STATE OF NEW YORK

9986

IN SENATE

April 21, 2026

Introduced by Sen. SCARCELLA-SPANTON -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the limited liability company law, in relation to a review of filing with the department of state; to amend the business corporations law, in relation to filing fees; and to amend the executive law, in relation to administrative procedure to address fraudulent entity filings

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. This act shall be known and may be cited as the "Fraudulent Entities Elimination Act" or the "FEEA Act".

§ 2. Legislative findings and intent. The Legislature declares that the creation of fraudulent business entities is a significant problem for many New Yorkers. Nefarious actors have created business entities, including corporations and limited liability companies, using the name, address, contact information and other personal information of unaffiliated New Yorkers, to enable them to engage in a host of illegal conduct, including identity theft, deed theft, check kiting, wire fraud, money laundering, and smuggling.

Currently, there is no mechanism for the department of state or the office of the New York state attorney general to efficiently dissolve fraudulently created business entities. There are also few barriers stopping bad actors from promptly creating a new fraudulent business entity.

The state must deter the creation of fraudulent business entities and protect consumers from those who would use such entities for illegal purposes.

§ 3. Section 209 of the limited liability company law is amended to read as follows:

§ 209. Filing with the department of state. **1.** A signed articles of organization and any signed certificate of amendment or other certificates filed pursuant to this chapter or of any judicial decree of amendment or cancellation shall be delivered to the department of state.

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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If the instrument that is delivered to the department of state for filing complies as to form with the requirements of law and the filing fee required by any statute of this state in connection therewith has been paid, the instrument shall be filed and indexed by the department of state. The department of state shall not review such articles or certificates for legal sufficiency; its review shall be limited to determining that the form has been completed.

2. Notwithstanding the provisions of subdivision one of this section, the department of state may review filings based on fraud, including filings that use the name, address, contact information or personal information of a person with no affiliation with the company.

§ 4. Section 104-a of the business corporation law is amended by adding a new subdivision (t) to read as follows:

(t) The department of state shall charge no fee for the dissolution or modification of a business corporation created by fraud including a certificate, instrument or filing that uses the name, address, contact information or personal information of a person with no affiliation with the corporation.

§ 5. The executive law is amended by adding a new section 111 to read as follows:

§ 111. Administrative procedure to address fraudulent entity filings.

1. As used in this section:

(a) "Business entity" means any entity formed pursuant to the business corporation law, limited liability company law or partnership law that is registered with the department.

(b) "Entity formation papers" means certificates of incorporation as described in section four hundred two of the business corporation law or articles of organization as described in section two hundred three of the limited liability company law.

2. The department shall create and make available to the public a form regarding fraudulently created business entities. Such form shall require the submitter to affirm that they are a natural person and that their name, address, email, phone number, contact information or other personal information was listed in entity formation papers without their authorization.

3. Once the department receives a properly executed form alleging that an entity listed a natural person's personal information in entity formation papers without the person's authorization, the department shall mail the form to the address on file for the entity for service of process. Included in the mailing shall be a form for the entity to dispute that the entity formation papers list a natural person's personal information without their authorization. Such dispute form must be affirmed by a natural person authorized to act on behalf of the entity.

4. Once sixty days have elapsed after the department mails the forms to the address on file for service of process for the entity, if no dispute is submitted by the entity to the department, the department shall thereafter promptly dissolve the entity and remove all information concerning the entity from its public database.

5. If the entity submits a properly affirmed dispute form to the department, the department shall provide a copy of such form to the complaining person, and such entity shall not be dissolved except upon court order.

6. Any natural person who believes that their name, address, email, phone number, contact information or other personal information was listed in entity formation papers without their authorization and

believes that the business entity is using their information for an illegal or fraudulent purpose may bring a proceeding against such entity for dissolution or modification of the fraudulently used information in any court of competent jurisdiction.

7. Any business entity dissolved by the department based on the procedure set forth in this section may bring a proceeding against the department to have the entity reinstated, and such reinstatement may be granted by court order upon a finding of satisfactory proof that the dissolution was in error. Any such proceeding must be brought within one year of the dissolution of the entity.

8. The department shall implement necessary technical solutions to prevent infiltration of its website by unauthorized or foreign IP addresses.

§ 6. This act shall take effect January 1, 2027.