

# ALERTS:

## ***Is Your Company in Good Standing?***

If you own or operate a corporation, a limited liability company, or other registered entity in Minnesota, now would be a good time to confirm that your company remains in good standing. The Minnesota Secretary of State recently completed a purge of its databases by administratively dissolving thousands of companies that have not filed the annual reports required to maintain good standing in Minnesota. A company that has been dissolved in this manner can experience delay, uncertainty, and extra cost in its operations. Entities can obtain reinstatement by following the procedures provided by the Secretary of State at [www.sos.state.mn.us](http://www.sos.state.mn.us).

## ***Remedies for Companies in Financial Trouble***

Effective August 1, 2012, two new Minnesota statutes refine and reframe traditional state court remedies for companies in financial trouble. Minnesota Stat. § 576.21-53 is a new and expanded treatment of receiverships, and Minn. Stat. § 577.11-18 addresses assignments for the benefit of creditors. Both proceedings are expected to be less expensive and less time-consuming than a federal court bankruptcy proceeding. The receivership statute defines a “general” receivership in which a private person is appointed to operate as a receiver of a company, who may operate the business, sell property free and clear of liens, assert claims belonging to the business, and otherwise act on behalf of the business and its creditors to accomplish an orderly liquidation. The law also complements traditional real estate receiverships. In an assignment for the benefit of creditors, the company voluntarily assigns its assets to a third-party who, in general, has the rights and responsibilities of a receiver. Bankruptcy still may be appropriate in many cases, such as when a broad automatic stay is required or if the strong-arm and transfer avoidance powers of a bankruptcy trustee are needed.

## ***Hiring Veterans and their Spouses***

According to a law that became effective August 1, 2012, a private employer in Minnesota may grant a preference to a veteran, the spouse of a disabled veteran who has a service-connected permanent and total disability, or the surviving spouse of a deceased veteran in hiring and promotion. This new statute, Minn. Stat. § 181.4551, provides that such a preference does not violate any local or state equal employment opportunity law, including the Minnesota Human Rights Act. A pre-existing federal law, 42 U.S.C. § 2000e-11, already provides that a state law creating rights or preference for veterans is not inconsistent with the federal discrimination law relating to race, religion, national origin, and gender.

## ***Health Care Surtax***

A new 3.8% Medicare surtax takes effect January 1, 2013. Generally, this surtax applies to net investment income of single taxpayers with adjusted gross income of \$200,000, married taxpayers filing jointly with adjusted gross income of \$250,000, and trusts and estates with adjusted gross income over \$11,650. Net investment income includes interest, dividends, capital gains, annuities, rents, royalties, and passive activity income. The surtax does not apply to municipal bond interest or tax-deferred annuities.

***If you would like assistance in assuring best practices in any of these areas, please contact your attorney at Moss & Barnett.***