

The Business Filing Fraud Prevention Act

Protecting Minnesota Business Owners

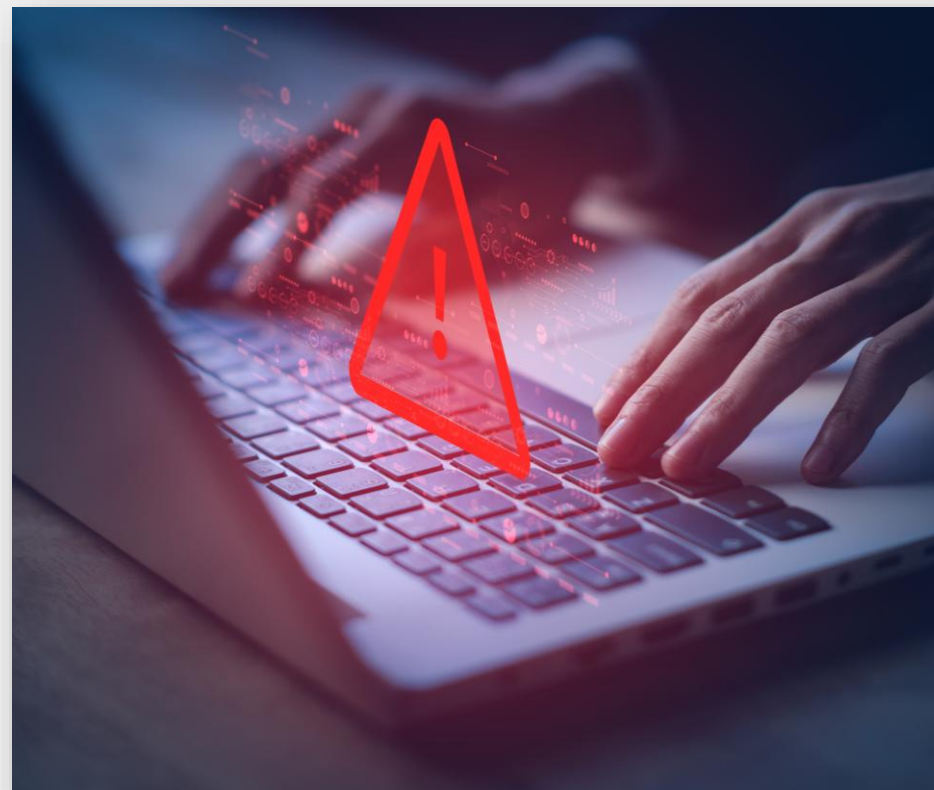
Minnesota Secretary of State Steve Simon

August 6, 2025

The Problem

A National Problem, Not a State Problem

- Fraudulent business filings are a known issue in every state.
- Criminals take advantage of frictionless filing systems to impersonate or hijack businesses.
- Minnesota is not alone in facing this, but we decided to act and make it a state solution.



What We Hear from Business Owners

“This business isn’t mine — I’ve never seen it before.”

“Someone listed my home address without permission.”

“My long-dormant business was reactivated behind my back.”

