresidents of this state, or by one or more foreign entities;<br>(12) regarding a debt secured by a mortgage or lien on real or personal property in this state:<br>(A) acquiring the debt in a transaction outside this state or in interstate commerce;<br>(B) collecting or adjusting a principal or interest payment on the debt;<br>(C) enforcing or adjusting a right or property securing the debt;<br>(D) taking an action necessary to preserve and protect the interest of the mortgagee in the security; or<br>(E) engaging in any combination of transactions described by this subdivision;<br>(13) investing in or acquiring, in a transaction outside of this state, a royalty or other non-operating mineral interest;<br>(14) executing a division order, contract of sale, or other instrument incidental to ownership of a non-operating mineral interest. | Tex. Bus. Org. Code Ann. § 9.251 (2019) |

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## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|                      |   |   |   |   |   |   |   |   |   | Comments   | State statutes                      |
|----------------------|---|---|---|---|---|---|---|---|---|--|-------------------------------------|
| <b>UT</b><br>UTAH    | ● | ● | ● | ● | ● | ● | ● | ● | ● | <p>Adopted substantial portions of the RMBCA qualification language.</p> <p><b>Added to list of what does not constitute doing business:</b> Acquiring, in transactions outside this state or in interstate commerce, of conditional sales contracts or of debts secured by mortgages or liens on real or personal property in this state, collecting or adjusting of principal or interest payments on the contracts, mortgages, or liens, enforcing or adjusting any rights provided for in conditional sales contracts or securing the described debts, taking any actions necessary to preserve and protect the interest of the conditional vendor in the property covered by a conditional sales contract or the interest of the mortgagee or holder of the lien in such security, or any combination of such transactions. § 16-10a-1501(2)(l).</p>  | Utah Code Ann. § 16-10a-1501 (2019) |
| <b>VT</b><br>VERMONT | ● | ● | ● | ● | ● | ● | ● | ● | ● | <p>Adopted substantial portions of the RMBCA qualification language.</p> <p><b>Added to list of what does not constitute doing business:</b> Making, purchasing, and servicing loans if the corporation is a foreign savings bank or a foreign corporation doing banking business and it participates with a banking corporation or a trust company of this state. § 15.01(c)(8).</p> <p><b>Specifically described the following as doing business in § 15.01(d):</b> In addition to the requirements of subsection (a) of this section and notwithstanding subsection (c), a foreign banking corporation or trust company that does not have a place of business in this state pursuant to section 8 V.S.A. § 654 or 1352 shall obtain a certificate of authority from the secretary of state to act as executor or trustee in this state under the last will and testament of any deceased resident of this state or of any deceased resident of another state owning property in this state. The secretary of state shall not issue the certificate unless:</p> <ol style="list-style-type: none"> <li>(1) by the law of the state of its incorporation the foreign banking corporation or trust company may be appointed and may accept appointment to act as executor of or trustee under the last will and testament of any deceased person in the state of its appointment; and</li> <li>(2) banking corporations or trust companies of this state are permitted to act as executors or trustees in the state where such foreign banking corporation or trust company has its domicile.</li> </ol> <p><b>Changes:</b> Removed timeframe from isolated transaction exception in § 15.01(c)(11) and replaced with “conducting an isolated transaction that is not one in the course of repeated transactions of a like nature.”</p> | 11A V.S.A. § 15.01 (2019)           |

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## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|                               |                                 |   |   |   |   |   |   |   |   | Comments   | State statutes   |   |
|-------------------------------|---------------------------------|---|---|---|---|---|---|---|---|--|--|---|
| <p><b>VA</b><br/>VIRGINIA</p> | ●                               | ● | ● | ● | ● | ● | ● | ● | ● | <p>Adopted substantial portions of the RMBCA qualification language.</p> <p><b>Added to list of what does not constitute doing business:</b> “For a period of less than 90 consecutive days, producing, directing, filming, crewing, or acting in motion picture feature films, television series or commercials, or promotional films which are sent outside of the Commonwealth for processing, editing, marketing, and distribution ...” § 13.1-757(B)(11).</p> <p>“Serving, without more, as a general partner of, or as a partner in a partnership which is a general partner of, a domestic or foreign limited partnership that does not otherwise transact business in the Commonwealth.” § 13.1-757(B)(12).</p> <p><b>Alert:</b> This state’s standard for foreign corporation “qualification” requirements is significantly higher than that required for jurisdiction under general long-arm, tax, and service-of-process rules. See, e.g., <i>Am. Express Centurion Bank v. Li Tsai</i>, 73 Va. Cir. 358, 360-61 (Va. Cir. Ct. 2007).</p> | <p>Va. Code Ann. § 13.1-757 (2019)</p>   |   |
