

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Secretary of state-entity dissolution for fraud.

Sponsored by: Joint Corporations, Elections & Political
Subdivisions Interim Committee

A BILL

for

1 AN ACT relating to corporations, partnerships and
2 associations; providing for the administrative dissolution
3 of or the revocation of certificate of authority for
4 corporations, limited liability companies and statutory
5 foundations as specified; authorizing appeals to be heard
6 by the chancery court; making conforming amendments; and
7 providing for an effective date.

8

9 *Be It Enacted by the Legislature of the State of Wyoming:*

10

11 **Section 1.** W.S. 5-13-115 by creating a new subsection
12 (h), 17-16-1420(a)(vi)(intro), (D) and by creating new

1 subparagraphs (F) through (J), 17-16-1423(b), 17-16-
2 1530(a)(viii)(intro), (C) and by creating new subparagraphs
3 (E) through (H), 17-16-1532(a), 17-19-1420(a)(v)(intro),
4 (C) and by creating new subparagraphs (E) through (H), 17-
5 19-1423(b), 17-19-1530(a)(vii)(intro), (C) and by creating
6 new subparagraphs (E) through (H), 17-19-1532(a), 17-29-
7 705(c)(iii)(intro), (D) and by creating new subparagraphs
8 (F) through (J), 17-29-707, 17-30-904(h)(iii)(intro), (D)
9 and by creating new subparagraphs (F) through (J) and 17-
10 30-905 are amended to read:

11

12 **5-13-115. Purpose and jurisdiction.**

13

14 (h) The chancery court shall have jurisdiction to
15 hear and decide appeals from decisions of the secretary of
16 state under W.S. 17-16-1423(b), 17-16-1532(a), 17-19-
17 1423(b), 17-19-1532(a), 17-29-707 and 17-30-905.

18

19 **17-16-1420. Grounds for administrative dissolution.**

20

21 (a) The secretary of state may commence a proceeding
22 under W.S. 17-16-1421 to administratively dissolve a
23 corporation if any of the following has occurred:

1

2 (vi) It is in the public interest and the
3 corporation meets one (1) or more of the following
4 conditions:

5

6 (D) Is owned or controlled by a foreign
7 government or foreign nongovernment person determined to be
8 a foreign adversary by the United States secretary of
9 commerce and specified in 15 C.F.R. 791.4(a) or a successor
10 regulation, except if the ownership or control has been
11 approved by the committee on foreign investment in the
12 United States;~~or~~

13

14 *****
15 *****
16 STAFF COMMENT
17 The following new subparagraphs represent items that were
18 discussed by the Fraud Protection Working Group. Not all of
19 the items received the full support of the Group, but are
20 included in this draft for review by the Committee.
21
22 The same items are included throughout the draft for
23 different types of entities.
24 *****
25 *****
26

27 (F) Has been convicted of or found civilly
28 liable for any act that constitutes fraud against another

1 person under the laws of the United States, the laws of
2 this state or the laws of another state;

3
4 (G) Any document filed with the secretary
5 of state by or on behalf of the corporation after July 1,
6 2027 is not filed by a natural person using the natural
7 person's legal name;

8
9 (H) The secretary of state determines that
10 the corporation has engaged in or has been formed,
11 registered, maintained or used as part of a pattern or
12 scheme of false or fraudulent activity involving one (1) or
13 more documents that are filed or intended to be filed with
14 the secretary of state under this act or involving false or
15 fraudulent information provided to a registered agent in
16 connection with the registered agent's duties under W.S.
17 17-28-107. In making a determination under this
18 subparagraph, the secretary of state may consider the
19 totality of the circumstances and any relevant evidence
20 tending to establish a material connection between the
21 corporation and any person, filing, transaction or course
22 of conduct involved in the pattern or scheme of false or
23 fraudulent activity;

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(J) The secretary of state determines that the corporation acted contrary to the interests or laws of the United States or the laws of this state. In making a determination under this subparagraph, the secretary of state may consider evidence of fraudulent conduct.

17-16-1423. Appeal from denial of reinstatement.

(b) The corporation may appeal the denial of reinstatement to the chancery court, notwithstanding the provisions of W.S. 16-3-114(a), or to the district court within thirty (30) days after service of the notice of denial is perfected. The corporation appeals by petitioning the court to set aside the dissolution and attaching to the petition copies of the secretary of state's certificate of dissolution, the corporation's application for reinstatement, and the secretary of state's notice of denial.

