

THE IMPORTANCE OF CHOOSING THE RIGHT REGISTERED AGENT TO MINIMIZE BUSINESS RISK

Authored by:
Vijay Ramaiah

This article discusses the role of Registered Agents in managing Service of Process (SOP), a critical part in your business risk mitigation strategy, and how to choose the right Registered Agent.

SERVICE OF PROCESS AND REGISTERED AGENTS

Service of process (SOP) is where a party to a lawsuit gives appropriate notice to another party, thereby initiating legal action. Corporations are required by state law to maintain an agent of record for acceptance of service of process in each state where they actively conduct business with the public.

Registered Agents, Authorized Agents and Statutory Agents

A Registered Agent, also known as an authorized agent or statutory agent, is a person or company designated by the corporation to accept service on behalf of the corporation. The Registered Agent receives and routes service of process appropriately, confirms accuracy of the information and determines next steps for handling the service of process, based on agreement with the served entity. Accurate, reliable, and timely handling of service of process is critical to reduce risk of default judgments and non-compliance.

The Registered Agent plays a vital role in intake and processing service of process, enabling corporations to manage them effectively. When choosing a Registered Agent, the agent's own SOP management capability is a key factor. A wide array of process types (lawsuits, garnishments, levies, etc.) may mean different processes, different departments/staff associated with processing different services, and require integration with different systems. This mandates the Registered Agent be flexible and streamlined in its SOP management.

“Corporations are required by state law to maintain an agent of record for acceptance of service of process in each state where they actively conduct business with the public”

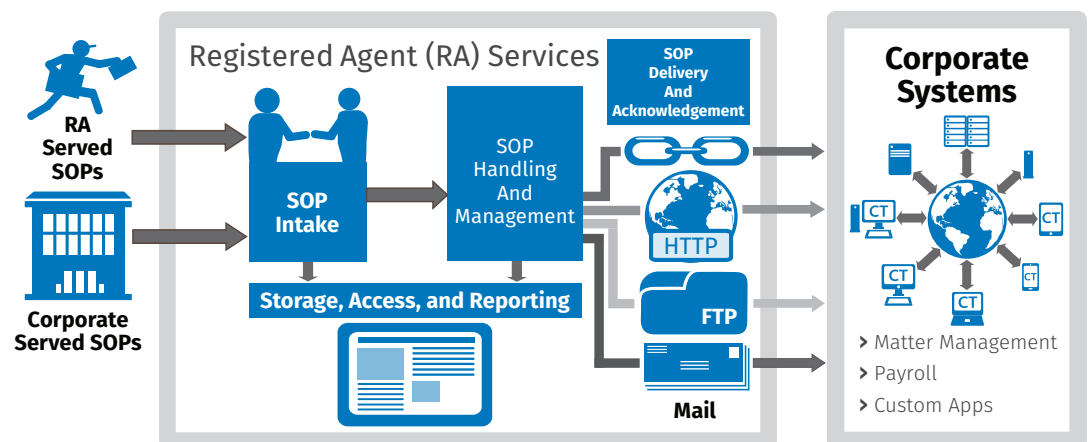


Figure 1. End-To-End SOP Management Process

continued on page 2

This information is not intended to provide legal advice or serve as a substitute for legal research to address specific situations.

A Flexible and Streamlined SOP Management Process includes:

- SOP handling and management tailored to the individual corporation's requirements
- Ability to easily integrate SOP management into existing systems (such as matter management and payroll) and workflows
- Custom SOP workflow design and implementation capabilities
- Ability to automate SOP routing and tracking
- Web-based access for viewing, searching, tracking and reporting on SOPs
- Ability to streamline SOPs served direct to the corporation and to the Registered Agent for effective consolidated management
- On-going updates to keep up with changing state regulations.

Figure 1 summarizes the end-to-end SOP management process, with four key steps:

1. SOP Intake
2. SOP Handling and Management
3. SOP Delivery and Acknowledgement
4. SOP Storage, Access and Reporting.

The following sections examine some of the key requirements for each of these areas to provide a flexible and streamlined SOP management process.

First Contact - Intake

A Registered Agent initially engages in managing SOP through intake. Effectively, the agent should have in-person intake capability, which provides the following key benefits:

- Reduces chances of accepting incorrect or misrouted processes
- Provides for efficient and timely processing
- Reduces litigation non-compliance risk.

In addition to processes served on the Registered Agent, corporations also receive processes directly – either served at corporate headquarters or other places of business. A Registered Agent can consolidate processing of corporate-served and agent-served SOPs, streamlining SOP management. To achieve effective consolidation, the

Registered Agent should have a variety of intake options for managing direct served SOPs, including standard mail, File Transfer Protocol (FTP), portal upload, fax and email.

After intake, the Registered Agent handles and manages service of process, which includes the following steps:

Handling and Management – Surprisingly Complex

- Receiving and logging SOP documents
- Digitizing the documents for efficient and easy distribution, management, and storage
- Summarizing key aspects of the documents for efficient handling and routing – this can save the corporation significant time and costs associated with processing received SOPs
- Support customized and complex delivery instructions for efficient and timely SOP routing
- Task management capabilities to ensure SOP is acted upon in a timely manner, reducing risk of litigation and non-compliance.