|                               | <p><b>WA</b><br/>WASHINGTON</p> | ● | ● | ● | ● | ● | ● | ● | ● | ●  | <p>Adopted substantial portions of the RMBCA qualification language.</p> <p><b>Note:</b> § 23B.15.010 states:</p> <p>(1) Unless it is otherwise authorized to transact business pursuant to a state or federal statute, a foreign corporation may not transact business in this state until it registers with the secretary of state in accordance with Article 5 of chapter 23.95 RCW.</p> <p>(2) A non-exhaustive list of activities that do not constitute transacting business in this state is provided in RCW § 23.95.520.</p> <p>§ 23.95.520 <b>adds to list of what does not constitute doing business:</b></p> <p>(1)(l) Operating an approved branch campus of a foreign degree-granting institution in compliance with chapter 28B.90 RCW and in accordance with subsection (2) of this section.</p> <p>(2) In addition to those acts that are specified in subsection (1) of this section, a foreign degree-granting institution that establishes an approved branch campus in the state under chapter 28B.90 RCW shall not be deemed to transact business in the state solely because it:</p> <p>(a) Owns and controls an incorporated branch campus in this state;</p> <p>(b) Pays the expenses of tuition or room and board charged by the incorporated branch campus for its students enrolled at the branch campus or contributes to the capital thereof; or</p> <p>(c) Provides personnel who furnish assistance and counsel to its students while in the state but who have no authority to enter into any transactions for or on behalf of the foreign degree-granting institution.</p> <p>(3) A person does not do business in this state solely by being an interest holder or governor of a domestic entity or foreign entity that does business in this state.</p> | <p>Rev. Code Wash. (ARCW) §§ 23B.15.010; 23.95.520 (2019)</p> |

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## ACTIVITIES THAT DO NOT CONSTITUTE DOING BUSINESS

|  |   |   |   |   |   |   |   |   |   | Comments  | State statutes  |   |                                |
|--|---|---|---|---|---|---|---|---|---|---|---|---|--------------------------------|
|  | ● | ● | ● | ● | ● | ● | ● | ● | ● | Adopted substantial portions of the RMBCA qualification language.<br><b>Added to list of what does not constitute doing business under § 31D-15-1501(B):</b><br>(11) Granting funds or other gifts.<br>(12) Distributing information to its shareholders or members.<br>(14) The acquisition by purchase of lands secured by mortgage or deeds.<br>(15) Physical inspection and appraisal of property in West Virginia as security for deeds of trust, or mortgages and negotiations for the purchase of loans secured by property in West Virginia.<br>(16) The management, rental, maintenance, and sale or the operating, maintaining, renting, or otherwise dealing with selling or disposing of property acquired under foreclosure sale or by agreement in lieu of foreclosure sale.<br>(17) Applying for withholding tax on an employee residing in the state of West Virginia who works for the foreign corporation in another state.<br>(18) Holding all, or a portion thereof, of the outstanding stock of another corporation authorized to transact business in the state of West Virginia. Provided that the foreign corporation does not produce goods, services, or otherwise conduct business in the state of West Virginia.<br><br><b>Specifically described the following as doing business under § 31D-15-1501(D):</b><br>1) The corporation makes a contract to be performed, in whole or in part, by any party thereto in this state.<br>2) The corporation commits a tort, in whole or in part, in this state.<br>3) The corporation manufactures, sells, offers for sale, or supplies any product in a defective condition and that product causes injury to any person or property within this state notwithstanding the fact that the corporation had no agents, servants, or employees or contacts within this state at the time of the injury. | W.Va. Code § 31D-15-1501 (2019)                                   |   |                                |
|  |   | ● | ● | ● | ● | ● | ● | ● | ● | ●   | Adopted substantial portions of the RMBCA qualification language. | Wis. Stat. § 180.1501 (2019)  |                                |
|  |   |   | ● | ● | ● | ● | ● | ● | ● | ●   | ●   | Adopted the RMBCA qualification language.<br><b>Note:</b> § 17-16-1501(d) specifically exempts:<br>A foreign corporation, foreign limited partnership, or foreign limited liability company which is either an organizer, a manager, or a member of a company is not required to obtain a certificate of authority to undertake its duties in these capacities. | Wyo. Stat. § 17-16-1501 (2019) |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                 | State statute  | Monetary penalties   | Effect on contracts and access to courts  | Effect on directors and officers | Effect on agents |
|-----------------------|--|--|---|----------------------------------|------------------|
| <b>AL</b><br>ALABAMA  | Ala. Code §§ 10A-1-7.21; 10A-1-7.22; 10A-1-7.23 (2020)<br>Changes to 10A-1-7.21: Substituted “pursuant to federal law” for “under federal law” in (a). | No monetary penalties listed, but the secretary of state may collect a late filing fee equal to the registration fee for each year of noncompliance if it has transacted business in this state for more than 90 days.<br>Attorney general may bring an action to restrain from transacting business.  | May not maintain an action, suit, or proceeding in any Alabama court until it has registered, but can defend action, suit, or proceeding in any Alabama court.<br>Does not impair the validity of corporate act or contract.  |                                  |                  |
| <b>AK</b><br>ALASKA   | Alaska Stat. §§ 10.06.710; 10.06.713; 10.06.715 (2019)   | Liable for all fees and taxes for the time it transacted business in the state without a certificate of authority plus penalties (up to \$10,000 per calendar year).   | May not institute suit on intrastate business until it obtains a certificate of authority, but can defend action, suit, or proceeding in any Alaska court.<br>Does not impair the validity of corporate act or contract.  |                                  |                  |
| <b>AZ</b><br>ARIZONA  | A.R.S. § 10-1502 (2019)  | Liable for all fees for each year or portion of years during noncompliance, plus penalty not to exceed \$1,000. Attorney general or any other person can seek to restrain unqualified corporation from doing business.   | May not institute suit on intrastate business until it is authorized, but can defend proceeding in any Arizona court.<br>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.<br>If the court so determines, it may further stay the proceeding until the foreign corporation obtains the certificate of authority.<br>Does not impair the validity of corporate acts.         |                                  |                  |
