



## NEWS RELEASE

FOR RELEASE:  
June 18, 2009

Contact: Kay Stimson  
Director of Communications  
202.624.3528  
nass@sso.org

### **North Carolina Secretary of State Elaine Marshall Testifies Before U.S. Senate Panel on NASS Company Formation Task Force and State Business Incorporation Practices**

*NASS Seeks Alternative Approaches to S.569, "The Incorporation Transparency and Law Enforcement Assistance Act"*

(Washington, DC) – North Carolina Secretary of State and NASS Company Formation Co-Chair Elaine Marshall testified today before the U.S. Senate Homeland Security and Governmental Affairs Committee on efforts by her office and the National Association of Secretaries of State to respond to federal concerns about state business incorporation practices. The purpose of the hearing was to discuss S.569, the Incorporation Transparency and Law Enforcement Assistance Act, which seeks to address perceived loopholes in state law and provide guidance for states in working with law enforcement investigations dealing with financial crimes.

Marshall outlined her opposition to the bill, highlighting the additional costs and record keeping requirements the law would impose on states. She also discussed the mechanics of the business formation process in the states and discussed why the recommendations of the NASS Company Formation Task Force offer a more prudent, lower-cost alternative to federal legislation with sweeping mandates.

"The NASS recommendations strike an appropriate balance by supporting the goals of law enforcement without unnecessarily restructuring state governments or negatively impacting the business community," said Marshall. "NASS members are wary of any federal law that burdens states and legitimate businesses yet provides lawbreakers with the ability to evade it. The obvious argument is that the extremely small number of entities that are registered to do business that may be engaged in money laundering, terrorist financing and tax evasions are probably not going to file accurate or truthful information to state government. Therefore, for the overwhelming number of legitimate, law abiding businesses, trying to stay afloat in these difficult times, we think the NASS approach is a more reasonable, simple and unobtrusive solution which would allow small business owners to comply without having to hire a legal team to decipher filing requirements."

The NASS Company Formation Task Force, formed in 2006 and co-chaired by Marshall and Kansas Secretary of State Ron Thornburgh, is comprised of secretaries of state and corporations division managers from nearly two dozen states. The body has spent the last several years developing legal and administrative responses to federal government concerns regarding state business incorporation practices. As part of this effort, NASS has worked with a coalition of groups opposed to the passage of S.569, including the Uniform Law Commissioners (ULC), the American Bar Association (ABA) and the National Conference of State Legislatures (NCSL). The International Association of Commercial Administrators (IACA) has also participated in the collaboration.

For more information on the NASS Company Formation Task Force and its work, visit [www.nass.org](http://www.nass.org).

###