Delivery and Acknowledgement

The Registered Agent next delivers the SOP to the corporation, and the corporation acknowledges receipt. In this step, the agent should be capable of a variety of options, to meet each corporation's needs, including:

- Electronic/automated delivery directly to the corporation's matter management or payroll system
- Upload on web portal with notification for Corporate retrieval
- File Transfer Protocol (FTP)
- Mail.

A critical step to reduce the risk of a corporation missing served documents is acknowledgement. The Registered Agent should make acknowledgement flexible, making it easy as possible for the corporation, based on workflow and environment. Some needed acknowledgement methods include:

- Automated acknowledgement for electronic delivery
- Corporation acknowledgement via portal
- Acknowledgement via email reconciliation of transmittal logs.

continued on page 3

Cloud Storage and Reporting

The Registered Agent, in a final step, stores SOPs, has a system of access and a reporting system for served documents and processes. The agent's key capabilities required here include:

- Portal for easy access and acknowledgment of SOP documents
- Efficient storage in the cloud for handling and managing SOPs over time
- Simple and advanced search capabilities to quickly find SOPs at any time, meeting audit requirements
- Reporting to provide insights for planning and decision making.

PAYROLL VENDOR PARTNERSHIP/INTEGRATION

As outlined in the previous section, a Registered Agent's ability to electronically, or by an automated system, deliver SOPs directly to payroll systems can be of significant value to the corporation. Figure 2 shows how an integrated system benefits the corporation. Without an integrated system, the Registered Agent receives garnishment orders and forwards them to the corporation, where staff and resources (dedicated to processing served orders) route them to the appropriate payroll vendor. With a partnership and integrated system between the Registered Agent and the corporation's payroll vendor, the agent directly (with authorization) forwards garnishment orders to the payroll vendor. This also removes the necessity for the corporation to manually acknowledge each served document, upon receipt.

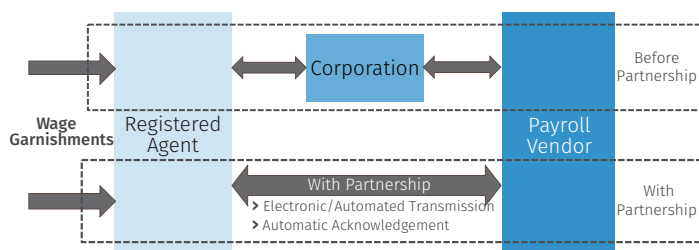


Figure 2. Registered Agent and Payroll Vendor Partnership/Integration

Integrating systems with a payroll vendor provides several benefits to the corporation, including:

- Time and costs savings associated with wage garnishment order handling
- Faster garnishment processing resulting in reduced risk of non-compliance

- Centralized and streamlined wage garnishment management.

Choosing a Registered Agent

Choosing a Registered Agent should include considering an agent's SOP management process, along with expertise, reliability and scalability. The table below provides an overview of some key criteria to assess, along with its corresponding business benefit.

KEY CRITERIA	BUSINESS BENEFIT
SOP turn-around times	Timely access to SOPs; Reduced litigation risks and costs
Availability of nationally recognized in-house compliance experts	You don't have to spend time and effort to understand compliance; reduce compliance risks and costs
In-person coverage in every US jurisdiction as well as international capabilities	Reliable and accuracy checking at intake prevents the corporation from receiving incorrect processes and associated obligations
Expert team of government attorneys who understand and monitor state requirements and advocate on behalf of corporations for effective business practices	Stay compliant; reduce compliance risks by knowing ahead of time of upcoming regulations that may impact your compliance requirements
Local service teams with strong relationships with regulatory agencies in all 50 states, DC, and PR	You don't have to spend time and effort staying on top of all the state regulations
Provide corporations with key information on their entities and their compliance status	Identify when your entities are out of compliance. Helps reduce risk and costs of compliance
SOP handling process, reliability, and accuracy. Scalable platform and delivery mechanism to handle large volumes of SOPs annually	Accurate and reliable process to reduce litigation risks and costs
Summarization of key fields of SOP information that makes it easy for you to act on the SOP and report on SOPs	You know exactly what to do with the SOP when you get it. Save time extracting and summarizing key info you need to act on the SOP
Pre-integration with matter management systems and payroll vendor systems means fast, electronic access to your SOPs	Saves you resources and costs of routing to payroll vendors or manually transferring to matter management systems; pre-integration means quicker implementation and lower set up costs
Centralized electronic access of SOPs with notification and reporting capabilities	Easy access to SOP history and retrieval of specific documents to meet audit requirements. Reports to help with planning and decision making.

continued on page 4

SUMMARY

This article provides a perspective on the importance of the role of Registered Agents in implementing a process to manage Service of Process, in order to minimize business risk. Key points include:

- Registered Agents play a vital role in effective handling and management of SOPs
- Choosing a right Registered Agent is critical to minimize business compliance risk
- It is important to thoroughly assess a Registered Agent's SOP handling and management capabilities and ability to meet evolving needs
- Key areas to assess, relating to the Registered Agent's SOP management capabilities:
 - SOP intake
 - SOP handling and management
 - SOP delivery and acknowledgement
 - SOP storage, search and reporting.

LEARN MORE

Learn more about the ways in which CT can help clients implement a process to manage [Service of Process](#), or contact a representative at (855) 316-8948 (toll-free USA).

Join the conversation. Follow us on [Twitter](#), [LinkedIn](#), [Google+](#) and [Facebook](#).