| <b>AR</b><br>ARKANSAS | A.C.A. § 4-27-1502 (2019)  | Penalties include (1) The total of all fees that the foreign corporation would have paid if it had registered, for each year or partial year of noncompliance; (2) All penalties for failure to obtain or renew a certificate of authority; and (3) A penalty of not more than \$5,000 per year or partial year of noncompliance. Court can impose an injunction restraining the corporation from further transactions until all civil penalties, interest, and court costs are paid, and the corporation has complied with the authorization requirement. | May not institute suit on intrastate business until it obtains a certificate of authority, but can defend proceeding in any Arkansas court.<br>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.<br>If the court so determines, it may further stay the proceedings until the foreign corporation obtains a certificate.<br>Does not impair the validity of corporate acts. |                                  |                  |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                    | State statute                              | Monetary penalties   | Effect on contracts and access to courts   | Effect on directors and officers   | Effect on agents   |
|--------------------------|--|--|--|--|--|
| <b>CA</b><br>CALIFORNIA  | Cal. Corp. Code §§ 2203; 2258; 2259 (2019) | Guilty of a misdemeanor, punishable by fine of not less than \$500 nor more than \$1,000. Penalties by statute: (1) \$20 a day that unauthorized business is transacted; (2) \$250; (3) Fees for filing the statement and designation required by § 2105; and (4) Taxes (including franchise taxes) that should have been paid during the period foreign corporation unlawfully transacted business. | May not maintain a proceeding upon any intrastate business commenced prior to compliance, but may be named as a defendant in any suit in California.   | “Any person” acting as an agent may be guilty of misdemeanor punishable by fine of not less than \$50 nor more than \$600. | “Any person” acting as an agent may be guilty of a misdemeanor punishable by fine of not less than \$50 nor more than \$600. |
| <b>CO</b><br>COLORADO    | C.R.S. § 7-90-802 (2019)                   | (1) Liable for fee set by secretary of state not to exceed \$100 for each full or partial calendar year of noncompliance; and (2) Also subject to civil penalty not to exceed \$5,000. An unqualified corporation can be enjoined from doing business until all amounts due, plus court costs, are paid and corporation is compliant.  | May not institute suit for collection of debts until a statement of foreign entity authority for the foreign entity is filed in the records of the secretary of state.<br>Can defend proceeding in any Colorado court.<br>A court may stay proceeding commenced by a foreign corporation until it determines whether corporation requires a certificate of authority.<br>If the court so determines, it may further stay a proceeding until the foreign corporation obtains the certificate of authority.<br>Does not impair the validity of corporate acts. |  |  |
| <b>CT</b><br>CONNECTICUT | Conn. Gen. Stat. § 33-921 (2019)           | (1) All fees and taxes it would have paid if it had qualified; (2) Interest and penalties for failing to qualify; and (3) \$300 for each month it transacted business (unless it obtained certificate of authority within 90 days after it began transacting business). Attorney general can enjoin unqualified foreign corporation from transacting business until fees and penalties are paid.     | May not maintain a proceeding in any Connecticut court until it obtains a certificate of authority, but can defend proceeding in any Connecticut court.<br>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.<br>Does not impair the validity of corporate acts.  |  |  |
| <b>DE</b><br>DELAWARE    | 8 Del. C. §§ 378; 383; 384 (2020)          | Fined not less than \$200 nor more than \$500 for each offense. Attorney general may seek to enjoin unqualified corporation from doing business by filing complaint in Delaware’s Court of Chancery.   | May not institute a claim or special proceeding in any Delaware court unless and until it has been authorized to do business in this state and has paid all fees, penalties, and franchise taxes for the years or parts thereof during which it did business without authority.<br>Can defend action or special proceeding in any Delaware court. Does not impair the validity of corporate acts or contracts.   |  | Fined between \$100 and \$500 for each offense.  |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                            | State statute  | Monetary penalties   | Effect on contracts and access to courts   | Effect on directors and officers   | Effect on agents |
|----------------------------------|--|--|--|--|------------------|
| <b>DC</b><br>WASHINGTON,<br>D.C. | D.C. Code § 29-105.02 (2020)   | Liable for all fees, penalties, and other charges that it would have paid if registered to do business.  | May not maintain an action or proceeding in any D.C. court until it is registered, but can defend action or proceeding in any D.C. court. Does not impair the validity of corporate acts or contracts.   | “The liability of an interest holder or governor of a foreign filing entity or of a partner of a foreign limited liability partnership shall be governed by the laws of its jurisdiction of formation.” § 29-105.02(d).  |                  |
| <b>FL</b><br>FLORIDA             | Fla. Stat. § 607.1502 (2020)<br>Major revisions were made to the 2020 statute. | (1) All fees and taxes which it would have paid for each year or partial year if it had been qualified when it transacted business; and (2) Civil penalty of \$500–1,000 for each year or partial year it transacted business while unqualified.   | May not maintain a proceeding in any Florida court until it obtains a certificate of authority, but can defend proceeding in any Florida court.<br>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority. Does not impair the validity of the corporation’s contracts, deeds, mortgages, security interests, or corporate acts. |  |                  |
