



Best Practices for Selecting a Qualified Registered Agent



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Most business entities on record with the various secretaries of state must—by statute—maintain a registered agent. The law recognizes a registered agent as an individual or third party (company) responsible for receiving legal documents, aka service of process (SOP), on behalf of an entity. Given the nature and scope of the authority vested in a registered agent, clients should ensure that they are measuring their relationship with any agent against the highest standard of trust and care.



👤 Designating a registered agent is essential to managing your company's risks

An effective registered agent receives and presents legal documents to clients as seamlessly as if the agent is your own employee. In addition to this statutory duty, registered agents should also be able to help manage a range of compliance, governance, litigation, and legal support demands.

However, when companies don't know their registered agent as well as they should, unexpected liability can result. Potential risks might range from late delivery of important legal or tax compliance documents to runaway default judgments like the eye-popping, billion-dollar-plus judgment in the PepsiCo case from 2009 described below. Fortunately, you can avoid all these problems by evaluating your new or current registered agent against objective criteria like reputation, technology, delivery times, and back-end support.

“Consolidate your representation with a unified national team, backed by an integrated system, and proven technology platforms.”

💰 The high costs of service of process

The memorable court case from 2009 involving PepsiCo illustrates how critical it is for both the company and its registered agent to effectively manage service of process.

The situation, which unfolded over more than a year, began like many other legal actions—with the filing of a lawsuit against PepsiCo. As is often the case, the plaintiffs claimed they served the lawsuit to PepsiCo's registered agent, but a response to the lawsuit by PepsiCo was not filed in time. As a result, the judge issued a \$1.26 billion dollar default judgment against PepsiCo.

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In addition to dealing with negative publicity, companies that experience this type of default judgment incur other hidden costs. Even if a company is successful in convincing the court to vacate—or remove—a judgment, they'll have spent more time and more money trying to fix the situation. For this reason, companies should work with a qualified and reputable registered agent to prevent problems altogether.

When choosing a registered agent, look for a time-tested process that alerts clients when litigation is received, with electronic delivery of legal documents through a secure online system to company and third-party contacts chosen by the corporation. A good registered agent will ensure that a company's legal teams can review documents and act within the appropriate timeframe.

The three stages of legal documents going astray

When legal documents don't make it to a company's legal teams on time, it can create a variety of unintended and negative situations for the company. These situations lead to three stages of distraction for the company, taking focus away from the strategic aspects of running its business, and diverts the law department from its work minimizing risk to the corporation. It's far better to employ a registered agent who can help you prevent these problems.



This is not a drill

When legal documents are not presented in a timely manner or if they go missing, the productivity of the legal department suffers because employees are diverted to searching for files instead of tending to their daily workload. Staff members waste time and experience anxiety dealing with last-minute legal notices to get things back on track. Even if the document turns up in time for a rushed response, which isn't always the outcome, the costs are measured in more than dollars.



A preventable and costly legal crisis

Once it becomes clear that deadlines have passed, the situation can quickly escalate into a legal crisis. Companies typically have to apply for extensions of legal deadlines, and hire outside counsel more quickly than usual. Even worse, if the plaintiff has filed for a default judgment, the company must immediately explain to the governing body why it was unable to respond before the case started. This takes time and money, in addition to the usual expenses required to defend a case. The cost of operating under tight timeframes can compromise the company's position, while scrambling to defend itself on procedural grounds.



Loss of confidence

In the unfortunate event that a company does not receive timely service of process and fails to defend itself by responding to the lawsuit, the plaintiffs will likely file for a default judgment, which the court will probably grant. It's possible to fight a default judgment by asking the court to vacate the judgment, however, there is no guarantee this will succeed. In this stage, the company's legal department loses the opportunity to develop a carefully considered response to the litigation, causing a loss of confidence to spread through the corporation. High-profile lawsuits can generate negative publicity, the kind that affects the company stock price, and its reputation. Smaller private companies can suffer the same fate or even become saddled with a judgment that is financially disastrous.

Best practices for choosing the right registered agent

Begin by familiarizing yourself with your current registered agent and the services they perform for you. Resolve to re-examine your choice of registered agent today.

Consolidation

It's best to consolidate your representation with a unified national team, backed by an integrated system, and proven technology platforms. If you work with multiple agents or offices, they may have different processes and systems, and you may not receive your legal documents in a consistent format or timeframe.

Electronic service of process

Electronic service of process integrated with a litigation management system eliminates the cost of paper as well as the issue of service of process getting lost. This also incorporates automated email reminders to help you meet deadlines.

Pricing

Base your decision to hire a registered agent on how well they meet your desired criteria. The legal time and expense of making up for a single mistake by an inadequate registered agent can cost much more than a qualified registered agent's fees.

Due diligence

Conduct extensive due diligence on any registered agent you're considering. Look at their expertise, experience, and technology. It's easy for a registered agent to showcase impressive marketing materials that aren't backed by high-quality service, but you're banking on them delivering as promised.

The CSC difference:

Electronic SOP delivery:

All SOP are delivered electronically within 24 hours. CSC notifies a company's designees with an email alert that leads directly to the documents online. CSC will also associate all subsequent service with the existing matter.

Custom SOP distribution rules:

CSC offers a sophisticated rules engine that allows us to use key data elements for distribution rules.

Integration:

CSC's SOP ManagerSM integrates with any matter management system to use the added functions of our solution, and we lead the industry with successful API integrations, seamlessly integrating SOP data and documents with a company's proprietary or third-party-provided matter management tool.

Availability:

CSC is the industry's only provider to offer perpetual SOP history and a complete electronic document library with 24/7 availability.

Security:

CSC annually completes a Service Organization Control audit of the company's data operations and underlying infrastructure. These results demonstrate that CSC maintains the highest standards in executing the responsibilities of client service, confidence, and security.

World-class service: Our account management team is the best in the business.



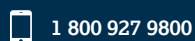
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