

Sunsets 1/1/2016

48-2c-1603 Consequences of transacting business without authority.

- (1) A foreign company 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 company 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 company or its successor.
- (3) A court may stay a proceeding commenced by a foreign company, its successor, or assignee until it determines whether the foreign company, 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 with the division.
- (4) A foreign company 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 manager or member of a foreign company who authorizes, directs, or participates in the transaction of business in this state without authority and each agent of a foreign company who transacts business in this state on behalf of a foreign company that is not authorized is subject to a civil penalty, payable to this state, not exceeding \$1,000 for each year.
- (5) The civil penalties set forth in Subsection (4) may be recovered in an action brought in the district court for Salt Lake County or in any other county in this state in which the foreign company has an office or in which it has transacted business. Upon a finding by the court that a foreign company or any of its managers, members, or agents has 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 company and the further exercise of any rights and privileges in this state. Upon issuance of the injunction, the foreign company 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 company has otherwise complied with the provisions of this part.
- (6) Notwithstanding Subsections (1) and (2), the failure of a foreign company to have authority to transact business in this state does not impair the validity of its acts, nor does the failure prevent the foreign company from defending any proceeding in this state.