| <b>GA</b><br>GEORGIA             | O.C.G.A. §§ 14-2-1502; 14-2-122 (2019)   | (1) Civil penalty of \$500 if not registered within 30 days of transacting business; and (2) “Other consequences set out in this code section.” O.C.G.A. § 14-2-1502.  | May not maintain a proceeding in any Georgia court until it obtains a certificate of authority, but can defend proceeding in any Georgia court. Does not impair the validity of corporate acts.  |  |                  |
| <b>HI</b><br>HAWAII              | H.R.S. § 414-432 (2019)  | (1) Liable for all fees during noncompliance that would have been paid for each year or partial year that foreign corporation transacted business, had it been compliant (note that the certificate of authority fee is \$50); and (2) An unspecified penalty for failure to pay the fees. | May not maintain a proceeding in any Hawaii court until it obtains a certificate of authority, but can defend proceeding in any Hawaii court.<br>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority. Does not impair the validity of corporate acts.   |  |                  |
| <b>ID</b><br>IDAHO               | Idaho Code § 30-21-502 (2019)  | No monetary penalties listed. The attorney general may maintain an action to enjoin a foreign filing entity or foreign limited liability partnership from doing business in this state in violation of this act.   | May not maintain an action or proceeding in any Idaho court until it is registered, but can defend action or proceeding in any Idaho court. Does not impair the validity of corporate acts or contracts.   | (1) Limitation of liability is not waived because foreign corporation transacted business while unqualified. (2) Law of Idaho governs “[t]he liability that a person has as an interest holder or governor for a debt, obligation, or other liability of the entity,” even if transacting business while unqualified. § 30-21-501(a)(2). |                  |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                 | State statute                            | Monetary penalties  | Effect on contracts and access to courts   | Effect on directors and officers | Effect on agents |
|-----------------------|--|---|--|----------------------------------|------------------|
| <b>IL</b><br>ILLINOIS | 805 ILCS 5/13.70 (2019)                  | (1) Liable for all fees, franchise taxes, and other charges or penalties that it would have paid had it been registered for each year or partial year that it transacted business; and (2) Whichever is greater: 10 percent of the filing and license fees and franchise taxes or \$200 plus \$5 for each month or partial month that it transacted business without authority. | May not maintain a civil action in any Illinois court until it obtains authority, but can defend action in any Illinois court.<br>Does not impair the validity of corporate acts or contracts.   |                                  |                  |
| <b>IN</b><br>INDIANA  | Burns Ind. Code Ann. § 23-0.5-5-2 (2019) | Penalty not to exceed \$10,000.   | May not maintain a proceeding in any Indiana court until it obtains a certificate of authority, but can defend proceeding in any Indiana court.<br>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.<br>Does not impair the validity of corporate acts.  |                                  |                  |
| <b>IA</b><br>IOWA     | Iowa Code § 490.1502 (2019)              | Civil penalty not to exceed \$1,000.  | May not maintain a proceeding in any Iowa court until it obtains a certificate of authority, but can defend proceeding in any Iowa court.<br>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.<br>Does not impair the validity of corporate acts or contracts.<br>A limitation on the liability of an interest holder or governing person of a foreign entity is not waived solely because the foreign entity does business in Iowa without registering. |                                  |                  |
| <b>KS</b><br>KANSAS   | K.S.A. § 17-7307 (2019)                  | Liable for all fees, taxes, and penalties for years and partial years it did business in the state while noncompliant.  | Shall not maintain an action or special proceeding in Kansas unless and until it has been authorized to do business in this state and has paid to the state all taxes, fees, and penalties which would have been due for the years or parts thereof during which it did business in this state without authority. Note: This prohibition doesn't apply to successors in interest.<br>Can defend action or special proceeding in any Kansas court.<br>Does not impair the validity of corporate acts or contracts.  |                                  |                  |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                  | State statute  | Monetary penalties  | Effect on contracts and access to courts  | Effect on directors and officers   | Effect on agents  |
|------------------------|--|---|---|--|---|
| <b>KY</b><br>KENTUCKY  | Ky. Rev. Stat. Ann. § 14A.9-020 (2019)   | Civil penalty of \$2 a day for each day it transacted business while noncompliant.  | <p>May not maintain a proceeding in any Kentucky court until it obtains a certificate of authority, but can defend proceeding in any Kentucky court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>                            |  |   |
| <b>LA</b><br>LOUISIANA | La. R.S. § 12:314 (2019) (Revisions by Louisiana State Law Institute are in progress.) | (1) Liable for all fees and taxes it would have paid had it been compliant for each year and partial year it transacted business.   | <p>Not permitted to present any judicial demand before any Louisiana court unless it has been authorized to transact business, but can defend action, suit, or proceeding in any Louisiana court.</p> <p>Does not impair the validity of corporate acts or contracts.</p>   | Fine of \$25–500. In the event of nonpayment of that fine, imprisonment for three days to four months. |   |