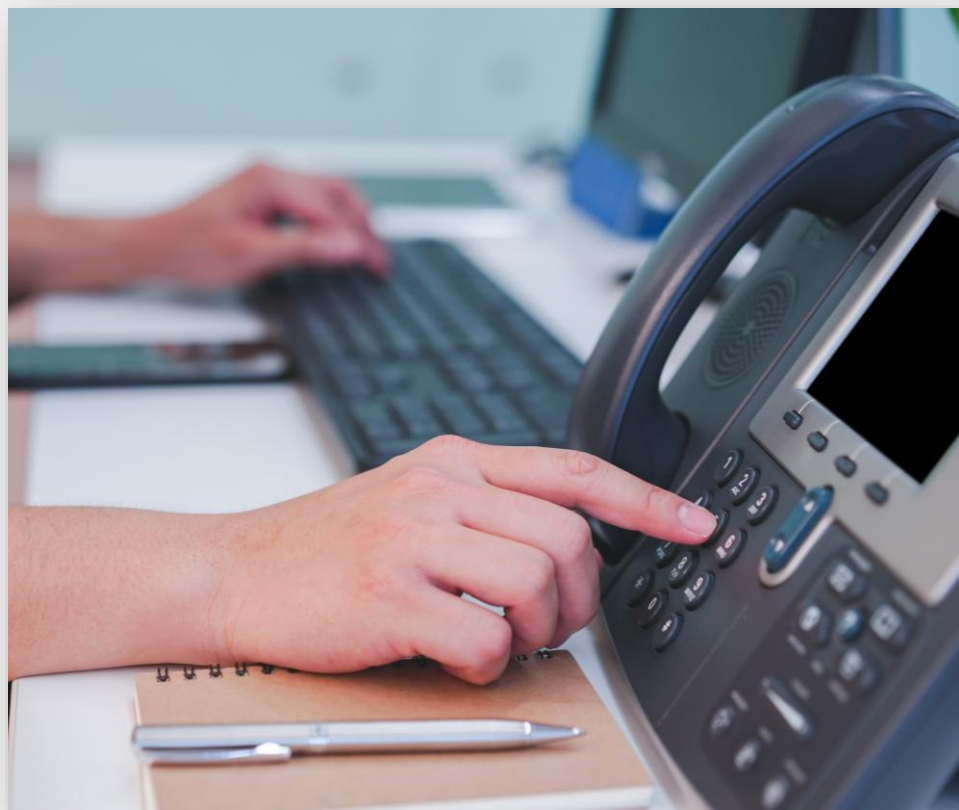
“I’m getting bills or collection calls for things I didn’t authorize or apply for.”

What We Told Victims (Before the Law)

“We do not have the statutory authority to take action.”

- Victims had to either go to court or pay to amend the records themselves.
- There was no clear path forward – it was dependent on the desire of their local law enforcement to act.

Hidden Scale of the Problem



- We do not have concrete numbers on how many fraud complaints we receive.
- We get more calls and emails than you'd hope, but fewer than we should — because many go unnoticed for too long.

What's at Risk for Victims

- It can take months or longer for a business owner to unwind the damage.
- People may receive credit card bills or phone charges they didn't authorize.
- Fraudsters often use dormant entities to apply for credit or impersonate legitimate businesses. This could affect the credit history of unsuspecting Minnesotans.



