



**CALIFORNIA AUTO DEALER<sup>®</sup>**

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## **Year End Corporate/LLC Maintenance**

By Erin K. Tenner, Esq.

Year end is a good time to make sure your corporate/LLC records are up to date. Here are a few things to check:

Make sure your Fictitious Business Name Statement has not expired. Fictitious Business Name Statement renewals are required every five years, or they expire. You typically have 40 days from expiration of the five years to file a new statement without having to start over. Some jurisdictions are more difficult to file in than others. In Riverside County, for example, you can now file online, but if you do it yourself, make sure to get the statement published. Publication is required.

Authorization by the Board of Directors of a corporation is required for actions taken outside of the ordinary course of business. This includes things like opening new bank accounts, changing the corporate or fictitious business name, major purchases, signing new leases and managerial level employment agreements. If corporate resolutions were not prepared at the time Directors agreed on action, they can be prepared later to memorialize the consent or to ratify action previously taken; however, if it is likely that any Director will object or will not be present at the meeting, the meeting needs to be properly noticed before it is held, or the action will not be valid. In the alternative, a consent to action by all Directors can be signed to authorize the action at the time it is taken in the place of minutes. A consent to action must be signed by all Directors and executed at the time the action is taken.

Limited liability companies are not typically required to hold annual meetings to authorize action on behalf of the LLC, outside of the ordinary course of business, unless the Operating Agreement provides for a board of managers. The Operating Agreement will state who has decision making authority and how decisions will be made if they are to be made by more than one person.

A Statement of Information must be filed with the Secretary of State once a year for corporations and once every two years for LLCs. If you have not been filing them your corporation or LLC can be suspended, so make sure to file as required. Year end is a good time to make sure you are in compliance.

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