| <b>ME</b><br>MAINE     | 13-C, M.R.S. § 1502 (2019)   | Civil penalty of \$500 for each year, or portion thereof, that it transacts business without authority.   | <p>May not maintain a proceeding in any Maine court until it files an application for authority and pays filing fee, but can defend proceeding in any Maine court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts or contracts.</p> |  |   |
| <b>MD</b><br>MARYLAND  | Md. Corporations & Associations Code Ann. §§ 7-301; 7-302; 7-303; 7-304; 7-305 (2020)  | (1) Penalty of \$200, which may be reduced or abated; (2) \$5 and an additional \$1 for each 10-day period for which the foreign corporation has failed to comply; and (3) If late filing penalties are not paid or reports filed on time or within 30 days of written demand by department, then right to do intrastate business in Maryland may be forfeited. | <p>May not institute a suit in any Maryland court unless it has paid the \$200 penalty and either has complied with authorization requirements or is no longer doing intrastate, interstate, or foreign business in Maryland.</p> <p>Does not impair the validity of contracts.</p>   | Guilty of misdemeanor and, on conviction, subject to fine of \$1,000 max.                              | Guilty of misdemeanor and, on conviction, subject to fine of \$1,000 max. |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                      | State statute                       | Monetary penalties   | Effect on contracts and access to courts  | Effect on directors and officers | Effect on agents |
|----------------------------|-------------------------------------|--|---|----------------------------------|------------------|
| <b>MA</b><br>MASSACHUSETTS | ALM GL ch. 156D, § 15.02 (2019)     | Penalty in an amount equal to (1) All late fees which would have been imposed by law had the foreign corporation qualified to do business; and (2) All interest and penalties imposed by law for failure to pay the fees. The foreign corporation is also liable for each month or part thereof during which it transacted business without qualification in an amount determined by the secretary of state. | <p>Shall not maintain a proceeding in any Massachusetts court until the certificate is delivered and filed, but can defend proceeding in any Massachusetts court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts or contracts.</p>  |                                  |                  |
| <b>MI</b><br>MICHIGAN      | MCLS §§ 450.2051; 450.2055 (2019)   | Penalty of \$100–1,000 for each calendar month for not more than five preceding years in which the foreign corporation transacted business while unqualified. Penalty cannot exceed \$10,000.  | <p>Shall not maintain an action or proceeding in any Michigan court until it obtains a certificate of authority, but can defend action or proceeding in any Michigan court.</p> <p>Does not impair the validity of corporate acts or contracts.</p>   |                                  |                  |
| <b>MN</b><br>MINNESOTA     | Minn. Stat. § 303.20 (2019)         | (1) Penalty not to exceed \$1,000; and (2) Additional penalty of no more than \$100 for each month or partial month of noncompliance.  | <p>May not maintain an action in any Minnesota court until it obtains a certificate of authority, but can defend action in any Minnesota court.</p> <p>Does not impair the validity of corporate acts or contracts.</p>   |                                  |                  |
| <b>MS</b><br>MISSISSIPPI   | Miss. Code Ann. § 79-4-15.02 (2019) | Civil penalty of \$10 per day that foreign corporation was noncompliant, not to exceed \$1,000 for each year of noncompliance.   | <p>May not maintain an action or proceeding in any Mississippi court until it obtains a certificate of authority, but can defend suit, action, or proceeding in any Mississippi court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts, contracts, deeds, mortgages, security interests, or liens.</p> |                                  |                  |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                 | State statute   | Monetary penalties   | Effect on contracts and access to courts   | Effect on directors and officers | Effect on agents |
|-----------------------|---|--|--|----------------------------------|------------------|
| <b>MO</b><br>MISSOURI | § 351.574 R.S. Mo. (2019)   | Minimum fine of \$1,000 (no maximum stated in the statute).  | <p>May not maintain a proceeding in any Missouri court until it obtains a certificate of authority, but can defend proceeding in any Missouri court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>   |                                  |                  |
| <b>MT</b><br>MONTANA  | <p>§ 35-1-1027, MCA has been repealed effective 6/1/2020.</p> <p>§§ 35-14-1501, 35-14-1502, and 35-14-1505 become effective 6/1/2020.</p> | Until 6/1/20, civil penalty of \$5 for each day of non-compliance, not to exceed \$1,000 for each year of noncompliance. | <p>May not maintain a proceeding in any Montana court until it obtains a certificate of authority, but can defend proceeding in any Montana court.</p> <p>Failure to register to do business does not impair the validity of a contract or act of a foreign corporation.</p> <p>A contract between the State of Montana, an agency of Montana, or a political subdivision of Montana and foreign corporation that has failed to register is voidable by the state, contracting state agency, or political subdivision.</p> <p>A limitation on the liability of a shareholder or director of a foreign corporation is not waived solely because the foreign corporation does business in the state without registering.</p> |                                  |                  |
