

Corporate Record Keeping Tips for Paralegals



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Corporate Record Keeping Tips for Paralegals

Many corporations hire paralegals to maintain their business and legal records. Paralegals who work in these positions are expected to have an advanced understanding of record-keeping demands in the corporate environment. This paper provides helpful tips for paralegals that are expected to keep corporate records. Professionals in this field should be sure to check with paralegal organizations in their states to gain information about state-level record-keeping requirements.

The Basics of Corporate Record Keeping

Corporate record keeping can be very demanding. In order to best understand the needs of the corporations for which they work, paralegals must identify basic information about the corporation. Paralegals should be sure that they understand when the corporation was formed, where the corporation made its incorporation filings and how frequently these filings must be renewed or updated.

Understanding Corporate Structures

Corporations take on different structures depending upon their nature and the state in which they are located. Some corporations are operated as privately owned endeavors. Other corporations are publicly held, meaning that they issue shares of stock. In some states, corporations are allowed to file as limited liability companies (LLCs).

Developing Good Filing and Security Practices

The first step in developing good record-keeping practices is to create a strong filing system and to put security measures into place. Many corporations must store sensitive documents that can only be accessed by executives and key stakeholders. Paralegals should be sure that such files are stored in locked filing cabinets. It is a good idea to note the date and time that such files are removed and returned.

It is essential that paralegals put a cross-reference file system into place. In such systems, all documents are recorded in a master database that can track them according to keyword, date and document type. Cross-referencing files allows paralegals to easily find a wide variety of records on demand.

Essential Record-Keeping Duties of Paralegals

Paralegals who work in corporate environments are required to maintain a wide array of records. The following section provides information about the specific records that must be maintained and what paralegals can do to ensure that they are following good record-keeping processes. Remember that key stakeholders should always be consulted when substantial changes to record-keeping procedures are being put into place.

Corporate Formation Records

All corporations must file formation papers, generally known as records of incorporation, at the state level. The records of incorporation should be kept in a company's central filing system at all times. It is essential that paralegals track any renewal dates for these filings. Failing to file for renewal of corporate status in a timely fashion may lead to hefty fines.

Changes and Updates to Incorporation Documents

From time to time, a corporation may need to change or update its incorporation documents. Paralegals should create a file to track these changes. The file should include the original version of the incorporation documents and any subsequent versions of the documents.

It is a good idea to write a summary of the changes made to corporate documents. Store this summary in a separate, cross-referenced file. A summary will make it easier for the paralegal to provide information about changes to stakeholders and board members.

Corporate Governance Documents

Documents pertaining to how a corporation is governed must be stored in a secured area. Changes to these documents should only be made with the full consent of the corporation's board of directors. Paralegals should never make changes to these documents unless they have the written

consent of the board of directors. Paralegals may also need to wait for written consent from the state or federal government before implementing changes in these documents.

Operation and Partnership Agreements

Corporations that are privately held partnerships generally create partnership agreements. Other corporations create operation agreements. Both types of agreements determine how a corporation will be run. They lay out the responsibilities of various executives. Such agreements may also outline a succession plan should a business owner pass away, resign or become incapable of handling corporate duties.

As with incorporation records, these agreements should be kept in the company's central filing system. When operational questions arise, paralegals may be asked to consult these documents. Paralegals should file any disputes over the operation or partnership agreements in a separate, cross-referenced file.

Securities and Stock Ledgers

Paralegals who have no previous experience working with stock ledgers should make time to sit down with a corporation's comptroller or head accountant in order to understand how these records are kept. Under new regulations, paralegals should be sure that these ledgers are stored in secured areas. Ledgers more than five years old may be kept in secured, offsite storage facilities.

Most states have put *blue-sky* laws into place. These laws require corporations to file a formal notice when new shares of stock are issued. Paralegals should investigate the blue-sky laws in their own states to discover how stock issuance should be reported. Keep back-up copies of all reports filed with state officials. Proof of receipt should be kept with all copies of reports.

Corporate Minutes Binders and Books

All minutes for corporate meetings should be kept at the corporation's headquarters for at least five years. It is a good idea to arrange the meeting minutes into a binder or bound book. Minutes that are more than five years old can be moved to an off-site storage facility. Remember that paper copies of minutes should be kept *even if* copies of the minutes are also stored in a computer database.

Meeting Minutes

Keeping minutes for corporate meetings is an essential part of the corporate paralegal's duties. In general, minutes for publicly held corporations must be made available to stock holders. It is essential that paralegals ensure that minutes are accurate.

Choosing a Format for Meeting Minutes

Paralegals who are new to corporate minute taking should ask executives if the company has adopted any particular format for recording minutes. If no format has been adopted, the paralegal should look at the meeting minutes of similar corporations and design a format that will be followed for all

minutes.

In general, meeting minutes must include the time, date and location of the meeting. The minutes should also include information about who attended the meeting. Make sure that all attendees fill out a sign-in sheet. Keep the sign-in sheet in the file along with the original meeting minutes.

Keeping Accurate Meeting Minutes

Paralegals should make voice recordings of meetings if at all possible. Such recordings will ensure that paralegals can take accurate notes of everything that happened at a meeting. All motions, votes and board member decisions must be clearly recorded in the meeting minutes. It is best to take extensive notes during a meeting. Paralegals can always trim down meeting minutes at a later time.

Almost all corporations require their board members to approve the minutes from the previous meeting at the beginning of a new meeting. *Be sure to check with business leaders as some corporations prohibit their meetings from being recorded.*

How to Write Strong Resolutions

A resolution is a document that details the decision or decisions made in the course of a corporate meeting. Keeping good meeting minutes is key to drafting a strong resolution. Paralegals should be prepared to track any changes that are requested when they present a resolution to the board of directors. Board members are required to approve all resolutions.

Federal and State Filings

Corporate paralegals are required to keep track of regular federal and state filings. These filings may detail stock activities, leadership changes and overall business profits. These types of filings should always be cross-referenced. Make sure that the date of the filing *and* the name of the agency to which the filing was made are clearly recorded in a central database.

Securities and Exchange Commission (SEC) Filings

The SEC requires publicly held companies to report information about stocks and earnings on a regular basis. Copies of all SEC filings should be stored in a secured area. Paralegals should ensure that proof of receipt is filed alongside such documents.

Annual State Reports and Renewals

Much like the SEC, individual states also require corporations to file reports about their earnings and activities. Corporations may also have to file renewals in order to maintain their legal status. As with SEC documents, these documents should be stored in a secured area with proof of receipt. The corporate paralegal should be sure to file any notices received from the state in the same file as the original report or renewal.

A Final Note on Corporate Record Keeping

Corporate paralegals who work for established companies are often required to take over a record-keeping system put into place by another professional. Paralegals should familiarize themselves with a corporation's record-keeping system before proposing any major changes.

Remember that corporate records should be stored in a secure location. Any computer files that correspond to such records should also be encrypted and password secured.

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