



Incorporating what's right for you.®

Corporate Veil Guarantee®

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The Company Corporation® guarantees your company's ability to keep its corporate veil intact when it follows our step-by-step Corporate Veil Guarantee® Checklist, within the designated time frames and subject to the terms and conditions below.

In the event that The Company Corporation® is your corporation's or LLC's active Registered Agent, your company has followed all applicable compliance steps listed below, and your company's corporate veil is successfully pierced by a court, holding the company's owner(s), officer(s), director(s), manager(s), and/or member(s) personally liable for the debts and contractual obligations of the company, The Company Corporation® will, subject to the terms and conditions below, compensate your company for up to \$50,000 in reasonable, documented legal defense expenses incurred by your corporation or LLC in connection with the defense against the claim resulting in the piercing of the corporate veil. We're that confident that our program will help your company to maintain its Good Standing with the state and continue the personal privacy and financial protection that began with your company's incorporation or LLC formation.

Corporate Veil Guarantee® Checklist:

In order to qualify for this reimbursement, your company must demonstrate and certify that it has met each of the following requirements:

- File valid incorporation or organizational documents with the state of incorporation or formation, and pay associated filing fees.
- Draft bylaws or LLC operating agreement upon formation of the company to provide details of how internal affairs of the company will be managed.
- File applications and pay all required fees for qualification as a foreign corporation or limited liability company in all states where the company is "doing business" (as that term is defined in the relevant jurisdictions).
- Maintain the company's third-party registered agent relationship with The Company Corporation®. Maintaining the company's third party registered agent relationship with The Company Corporation® is one more way to demonstrate an arm's length relationship with your corporation or LLC.
- Review bylaws or LLC operating agreement to ensure that the company's current business practices are in accordance with documented requirements and promptly complete any appropriate updates to comply.¹

¹ Generally, amendments to the bylaws should be adopted by either the directors or shareholders in accordance with the provisions of the current bylaws. Make sure that all business practices and changes to bylaws and LLC operating agreements comply with all applicable laws..

- File annual report and make franchise tax payments with the state of incorporation or organization, and with state(s) where qualified to do business in a timely manner.
- File amendments to filed incorporation or organizational documents upon a change of the name of the company or a change in the amount of authorized stock (if a corporation), or upon any change that would make the current incorporation or organizational documents no longer accurate, and file all amendments to filed documents that are required by applicable law.
- Submit all tax reports and payments to local, state, and federal governments in a timely manner.
- Document loans to and from shareholders, directors, unit holders, members, managers, officers and employees with a promissory note and, if applicable, a security agreement and UCC-1 financing statement.
- Confirm and ensure that the company was formed for a legal purpose and has not engaged in any illegal activity.
- Confirm and ensure that the company has sufficient capital given the nature and the risks of the business in which it is engaged.
- Confirm and ensure that no company funds or other assets are commingled with those of any other entity or individual.
- Confirm and ensure that no personal expenses are paid out of company funds or assets.
- Confirm and ensure that the company keeps its own accounting records separate from those of other entities or individuals.
- Pay the company's annual registered agent fee to The Company Corporation®.
- Pay unemployment insurance and Social Security withholding.
- At least annually, request a Certificate of Good Standing from the state(s) where the company was formed and the state(s) where the company does business.
- Conduct business in the company's name only. When doing business with third parties, including entering into agreements, the company's officers, directors, managers, and agents must make it clear that they are acting on behalf of the company (and not in their individual capacity), and not make any statements or take or fail to take any actions that in any way call into question or dispute the company's validity, legitimacy, and/or good standing. Officers and agents should use their proper titles and be sure to use the company's full and correct name.
- To the extent that the company conducts business under a name other than its full corporate or LLC name (e.g., a tradename or "doing business as – d/b/a"), confirm and ensure that the company's use of such name complies with all applicable laws and statutory and registration requirements, and that it is reasonably apparent that the business conducted under such name is the business of the company itself, and not an individual, unincorporated or unformed entity.

Additional Checklist Requirements If A Corporation:

- After the consideration has been paid for the stock, issue signed stock certificates to the shareholders and prepare and regularly maintain the stock register showing the ownership of the corporation's stock.
- Begin and regularly maintain a corporate minute book and include: a copy of the incorporation documents filed with the state and all amendments thereto; the corporation's organizational action; copy of the bylaws; minutes of all meetings of shareholders and directors; all resolutions passed by shareholders and directors; an accurate and up-to-date stock register; records of any significant corporate activities, including loans, purchases, leases, and payment of compensation to officers.
- Elect officers and directors upon formation of the corporation and confirm and ensure the accuracy of their names and contact information at least annually.
- Hold director and shareholder meetings (or execute written consents for corporate actions) at least annually.²
- Update the stock register as new shares are issued and issued shares are transferred.

