



DEBRA BOWEN

CALIFORNIA SECRETARY OF STATE

NEWS RELEASE

DB10:121

FOR IMMEDIATE RELEASE
December 30, 2010

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Secretary Debra Bowen Applauds Settlement in Corporate Filing Scheme; Announces the Reintroduction of Legislation to Crack Down on Deceptive Business Solicitations

SACRAMENTO – Secretary of State Debra Bowen today commended the swift actions of prosecutors who reached a \$2.4 million settlement with businesses that misled hundreds of California companies with fraudulent official-looking forms and announced she is, once again, sponsoring legislation to crack down on such practices.

“These deceptive solicitations look official but are designed to bilk California businesses out money they don’t owe,” said Secretary of State Bowen, California’s chief elections officer. “For a business to put an official-looking government seal on a document, send it to hundreds of thousands of companies across the country and imply they must pay up to \$495 to file documents that can be filed with my office for \$25 or less is outrageous.”

Corporations, limited liability companies, partnerships and other business entities that wish to do business in California must file documents annually with the Secretary of State's office.

The Secretary of State is sponsoring Assembly Bill 75 (Hill) which is nearly identical to AB 898 (Lieu), that the Governor vetoed last year. The bill requires third party vendors to put larger, more obvious disclaimers on their solicitations to make it clear they are not government documents. It also increases the penalty for failing to put disclaimers on the solicitations. These clarifications will provide businesses receiving these misleading solicitations with a more readily recognizable disclaimer, as well as make this type of deceptive practice easier to prosecute and eliminate.

The Secretary of State’s office has received hundreds of complaints that private, third party vendors have sent deceptive solicitations to companies that appear to be official government documents and imply the company must pay an exorbitant fee to file documents. In some cases, the solicitations threaten penalties if the company does not file with the third party entity. However, to file these documents directly with the Secretary of State’s office would actually be free or bear a nominal cost.

If you believe you have received a fraudulent solicitation or to learn more, access the Secretary of State’s customer alert on misleading business solicitations at: www.sos.ca.gov/business/be/alert-misleading-solicitations.htm.

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