| <b>NE</b><br>NEBRASKA | R.R.S. Neb. § 21-2,204 (2019)   | Civil penalty of \$500 for each day of transacting business unqualified, not to exceed \$10,000 for each year.           | <p>May not maintain a proceeding in any Nebraska court until it obtains a certificate of authority, but can defend proceeding in any Nebraska court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>   |                                  |                  |
| <b>NV</b><br>NEVADA   | Nev. Rev. Stat. Ann. §§ 80.055; 80.095 (2019)   | Fine of \$1,000–10,000.  | <p>May not commence or maintain suit until it has complied with all Nevada’s statutes on qualification, but can defend suit, action, or proceeding in any Nevada court.</p> <p>Can be denied benefit of statute of limitations while noncompliant. However, an action may be commenced if an extraordinary remedy available pursuant to Chapter 31 of the Nev. Rev. Stat. Ann. is all or part of the relief sought. Does not impair the validity of corporate acts or contracts.</p>   |                                  |                  |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                      | State statute                             | Monetary penalties   | Effect on contracts and access to courts   | Effect on directors and officers | Effect on agents |
|----------------------------|---|--|--|----------------------------------|------------------|
| <b>NH</b><br>NEW HAMPSHIRE | RSA § 293-A:15.02 (2019)                  | Liable for all fees and taxes for each year or partial year it transacted business that it would have paid if it had been qualified, plus penalties for noncompliance.   | <p>May not maintain a proceeding in any New Hampshire court until it obtains a certificate of authority, but can defend proceeding in any New Hampshire court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>   |                                  |                  |
| <b>NJ</b><br>NEW JERSEY    | N.J. Stat. §§ 14A:13-11; 14A:13-12 (2019) | Penalty of \$200–1,000 max per calendar year for up to five years, plus costs. Attorney general may seek to enjoin unqualified corporation from doing business.  | <p>May not maintain an action or proceeding in any New Jersey court until it obtains a certificate of authority, but can defend action or proceeding in any New Jersey court.</p> <p>Does not impair the validity of corporate acts or contracts.</p>  |                                  |                  |
| <b>NM</b><br>NEW MEXICO    | N.M. Stat. Ann. § 53-17-20 (2019)         | (1) All fees and franchise taxes for each year or partial year foreign corporation transacted business while noncompliant; (2) All penalties for failure to pay fees and franchise taxes for the years of noncompliance; and (3) A civil penalty of \$200 for each offense.      | <p>Shall not be permitted to maintain an action, suit, or proceeding in any New Mexico court until it has obtained a certificate of authority, but can defend action, suit, or proceeding in any New Mexico court.</p> <p>Does not impair the validity of corporate acts or contracts.</p>   |                                  |                  |
| <b>NY</b><br>NEW YORK      | NY CLS Bus. Corp. §§ 1303; 1312 (2020)    | (1) All fees and taxes imposed under New York's tax law or any related statute; and (2) Penalties and interest for not paying the fees and taxes pursuant to the tax law while noncompliant. Attorney general may seek to enjoin an unqualified corporation from doing business. | <p>Shall not maintain an action or special proceeding in New York unless and until it has been authorized to do business in New York and it has paid all fees and taxes imposed under the tax law or any related statute, as defined in § 1800 of such law, as well as penalties and interest charges related thereto, accrued against the corporation, but can defend any action or special proceeding in any New York court.</p> <p>Does not impair the validity of corporate acts or contracts.</p> |                                  |                  |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                       | State statute   | Monetary penalties   | Effect on contracts and access to courts   | Effect on directors and officers   | Effect on agents                     |
|-----------------------------|---|--|--|--|--------------------------------------|
| <b>NC</b><br>NORTH CAROLINA | N.C. Gen. Stat. § 55-15-02 (2019)                     | (1) All fees and taxes it would have paid each year or partial year it transacted business had it been compliant; (2) Interest and all penalties for failure to pay those fees and taxes; and (3) Civil penalty of \$10 for each day of noncompliance but cannot exceed \$1,000 for each year or partial year.   | Shall not be permitted to maintain an action or proceeding in any North Carolina court unless it has obtained a certificate of authority prior to trial, but can defend proceeding in any North Carolina court.<br><br>Does not impair the validity of corporate acts.   |  |                                      |
| <b>ND</b><br>NORTH DAKOTA   | N.D. Cent. Code § 10-19.1-142 (2019)                  | (1) All fees and penalties for each year and partial year that it would have paid while transacting business if it had been compliant; and (2) A civil penalty not to exceed \$5,000.  | May not maintain a claim, action, suit, or proceeding in any North Dakota court until it possesses a certificate of authority, but can defend claims, actions, suits, or proceedings in any North Dakota court.<br><br>Does not impair the validity of corporate acts or contracts.  | Civil penalty not to exceed \$1,000.   | Civil penalty not to exceed \$1,000. |
| <b>OH</b><br>OHIO           | ORC Ann. §§ 1703.28; 1703.29; 1703.30; 1703.99 (2019) | (1) Penalty (“forfeiture”) not less than \$250 nor more than \$10,000; (2) All filing fees, franchise taxes, and other amounts it should have paid to qualify; and (3) Interest on unpaid fees and taxes at 6 percent per annum for each year of noncompliance. Statute of limitations for state to try to get these penalties is five years after foreign corporation stops transacting business in Ohio. | Shall not maintain an action in any Ohio court until it obtains a license.<br><br>Has to pay the secretary of state \$250 forfeiture before it can maintain an action that was filed when it was unqualified.<br><br>Does not impair the validity of corporate contracts.  | Can be found guilty of a fourth-degree misdemeanor. See ORC Ann. § 2929.21 for possible penalties or sentencing resulting from a misdemeanor conviction. |                                      |