Additional Checklist Requirements If A Limited Liability Company:

- After the consideration has been paid for the units of interest in the company, issue signed interest certificates to the members, if applicable, and prepare and regularly maintain the interest register showing the ownership interests of each member.
- Begin and regularly maintain a company record book and include: a copy of the organizational documents filed with the state and all amendments thereto; the company's organizational action; copy of the LLC operating agreement; minutes of all meetings of members and/or managers; a copy of all signed consents listing resolutions passed by members and/or managers; an accurate and up-to-date interest register; and records of any significant company activities, including loans, purchases, leases, and payment of compensation to officers.
- Confirm and ensure that officers', members', and managers' names and contact information are accurate.
- Hold manager and/or member meetings (or execute written consents for company actions) at least annually, if required by the LLC Operating Agreement.
- Update the interest register as new units of interest are issued and issued units of interest are transferred.

² Generally, at a minimum, the shareholders must elect directors annually and the directors must elect officers annually. Annual meetings or annual consents may also include director approval of other actions such as major business decisions and actions that are out of the ordinary course of business. Special meetings or special consents may also be used for this purpose.

Corporate Veil Guarantee® Terms And Conditions:

The Company Corporation® Corporate Veil Guarantee® is strictly subject to the following Terms and Conditions:

- In order to become and remain eligible for the Corporate Veil Guarantee®, the covered company must fully complete and comply with all applicable designated activities in our Corporate Veil Guarantee® Checklist within the required time frames and agree to be subject to the terms and conditions outlined herein. The Corporate Veil Guarantee® is not available or effective if the company is or has been past due or non-compliant with any of the applicable checklist activities. Eligibility for the Corporate Veil Guarantee® and the guarantees thereunder is subject to final determination by The Company Corporation®.
- The Corporate Veil Guarantee® is activated only when a third party successfully pierces the corporate veil of the covered company and, as a result, the owners, directors, officers, managers or members of the company are held personally liable for the debts and contractual obligations of the covered company to third parties, as determined by a court of competent jurisdiction in the United States.
- The Corporate Veil Guarantee® does not cover claims against the company made by or through the IRS, any other governmental taxing authority, or any other government agency.
- The Corporate Veil Guarantee® does not cover claims asserted in connection with any bankruptcy proceeding.
- The Corporate Veil Guarantee® does not provide coverage for claims relating to illegal or fraudulent activities, improper conduct by the company's owners, officers, directors, managers, members or agents, or intentional misconduct or grossly negligent conduct.
- The Corporate Veil Guarantee® is only available and effective during the period of the covered company's paid registered agent service with The Company Corporation. Events prior to the company's enrollment in the program or after a termination of registered agent service with The Company Corporation® are not covered.
- In the event of a claim against the Corporate Veil Guarantee®, to receive payment approval the covered company will be required to provide valid documentation of (1) the timely and full completion of and compliance with each applicable Corporate Veil Guarantee® Checklist activity and (2) the covered legal defense expenses incurred.
- The Corporate Veil Guarantee® coverage is not insurance and is limited to reasonable and documented legal defense expenses incurred and paid by the covered company in direct connection with the company's good faith defense against a corporate veil piercing claim brought against the company in a court of competent jurisdiction in the United States.

- In no event will coverage under the Corporate Veil Guarantee® with respect to a covered company exceed U.S. \$50,000.
- The covered company's sole recourse against The Company Corporation® under or related to the Corporate Veil Guarantee® shall be reimbursement for legal defense expenses as expressly provided herein and in no event shall The Company Corporation® be liable to the covered company or any other person or entity for any other claims, benefits, damages or expenses arising under or related to the Corporate Veil Guarantee®.
- EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED HEREIN, THE COMPANY CORPORATION® MAKES NO, AND HEREBY EXPRESSLY DISCLAIMS ANY, WARRANTY, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE CORPORATE VEIL GUARANTEE®.
- The Company Corporation® may modify any of the terms and conditions of the Corporate Veil Guarantee® and/or terminate the Corporate Veil Guarantee®, in whole or in part, at any time and in The Company Corporation®'s sole discretion.
- The covered company's participation in, and rights under, the Corporate Veil Guarantee® are not transferable or assignable without the prior written consent of The Company Corporation®.
- No aspect of the Corporate Veil Guarantee® or these terms and conditions shall be deemed to create any partnership, joint venture or agency relationship between the covered company and The Company Corporation®.
- The Corporate Veil Guarantee® and these terms and conditions shall be governed by the laws of the State of Delaware without regard to its conflict of laws principles. Any action against The Company Corporation® relating to the Corporate Veil Guarantee® or these terms and conditions must be brought in the federal or state courts located in Delaware, and by participating in the Corporate Veil Guarantee® the covered company submits to the exclusive jurisdiction of such courts with respect to any such action.
- The Corporate Veil Guarantee® is subject to all applicable laws, rules and regulations and is void where prohibited. The Corporate Veil Guarantee® is not intended to, and does not, cover any company in any jurisdiction or country where such coverage or the company's participation in the Corporate Veil Guarantee® is contrary to or impermissible under any applicable law, rule or regulation.

For additional information or to report a claim, please call 1-800-474-8135.

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THE
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