STAFF COMMENT

There are other statutes that reference the appeal process under W.S. 17-16-1423. Two of those are amended below, but

1 two others, 17-10-247(c) related to cooperatives and 17-28-
2 110(d) related to registered agents are not included in
3 this bill. The Committee may want to determine whether to
4 make sure the appeal to the chancery court is available in
5 those other instances or should be limited only to the
6 examples included in this bill draft.

7 *****
8 *****
9

10 17-16-1530. Grounds for revocation.

11
12 (a) The secretary of state may commence a proceeding
13 under W.S. 17-16-1531 to revoke the certificate of
14 authority of a foreign corporation authorized to transact
15 business in this state if:

16
17 (viii) It is in the public interest and the
18 corporation meets one (1) or more of the following
19 conditions:

20
21 (C) Is owned or controlled by a foreign
22 government or foreign nongovernment person determined to be
23 a foreign adversary by the United States secretary of
24 commerce and specified in 15 C.F.R. 791.4(a) or a successor
25 regulation, except if the ownership or control has been
26 approved by the committee on foreign investment in the
27 United States; ~~or~~

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(E) Has been convicted of or found civilly liable for any act that constitutes fraud against another person under the laws of the United States, the laws of this state or the laws of another state;

(F) Any document filed with the secretary of state by or on behalf of the corporation after July 1, 2027 is not filed by a natural person using the natural person's legal name;

(G) The secretary of state determines that the corporation has engaged in or has been formed, registered, maintained or used as part of a pattern or scheme of false or fraudulent activity involving one (1) or more documents that are filed or intended to be filed with the secretary of state under this act or involving false or fraudulent information provided to a registered agent in connection with the registered agent's duties under W.S. 17-28-107. In making a determination under this subparagraph, the secretary of state may consider the totality of the circumstances and any relevant evidence tending to establish a material connection between the

1 corporation and any person, filing, transaction or course
2 of conduct involved in the pattern or scheme of false or
3 fraudulent activity;

4
5 (H) The secretary of state determines that
6 the corporation acted contrary to the interests or laws of
7 the United States or the laws of this state. In making a
8 determination under this subparagraph, the secretary of
9 state may consider evidence of fraudulent conduct.

10
11 **17-16-1532. Appeal from revocation.**

12
13 (a) A foreign corporation may appeal the secretary of
14 state's revocation of its certificate of authority pursuant
15 to W.S. 16-3-114, to the chancery court, notwithstanding
16 the provisions of W.S. 16-3-114(a), or to the district
17 court within thirty (30) days after service of the
18 certificate of revocation is perfected under W.S. 17-28-
19 104. The foreign corporation appeals by petitioning the
20 court to set aside the revocation and attaching to the
21 petition copies of its certificate of authority and the
22 secretary of state's certificate of revocation.

1 **17-19-1420. Grounds for administrative dissolution.**

2

3 (a) The secretary of state may commence a proceeding
4 under W.S. 17-19-1421 to administratively dissolve a
5 corporation if any of the following has occurred:

6

7 (v) It is in the public interest and the
8 corporation meets one (1) or more of the following
9 conditions:

10

11 (C) Is owned or controlled by a foreign
12 government or foreign nongovernment person determined to be
13 a foreign adversary by the United States secretary of
14 commerce and specified in 15 C.F.R. 791.4(a) or a successor
15 regulation, except if the ownership or control has been
16 approved by the committee on foreign investment in the
17 United States;~~or~~

18

19 (E) Has been convicted of or found civilly
20 liable for any act that constitutes fraud against another
21 person under the laws of the United States, the laws of
22 this state or the laws of another state;

23

1 (F) Any document filed with the secretary
2 of state by or on behalf of the corporation after July 1,
3 2027 is not filed by a natural person using the natural
4 person's legal name;

5
6 (G) The secretary of state determines that
7 the corporation has engaged in or has been formed,
8 registered, maintained or used as part of a pattern or
9 scheme of false or fraudulent activity involving one (1) or
10 more documents that are filed or intended to be filed with
11 the secretary of state under this act or involving false or
12 fraudulent information provided to a registered agent in
13 connection with the registered agent's duties under W.S.
14 17-28-107. In making a determination under this
15 subparagraph, the secretary of state may consider the
16 totality of the circumstances and any relevant evidence
17 tending to establish a material connection between the
18 corporation and any person, filing, transaction or course
19 of conduct involved in the pattern or scheme of false or
20 fraudulent activity;

21
22 (H) The secretary of state determines that
23 the corporation acted contrary to the interests or laws of

1 the United States or the laws of this state. In making a
2 determination under this subparagraph, the secretary of
3 state may consider evidence of fraudulent conduct.

