

**From:** [Roger Loeb](#)  
**To:** [Public Comment SB22034](#)  
**Subject:** [EXTERNAL] Fundamental requirements for secure and trustworthy corporate registration  
**Date:** Monday, January 9, 2023 2:15:41 PM

---

I'm the owner of a small business that's been registered in Colorado for 22 years. Once my company was registered, I largely ignored the details, other than paying the annual fee. However, watching and listening to the Fraudulent Business Filings Working Group has exposed some distressing weaknesses in the corporate registration process.

A person or business considering engaging with a corporation registered in Colorado might refer to the Colorado Secretary of State's website and learn that the company is in "good standing." For the uninitiated, "good standing" might imply that the State of Colorado had conducted some minimal "due diligence" before conferring that label. Unfortunately, that's not the case. The status of "good standing" can be purchased for the princely sum of ten dollars yearly! Moreover, should you later encounter some difficulty with the business and wish to pursue legal action, you may be surprised to learn that the identity or address of the "registered agent" is fictitious, leaving you with no process to obtain satisfaction.

Should you be a business owner and discover that the identity of your business has been stolen, you may file a complaint with the Colorado Attorney General. Unfortunately, if the perpetrator of the hijacking is outside of Colorado, there is little that the Attorney General's staff can do to help you. It's also doubtful they will have the time to pursue your case diligently.

These exposures are not the fault of the Secretary of State's office! Unfortunately, the maturing of an online world, where physical addresses have limited relevance, has obsoleted the existing registration process. The business owners of Colorado deserve a secure and trustworthy process that lends some credibility to the "good standing" label, and I commend the Working Group for wrestling with the complexity of such an improved process.

From listening to the committee's proceedings, two fundamental requirements have become apparent, at least to me:

- Every business registration must be secured by, at the very least, a password, although two-factor authentication would be preferable.
- The identity and physical address of the registered agent for every corporation must be verified.

I appreciate the perspective of those members of the Working Group who have expressed concern about the added complexity of a modified process and the potential delays in completing the registration of a new corporation. However, I suggest that it is possible to have both a more secure and trustworthy process and meet the needs of those who routinely engage in new registrations by creating a specialized category of registered agents, e.g., a registered commercial agent, a person or corporation with established credentials and an accompanying secure login process. (This is the approach used in some other States, e.g., Nevada.)

If the Working Group agrees with the itemized fundamental requirements, the remaining task is to draft appropriate authorizing language to assist the State Legislature. Many

implementation suggestions have surfaced by the Working Group. However, I recommend that the actual design and implementation be left to the Secretary of State's professional staff.

Rog

--

Roger Loeb  
President & CEO  
The MarTech Group, Inc.  
4673 Moonshine Ridge Trail  
Parker, CO 80134  
(720) 244-8233  
[roger@martech.com](mailto:roger@martech.com)