The New Law

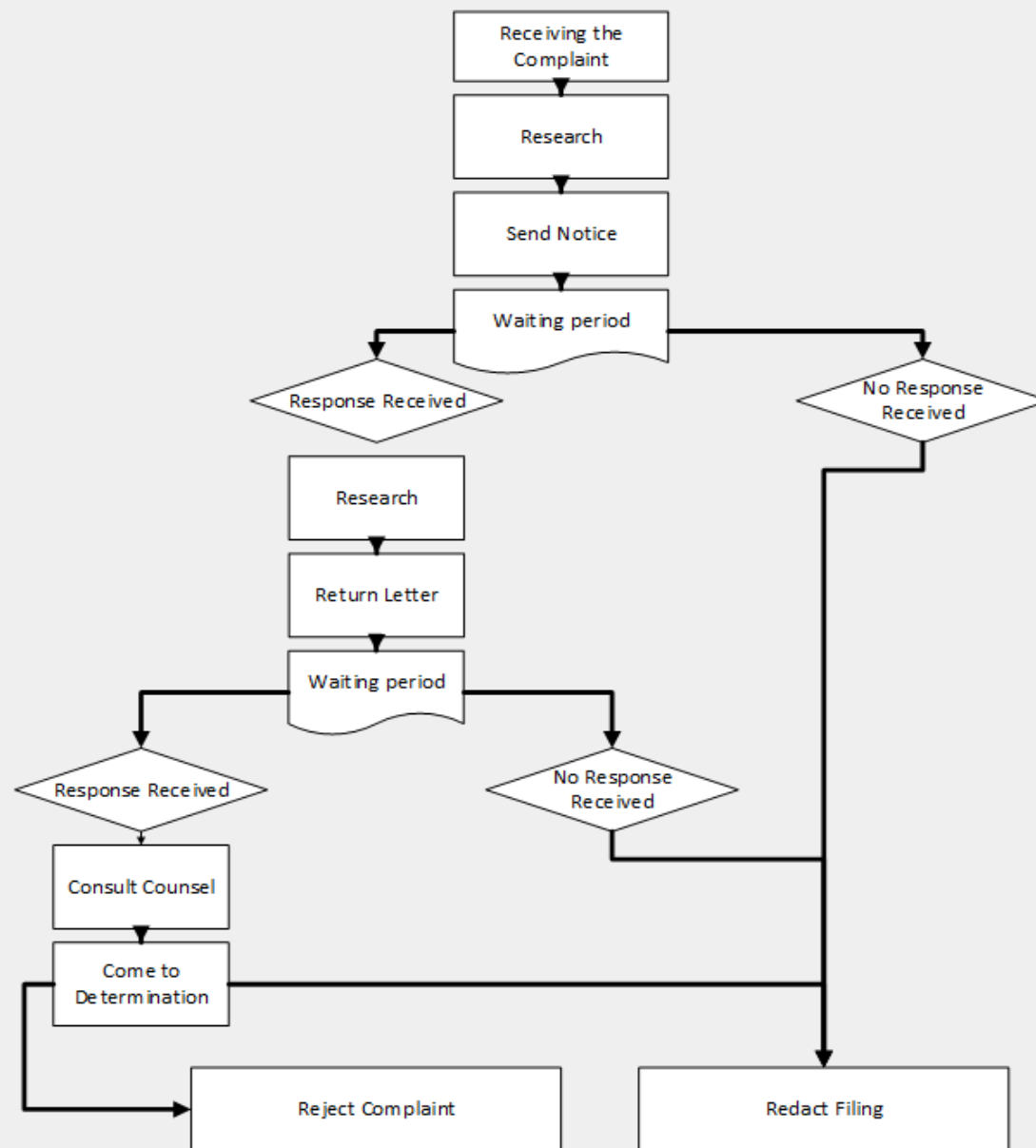
What the New Law Does

- The new law creates a formal process for handling fraudulent business filings.
- The entire complaint process is **administered by our office**, not routed through external agencies.
- We modeled this on Colorado's approach but made changes based upon the lessons they had learned.
- The bill passed with strong **bipartisan support**.



How the Process Works

- Once a complaint is submitted, our staff sends a notice to the affected parties.
- If **no response** is received within 21 days, we accept the complaint and declare the filing fraudulent.
- If a **response is received**, the office may request additional information to make a preliminary judgment.



Final Outcomes

- When a final order by our office deems the filing fraudulent, we take action.

If the filing created a new, fake entity, it will be **removed** from the record.

If it altered an existing business, the fraudulent data will be **redacted** and the record will be flagged.

- If the complaint is rejected, the parties are given notice of this and then can appeal to a district court if they decide so.

