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Sponsor Testimony on Senate Bill 179
Senate Government Oversight and Reform Committee
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Chairman Coley, Vice Chair Uecker, Ranking Minority Member Schiavoni, members of the Government Oversight and Reform Committee, thank you for the opportunity to provide sponsor testimony on Senate Bill 179. This legislation would provide a necessary update to Ohio's laws protecting legitimate businesses against fraudulent business filings. This bill authorizes the Secretary of State to implement an electronic notification system that will alert a business of other entities seeking to operate fraudulently under a similar name. Additionally, it allows the Secretary of State to dissolve a limited liability company under certain circumstances.

The electronic notification system would provide businesses with the opportunity to be informed at the onset of a questionable filing so that they may promptly address potential issues. This new system would allow a business entity to input key words they feel are the same or similar to their registered name. If a company files for a license containing one of those words an automatic notification would be sent out to all parties informing them of this new filing. This simple system which operates similarly to a "Google Alert," will help legitimate Ohio businesses prevent fraud and help protect their brands.

Currently, there is no mechanism to allow for the cancellation of limited liability companies, leaving the Secretary of State with the inability to terminate or revoke a business filing, regardless of its legitimacy. Without a law change allowing for the elimination of illegitimate LLCs, there is absolutely no way to prohibit a fraudulent LLC from perpetually obtaining and using a "valid Ohio business license" without a court order stipulating its cancellation. Changing the law to provide the Secretary of State with the legal ability to rescind an LLC's licensure is another step in helping legitimate companies combat fraudulent imitators.

This issue was brought to my attention by an Ohio business when a fraudulent foreign company began operating under a similar name. If this system had been in place at the time, they would have been notified that their likeness was being used to deceive the public and would have afforded them the opportunity to take prompt and just action. This is only one example of many that I have heard of.

Thank you for the opportunity to testify this morning. We would be happy to answer any questions that you may have.