4
5 **17-19-1423. Appeal from denial of reinstatement.**

6
7 (b) The corporation may appeal the denial of
8 reinstatement to the chancery court, notwithstanding the
9 provisions of W.S. 16-3-114(a), or to the district court
10 within thirty (30) days after service of the notice of
11 denial is perfected. The corporation appeals by
12 petitioning the court to set aside the dissolution and
13 attaching to the petition copies of the secretary of
14 state's certificate of dissolution, the corporation's
15 application for reinstatement, and the secretary of state's
16 notice of denial.

17
18 **17-19-1530. Grounds for revocation.**

19
20 (a) The secretary of state may commence a proceeding
21 under W.S. 17-19-1531 to revoke the certificate of
22 authority of a foreign corporation authorized to transact

1 business in this state if any of the following has
2 occurred:

3

4 (vii) It is in the public interest and the
5 corporation meets one (1) or more of the following
6 conditions:

7

8 (C) Is owned or controlled by a foreign
9 government or foreign nongovernment person determined to be
10 a foreign adversary by the United States secretary of
11 commerce and specified in 15 C.F.R. 791.4(a) or a successor
12 regulation, except if the ownership or control has been
13 approved by the committee on foreign investment in the
14 United States;~~or~~

15

16 (E) Has been convicted of or found civilly
17 liable for any act that constitutes fraud against another
18 person under the laws of the United States, the laws of
19 this state or the laws of another state;

20

21 (F) Any document filed with the secretary
22 of state by or on behalf of the corporation after July 1,

1 2027 is not filed by a natural person using the natural
2 person's legal name;

3
4 (G) The secretary of state determines that
5 the corporation has engaged in or has been formed,
6 registered, maintained or used as part of a pattern or
7 scheme of false or fraudulent activity involving one (1) or
8 more documents that are filed or intended to be filed with
9 the secretary of state under this act or involving false or
10 fraudulent information provided to a registered agent in
11 connection with the registered agent's duties under W.S.
12 17-28-107. In making a determination under this
13 subparagraph, the secretary of state may consider the
14 totality of the circumstances and any relevant evidence
15 tending to establish a material connection between the
16 corporation and any person, filing, transaction or course
17 of conduct involved in the pattern or scheme of false or
18 fraudulent activity;

19
20 (H) The secretary of state determines that
21 the corporation acted contrary to the interests or laws of
22 the United States or the laws of this state. In making a

1 determination under this subparagraph, the secretary of
2 state may consider evidence of fraudulent conduct.

3
4 **17-19-1532. Appeal from revocation.**

5
6 (a) A foreign corporation may appeal the secretary of
7 state's revocation of its certificate of authority pursuant
8 to W.S. 16-3-114 to the chancery court, notwithstanding the
9 provisions of W.S. 16-3-114(a), or to the district court
10 within thirty (30) days after the service of the
11 certificate of revocation is perfected under W.S. 17-28-
12 104. The foreign corporation appeals by petitioning the
13 court to set aside the revocation and attaching to the
14 petition copies of its certificate of authority and the
15 secretary of state's certificate of revocation.

16
17 **17-29-705. Administrative forfeiture of authority and**
18 **articles of organization.**

19
20 (c) A limited liability company shall be deemed to be
21 transacting business within this state without authority,
22 to have forfeited any franchises, rights or privileges
23 acquired under the laws thereof and shall be deemed defunct

1 and to have forfeited its articles of organization or
2 certificate of authority acquired under the laws of this
3 state, and the forfeiture shall be made effective in the
4 manner provided in subsection (a) of this section, if:

5
6 (iii) It is in the public interest and the
7 limited liability company or any of its members meets one
8 (1) or more of the following conditions:

9
10 (D) Is owned or controlled by a foreign
11 government or foreign nongovernment person determined to be
12 a foreign adversary by the United States secretary of
13 commerce and specified in 15 C.F.R. 791.4(a) or a successor
14 regulation, except if the ownership or control has been
15 approved by the committee on foreign investment in the
16 United States;~~or~~

17
18 (F) Has been convicted of or found civilly
19 liable for any act that constitutes fraud against another
20 person under the laws of the United States, the laws of
21 this state or the laws of another state;

1 (G) Any document filed with the secretary
2 of state by or on behalf of the limited liability company
3 after July 1, 2027 is not filed by a natural person using
4 the natural person's legal name;

5
6 (H) The secretary of state determines that
7 the limited liability company has engaged in or has been
8 formed, registered, maintained or used as part of a pattern
9 or scheme of false or fraudulent activity involving one (1)
10 or more documents that are filed or intended to be filed
11 with the secretary of state under this act or involving
12 false or fraudulent information provided to a registered
13 agent in connection with the registered agent's duties
14 under W.S. 17-28-107. In making a determination under this
15 subparagraph, the secretary of state may consider the
16 totality of the circumstances and any relevant evidence
17 tending to establish a material connection between the
18 limited liability company and any person, filing,
19 transaction or course of conduct involved in the pattern or
20 scheme of false or fraudulent activity;

21
22 (J) The secretary of state determines that
23 the limited liability company acted contrary to the

1 interests or laws of the United States or the laws of this
2 state. In making a determination under this subparagraph,
3 the secretary of state may consider evidence of fraudulent
4 conduct.

6 **17-29-707. Appeal from rejection of reinstatement.**

8 Appeals of decisions of the secretary of state under this
9 article may be made to the chancery court, notwithstanding
10 the provisions of W.S. 16-3-114(a), or to the district
11 court in the same manner as provided in W.S. 17-16-1423.

13 **17-30-904. Administrative forfeiture of authority and**
14 **articles of formation.**

16 (h) A statutory foundation shall be deemed to be
17 operating within this state without authority, to have
18 forfeited any rights or privileges acquired under the laws
19 of this state and shall be deemed to have forfeited its
20 articles of formation filed in this state if:

22 (iii) The public interest is served by
23 forfeiture and the statutory foundation, its founder or any

1 other person authorized to act on behalf of the statutory
2 foundation meets one (1) or more of the following
3 conditions:

4
5 (D) Is owned or controlled by a foreign
6 government or foreign nongovernment person determined to be
7 a foreign adversary by the United States secretary of
8 commerce and specified in 15 C.F.R. 791.4(a) or a successor
9 regulation, except if the ownership or control has been
10 approved by the committee on foreign investment in the
11 United States;~~or~~

12
13 (F) Has been convicted of or found civilly
14 liable for any act that constitutes fraud against another
15 person under the laws of the United States, the laws of
16 this state or the laws of another state;

17
18 (G) Any document filed with the secretary
19 of state by or on behalf of the statutory foundation after
20 July 1, 2027 is not filed by a natural person using the
21 natural person's legal name;

22

1 (H) The secretary of state determines that
2 the statutory foundation has engaged in or has been formed,
3 registered, maintained or used as part of a pattern or
4 scheme of false or fraudulent activity involving one (1) or
5 more documents that are filed or intended to be filed with
6 the secretary of state under this act or involving false or
7 fraudulent information provided to a registered agent in
8 connection with the registered agent's duties under W.S.
9 17-28-107. In making a determination under this
10 subparagraph, the secretary of state may consider the
11 totality of the circumstances and any relevant evidence
12 tending to establish a material connection between the
13 statutory foundation and any person, filing, transaction or
14 course of conduct involved in the pattern or scheme of
15 false or fraudulent activity;

16
17 (J) The secretary of state determines that
18 the statutory foundation acted contrary to the interests or
19 laws of the United States or the laws of this state. In
20 making a determination under this subparagraph, the
21 secretary of state may consider evidence of fraudulent
22 conduct.

1 17-30-905. Appeal from rejection of reinstatement.

2

3 Appeals from decisions of the secretary of state made under
4 this act ~~shall occur~~ may be made to the chancery court,
5 notwithstanding the provisions of W.S. 16-3-114(a), or to
6 the district court in the same manner as provided in W.S.
7 17-16-1423.

8

9 **Section 2.** This act is effective July 1, 2027.

10

11 (END)