| <b>OK</b><br>OKLAHOMA       | 18 Okl. St. §§ 1134; 1137; 1138 (2019)                | (1) Fine of \$200–500 for each offense; and (2) Forfeiture of \$25 per day (not to exceed \$500 per offense) for failure to qualify within 30 days after receiving written warning from secretary of state.<br><br>Attorney general may seek to enjoin an unqualified corporation from doing business.   | Shall not maintain an action or special proceeding in any Oklahoma court unless and until it is authorized to do business in Oklahoma and has paid all fees, penalties, and franchise taxes for the years or parts thereof during which it did business in this state without authority (although this prohibition doesn’t apply to successor in interest), but can defend action or special proceeding in any Oklahoma court.<br><br>Does not impair the validity of corporate acts or contracts. |  | Fine of \$100–500 for each offense.  |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                       | State statute                      | Monetary penalties   | Effect on contracts and access to courts  | Effect on directors and officers  | Effect on agents |
|-----------------------------|------------------------------------|--|---|---|------------------|
| <b>OR</b><br>OREGON         | ORS § 60.704 (2019)                | Liable for all fees that would have been imposed if the corporation had registered, for each year and partial year it transacted business while unqualified.   | <p>May not maintain a proceeding in any Oregon court until it obtains authorization from the secretary of state, but can defend proceeding in any Oregon court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>   |   |                  |
| <b>PA</b><br>PENNSYLVANIA   | 15 Pa. C.S. § 411 (2019)           | No monetary penalties listed.  | <p>May not maintain an action or proceeding in any Pennsylvania court unless it is registered, but can defend action or proceeding in any Pennsylvania court.</p> <p>Does not impair the validity of corporate acts or contracts.</p> <p>The law of the jurisdiction of formation of a foreign association will still govern the following, despite failure to qualify: “(1) The internal affairs of the association. (2) The liability that a person has as an interest holder or governor for a debt, obligation, or other liability of the association. (3) The liability of a series or protected cell of a foreign association.” 15 Pa.C.S. § 402 (a).</p> | Limitation of liability is not waived because foreign corporation transacted business in Pennsylvania without registering. However, limitation of liability will be determined by law of jurisdiction wherein foreign corporation was formed. |                  |
| <b>RI</b><br>RHODE ISLAND   | R.I. Gen. Laws § 7-1.2-1418 (2019) | <p>(1) All fees and franchise taxes for each year or partial year which would have been imposed on the corporation if it had registered; and (2) Penalties for failure to pay fees and franchise taxes.</p> <p>Attorney general can enjoin from transacting business while noncompliant by bringing complaint in Superior Court.</p> | <p>May not maintain an action, suit, or proceeding in any Rhode Island court until it obtains a certificate of authority, but can defend action, suit, or proceeding in any Rhode Island court.</p> <p>Does not impair the validity of corporate acts or contracts.</p>   |   |                  |
| <b>SC</b><br>SOUTH CAROLINA | S.C. Code Ann. § 33-15-102 (2019)  | Civil penalty of \$10 for each day of noncompliance, not to exceed \$1,000 for each year it transacts business while noncompliant.   | <p>May not maintain a proceeding in any South Carolina court until it obtains a certificate of authority, but can defend proceeding in any South Carolina court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>  |   |                  |




## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

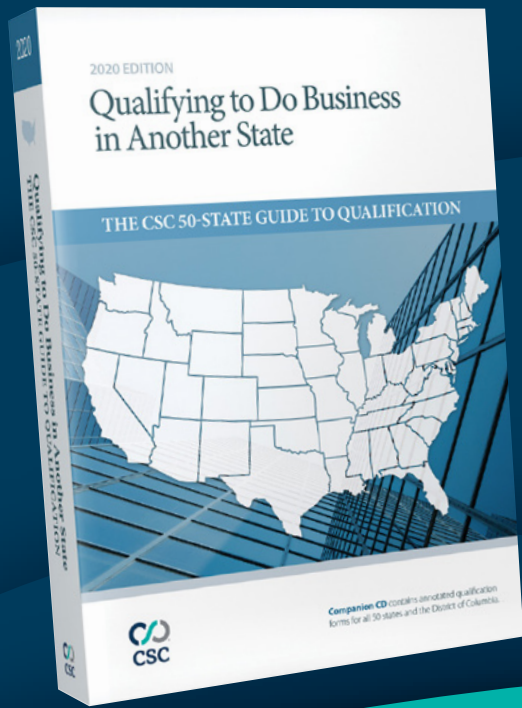
| State                     | State statute  | Monetary penalties  | Effect on contracts and access to courts  | Effect on directors and officers  | Effect on agents  |
|---------------------------|--|---|---|---|---|
| <b>SD</b><br>SOUTH DAKOTA | S.D. Codified Laws §§ 47-1A-1502; 47-1A-1502.2 (2019)          | Penalty of \$100 for each day it transacts business while noncompliant, not to exceed \$1,000 for each year of noncompliance.   | <p>May not maintain a proceeding in any South Dakota court until it obtains a certificate of authority, but can defend proceeding in any South Dakota court.</p> <p>A court may stay proceeding commenced by a foreign corporation until it determines whether the corporation requires a certificate of authority. If the court so determines, it may further stay a proceeding until the foreign corporation obtains the certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p> |   |   |
| <b>TN</b><br>TENNESSEE    | Tenn. Code Ann. § 48-25-102 (2019)                             | Liable for three times the amount of all fees, penalties, and taxes, plus interest, that would have been imposed had the corporation registered.  | <p>May not maintain a proceeding in any Tennessee court until it obtains a certificate of authority, but can defend proceeding in any Tennessee court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>  |   |   |
