

**16-10a-1502 Consequences of transacting business without authority.**

- (1) A foreign corporation transacting business in this state without authority, or anyone in its behalf, may not maintain a proceeding in any court in this state until an application for authority to transact business is filed with the division.
- (2) The successor to a foreign corporation that transacted business in this state without authority and the assignee of a cause of action arising out of that business may not maintain a proceeding based on that cause of action in any court in this state until an application for authority to transact business is filed on behalf of the foreign corporation or its successor.
- (3) A court may stay a proceeding commenced by a foreign corporation, its successor, or assignee until it determines whether the foreign corporation, its successor, or assignee is required to file an application for authority to transact business. If it so determines, the court may further stay the proceeding until the required application for authority to transact business has been filed by the division.
- (4) A foreign corporation that transacts business in this state without authority is subject to a civil penalty, payable to this state, of \$100 for each day in which it transacts business in this state without authority. However, the penalty may not exceed a total of \$5,000 for each year. Each officer of a foreign corporation who authorizes, directs, or participates in the transaction of business in this state without authority and each agent of a foreign corporation who transacts business in this state on behalf of a foreign corporation that is not authorized is subject to a civil penalty, payable to this state, not exceeding \$1,000.
- (5) The civil penalties set forth in Subsection (4) may be recovered in an action brought in an appropriate court in Salt Lake County or in any other county in this state in which the corporation has a registered, principal, or business office or in which it has transacted business. Upon a finding by the court that a foreign corporation or any of its officers or agents have transacted business in this state in violation of this part, the court shall issue, in addition to or instead of a civil penalty, an injunction restraining the further transaction of the business of the foreign corporation and the further exercise of any corporate rights and privileges in this state. Upon issuance of the injunction, the foreign corporation shall be enjoined from transacting business in this state until all civil penalties have been paid, plus any interest and court costs assessed by the court, and until the foreign corporation has otherwise complied with the provisions of this part.
- (6) Notwithstanding Subsections (1) and (2), the failure of a foreign corporation to have authority to transact business in this state does not impair the validity of its corporate acts, nor does the failure prevent the corporation from defending any proceeding in this state.

Amended by Chapter 184, 1993 General Session