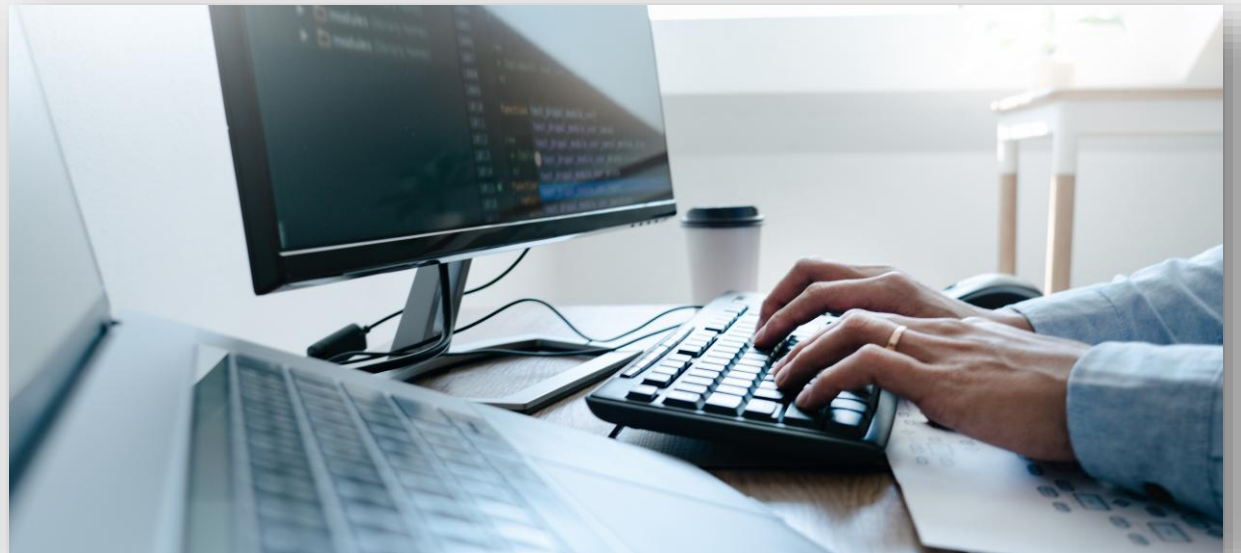
No Change for Most Business Owners

- The average business owner will not experience any new requirements.
- This process only begins if fraud is suspected or reported via a Declaration of Wrongful Filing.
- When fraud does occur, the process allows for fast and cost-free correction without lawyers or court filings.

Staffing & Development

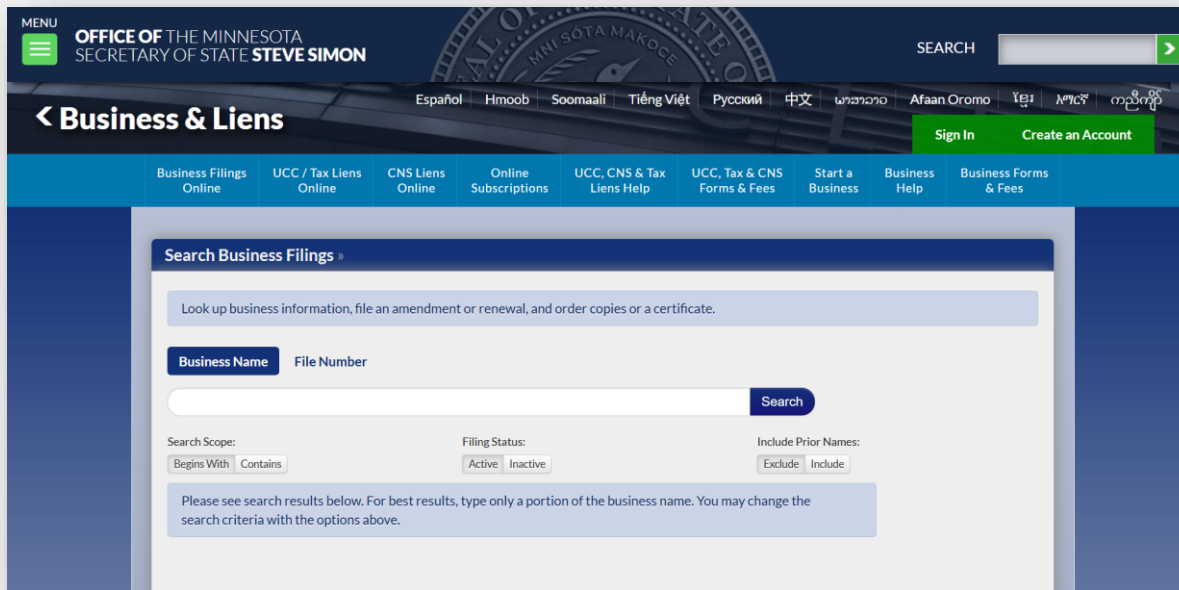
Staffing the Program

- Rather than build a separate team, we are **integrating** the work into our existing staff workload.
- We are adding a few **full-time positions** to support the program and ensure resiliency.
- A new **data analyst position** will help identify patterns and potentially help the office detect fraudulent activity.