| <b>TX</b><br>TEXAS        | Tex. Business Organizations Code §§ 9.051; 9.052; 9.054 (2019) | (1) Civil penalty of all fees and taxes that the foreign corporation would have paid for each year or partial year had it been compliant; (2) Penalties and interest for failure to pay those fees and taxes during noncompliance; and (3) If corporation transacted business in the state for more than 90 days, it must pay a late filing fee equal to the registration fee for each year of delinquency, counting a partial year as a full year. | <p>May not maintain an action, suit, or proceeding on a cause of action brought either directly by the entity or in the form of a derivative action in the entity's name, or on a cause of action that arises out of the transaction of business in Texas unless it is registered, but can defend action, suit, or proceeding in any Texas court.</p> <p>Does not impair the validity of corporate acts or contracts.</p>   | Failure to register or qualify does not cause any owner, member, or managerial official of the foreign corporation to become liable for the foreign corporation's debts, obligations, or liabilities. | Failure to register or qualify does not cause any owner, member, or managerial official of the foreign corporation to become liable for the foreign corporation's debts, obligations, or liabilities. |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State                   | State statute                             | Monetary penalties  | Effect on contracts and access to courts  | Effect on directors and officers   | Effect on agents  |
|-------------------------|---|---|---|--|---|
| <b>UT</b><br>UTAH       | Utah Code Ann. § 16-10a-1502 (2019)       | Civil penalty of \$100 for each day of noncompliance, not to exceed \$5,000 for each year of noncompliance. If the court finds that the foreign corporation has been transacting business while noncompliant, it may issue an injunction.   | <p>May not maintain a proceeding in any Utah court until an application for authority to transact business is filed with the division, but can defend a proceeding in any Utah court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>   | Civil penalty not to exceed \$1,000.   | Civil penalty not to exceed \$1,000.  |
| <b>VT</b><br>VERMONT    | 11A V.S.A. § 15.02 (2019)                 | <p>(1) Civil penalty of \$50 for each day of noncompliance, not to exceed \$1,000 for each year of noncompliance;</p> <p>(2) All fees for years and partial years that it would have paid if compliant while transacting business; and</p> <p>(3) “Such other penalties as are imposed by law.”</p> <p>Attorney general may seek to enjoin unqualified corporation from doing business.</p> | <p>May not maintain a proceeding or raise a counterclaim, crossclaim, or affirmative defense in any Vermont court until it obtains a certificate of authority, but can defend proceeding in any Vermont court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>                    |  |   |
| <b>VA</b><br>VIRGINIA   | Va. Code Ann. § 13.1-758 (2019)           | No monetary penalties listed.   | <p>May not maintain a proceeding in any Virginia court until it obtains a certificate of authority, but can defend proceeding in any Virginia court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>  | Each officer, director, or employee can be liable for a penalty of not less than \$500 nor more than \$5,000.  | Each officer, director, or employee can be liable for a penalty of not less than \$500 nor more than \$5,000. |
| <b>WA</b><br>WASHINGTON | Rev. Code Wash. (ARCW) § 23.95.505 (2019) | Liable for all fees it would have paid had it been compliant while transacting business, plus penalties for failure to pay those fees.  | <p>May not maintain an action or proceeding in Washington unless it is registered and has paid all fees and penalties for transacting business while not registered, but can defend action or proceeding in any Washington court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p> | A limitation on the liability of an interest holder or governor of a foreign entity is not waived solely because the foreign entity does business in this state without registering. |   |

## CONSEQUENCES OF TRANSACTING BUSINESS WITHOUT AUTHORITY

| State   | State statute                        | Monetary penalties   | Effect on contracts and access to courts   | Effect on directors and officers | Effect on agents |
|---|--------------------------------------|--|--|----------------------------------|------------------|
| <br><b>WEST VIRGINIA</b> | W.Va. Code Ann. § 31D-15-1502 (2019) | All fees and taxes that it would have paid if compliant for each year or partial year it transacted business, plus penalties for not paying those fees and taxes.  | <p>May not maintain a proceeding in any circuit court in West Virginia until it obtains certificate of authority, but can defend proceeding in any West Virginia court.</p> <p>A circuit court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>  |                                  |                  |
| <br><b>WISCONSIN</b>    | Wis. Stat. Ann. § 180.1502 (2019)    | (1) All fees and other charges the foreign corporation would have paid each year or partial year it transacted business had it been compliant; and (2) The lesser of either \$5,000 or 50 percent of all of the total back fees and charges. | <p>May not maintain a proceeding in any Wisconsin court until it obtains a certificate of authority, but can defend civil, criminal, administrative, or investigatory proceeding in any Wisconsin court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts or title to property in the state.</p> |                                  |                  |
| <br><b>WYOMING</b>     | Wyo. Stat. § 17-16-1502 (2019)       | (1) All fees and license taxes it should have paid while transacting business but was noncompliant, plus 18 percent interest; (2) Penalty of \$5,000; (3) Reasonable audit expenses; and (4) Reasonable attorneys' fees.                     | <p>May not maintain a proceeding in any Wyoming court until it obtains a certificate of authority, but can defend proceeding in any Wyoming court.</p> <p>A court may stay a proceeding commenced by a foreign corporation until it determines whether the foreign corporation requires a certificate of authority.</p> <p>Does not impair the validity of corporate acts.</p>   |                                  |                  |

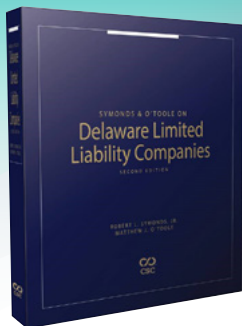


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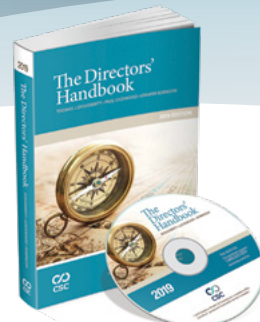
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