

Incorporation in the U.S.

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Do you have clients who ask your advice about expanding in the U.S.? Whether it's a Quebec company that wants to open a branch in New York or a client who wants to incorporate an American company, we can certainly help you in providing your clients with these services.

Unites States

Unlike Canada, there exists no federal corporation in the United States. Every state has a business corporation act, and although there are similarities between states, there is no law in effect in all of the U.S. If your client wishes to form a company, he/she must select one state among 50 in which to incorporate. In considering where to incorporate, first determine where your client's principal place of business is to be located.

Delaware Corporation

The most popular state for incorporating is Delaware because it is viewed as more progressive and permissive than other states. There are 4 types of corporations but for purposes of this article we shall deal with the general type only (C Corporation). For example, the directors and shareholders of a Delaware corporation don't have to be American residents or citizens. The head office can be located anywhere in the world. There are beneficial tax considerations. Delaware corporations make up 60% of the "Fortune 500" companies and 50% of the companies trading on the New York Stock Exchange.¹

Articles of Incorporation

What must you include in the articles of incorporation? As you will see, very little information is required. However, it is recommended, in some instances, that more information be included depending on the nature and complexity of your client's business.

The required items are:

- Name of the corporation;
- Name of the registered agent and address of the registered office;
- Number of shares of the capital stock the corporation is authorized to issue;
- Name and address of the incorporator.

Other items, such as the corporation's purposes, the powers of the corporation or the board of directors, the names and addresses of the directors, and other classes of shares with rights and privileges attached thereto, are optional and may also be included in the articles of incorporation.

Name of Corporation

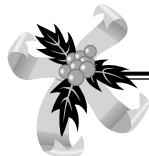
The name of the corporation must contain a legal element such as "Corp.", "Inc.", "Co." or "Ltd.". It must not be similarly confusing with another name, however the criteria for confusion will vary from state to state.

If your client wishes to incorporate in the state of Delaware and carry on business in New York State, for example, it is a good idea to check if the proposed name is available in both states so as to avoid any unpleasant surprises in the future.

Registered Agent and Office

The registered agent is a person residing in the state of Delaware who can receive service of process of any legal action against the corporation or any notices from the state (e.g.: annual report). The agent can be an individual or a company. The registered office is where the registered agent is located.

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Season's Greetings!

At this time of year it's easy to get caught up in the rush of the season. Underneath the feasting and festivity, the deadlines and shopping, may the joy of this season refresh your spirit and bring peace to all. To our clients and friends, far and near, we take this opportunity to express our appreciation for your valued business and say thank you. From all of us at C.R.A.C., we wish you Happy Holidays and a prosperous New Year.

Incorporation in the U.S. (cont'd)

Annual Reports

Each year, the Delaware corporation must file an annual report and a franchise tax report. The fees are \$20.00 U.S. and \$30.00 U.S. (for an authorized share capital of 1,500 common shares) respectively. Failure to file the annual reports may have serious consequences for the corporation.

Noram™ Services

Changes in technology and the global marketplace continue to create new business opportunities for clients. Whether it is for incorporating in the U.S., registering a business in another province, securing a name reservation, filing an annual report and obtaining a certificate of good standing from another

jurisdiction, the list goes on and on, we can certainly assist you. We'll be glad to help you keep your projects on track, on budget and on time.

1 Me Vincent Allard, *Incorporation d'une compagnie aux États-Unis*, Barreau du Québec, Cour du Service de la formation permanente, le 21 octobre 2003.

Turnaround Schedule for Corporate Services as of December 1st, 2003

SERVICES	PROVINCIAL	FEDERAL
TaxExpress™ (GST / QST / QDAS)	5 days	3 - 5 days
Name search with reservation	*24 hours	2 - 6 hours
Name search without reservation	3 hours	—
Certificate of incorporation (paper filing)	*2 - 3 days	2 days
Certificate of incorporation (IncoWeb™ electronic filing)	*2 - 3 days	24 hours 4 - 6 hrs if numeric
Certificate of amendment	*3 - 4 days	2 days
Certificate of continuation, of continuance or of amalgamation	*1 week	3 - 6 days
Certificate of dissolution	3 - 4 weeks	6 days
Notice of change (federal) or amending declaration (Quebec)	1 - 2 weeks	4 - 5 days
Letters patent for non-profit corporation	*1 - 2 weeks	25 days
Attestation / Certificate of good standing and certificate of compliance	*24 hours	48 hours
Revival	—	8 - 10 days
Initial declaration	1 - 2 weeks	—
Declaration of registration	*1 - 2 weeks	—
Annual declaration	*2 - 3 weeks	—
Revocation of striking-off (s. 54 L.P. Act)	*1 week	—

The turnaround times may vary slightly according to each file (*) = Priority service available.

FOOD FOR THOUGHT

"For somehow, not only at Christmas, but all the long year through, the joy that you give to others is the joy that comes back to you."

John Greenleaf Whittier

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Cocktail Party

On November 26, our annual Holiday cocktail party was held. This year, we had the distinct pleasure to welcome a well-known sports personality, Mr. Bruny Surin, Olympic and World Champion. Retired from competition, Mr. Surin along with his partner, Mr. Michael Hartwell, a former employee of CRAC, is now a sports agent representing other athletes. Charming and friendly, he gave a brief speech, and mingled with the other guests throughout evening and posed for many pictures. We also had a special presentation on the economic forecast for 2004 given by Mr. John Anania, Chief Economist of RBC Financial Group. Guests enjoyed the succulent food served by the caterer Philippe de Vienne and were entertained by the jazz trio. A great time was had by all!



▲ Excellent lecturer: Mr. John Anania

▼ From left to right: Nicholas Plarinos, Michael Hartwell, Corinne Hogg, Bruny Surin, Walter Weaver, Franca Sucapane, Bob Conconi, Anne-Marie David



▲ Our talented jazzmen: Donny Kennedy (sax), John Sadowy (keyboard) and Adam Over (double bass)

WHAT'S NEW...

'Tis that time of year again!

No, we don't mean Christmas! A reminder that you have until December 15 to file with the Inspector General of Financial Institutions the 2003 annual declarations for legal persons, associations and other groups. The required fee is \$79.00 for legal persons and \$32.00 for not-for-profit legal persons, associations and other groups. If you file after that date, a penalty fee of \$39.50 and \$16.00 respectively will be added to the initial fees.

Info-CRAC Goes Electronic!

It is with a great deal of nostalgia that we inform you that this issue is our last paper edition of Info-CRAC. Beginning in February 2004, our Info-CRAC will be available in electronic format and delivered to you by e-mail. To ensure you receive the future issues, please provide us with your e-mail address by writing to aroy@crac.com

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