The Technical Side of the Program

- The fraud complaint system is being built by our in-house development staff.

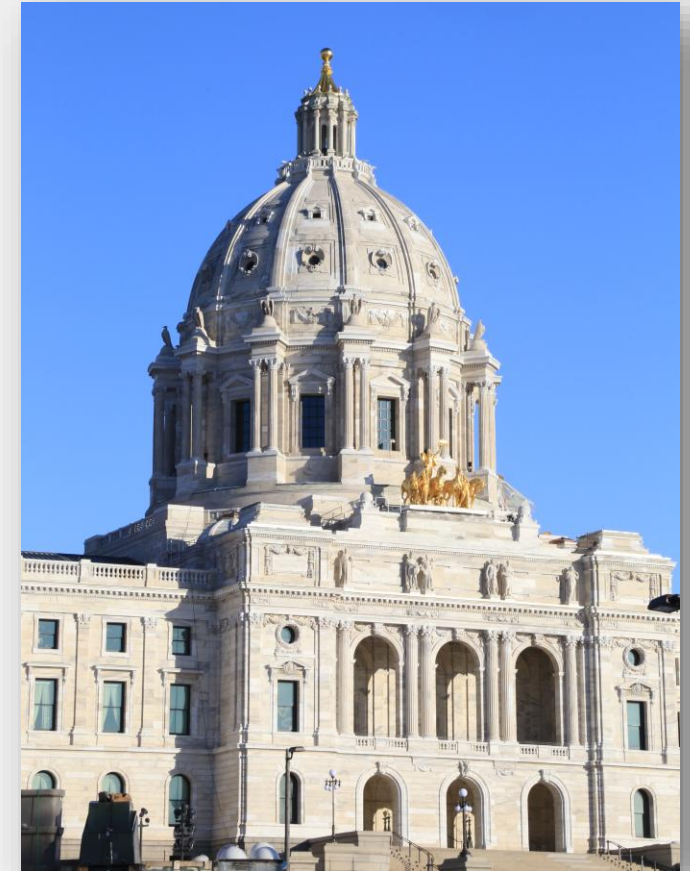


The screenshot shows the official website of the Office of the Minnesota Secretary of State, Steve Simon. The header includes a menu icon, the office name, a search bar, and a language selector with options like Español, Hmoob, Soomaali, and others. Below the header is a navigation bar with links for Business Filings Online, UCC / Tax Liens Online, CNS Liens Online, Online Subscriptions, UCC, CNS & Tax Liens Help, UCC, Tax & CNS Forms & Fees, Start a Business, Business Help, and Business Forms & Fees. The main content area is titled 'Search Business Filings' and contains a search form with fields for Business Name and File Number, a Search button, and filters for Search Scope, Filing Status, and Include Prior Names. A note at the bottom of the form suggests typing only a portion of the business name for best results.

- It will be incorporated into our **existing business filing platform**.
- This avoids delays tied to vendor procurement and allows for long-term customization and control.

How We Got It Passed

- We learned from our counterparts in other states – including Colorado – and their advice was instrumental in crafting a strong program that found much support.
- We talked with many stakeholders, including business groups, law enforcement, and business law attorneys ahead of time to ensure support.



How We Got It Passed

- We drafted the language internally thanks to the drafting expertise of our Deputy General Counsel Lauren Bethke allowing us to think through all aspects of the process. She then testified in each legislative committee.
- We worked with both the Senate and the House to determine a funding strategy that worked in a tight budget year. A new account was created to help fund this program as well as other fraud prevention and cybersecurity initiatives of our office. We were authorized to **increase our reinstatement fee by \$40** and that increase is deposited into the account.

The Outcome We Want

- We can begin accepting submissions on **January 1, 2026**.
- Our goal is to make Minnesota a harder target for fraudsters due to **quick response times**.
- Criminals will always seek out the states with the weakest laws and enforcement.
- For business owners, we want fraud to be a speed bump — a temporary disruption, **not a threat to their livelihood**.
- This process allows them to get back to work quickly and confidently.

Thank you!