



STATE OF MINNESOTA
Office of the Minnesota Secretary of State
Steve Simon

March 19, 2024

Members of the Senate Judiciary and Public Safety Committee:

The Office of the Minnesota Secretary of State appreciates the work to address the issue of business fraud in Minnesota. We do have the following concern with the language of SF 4274 as currently drafted.

The two most common forms of business fraud reported frequently to our Office are:

- the "hijacking" of existing, legitimate registered businesses; and
- using a Minnesota resident's identity to register a new fraudulent business.

If a filing is done on a legitimate business in an attempt to use the business filing for fraudulent purposes, this bill would require the legitimate business – that has experienced a type of hijacking as its information has been used fraudulently – to file the fee to reinstate the business following our office's dissolution of the business. We would like to have intermediate steps to determine if a filing was intended to be used fraudulently or if this was an errant filing. This would put our staff in a difficult position of assessing whether the proof provided is legitimate and sufficient, particularly when there are occasions when businesses simply make innocent mistakes regarding their address. This is not a role that we typically play. Because businesses lose significant rights and privileges and face potentially substantial penalties if their entity is dissolved, we would like additional safeguards built in before an entity is administratively dissolved.

The issue of business fraud is one that impacts far too many Minnesotans and we have been working with the Office of the Minnesota Attorney General to craft legislation to allow our Office to take steps to not only remedy these situations for victims, but also to prevent them from occurring in the first place. We will continue this work over the interim and solidify draft language. We would welcome the opportunity to continue to work with the author on this issue.

Thank you,

A handwritten signature in black ink, appearing to read "Ann Lindstrom".

Ann Lindstrom
Deputy Secretary of State for Operations
Office of the Minnesota Secretary of State

Ann.lindstrom@state.mn.us

651-335-0055