

QUESTION 6

Tom Client contacted his lawyer, Andrew Attorney, and asked him to set up a corporation for his business, to be called Computer Programs, Inc. (CPI). Client was to be the sole shareholder. On January 1, 2008, Attorney drafted articles of incorporation and gave them to Client who immediately signed them. The articles read in their entirety, as follows:

Articles of Incorporation

These Articles of Incorporation are filed on behalf of Computer Program, Inc., whose registered agent is Andrew Attorney, Esq., 1313 Mockingbird Lane, South Park, State.

_____ (signed) _____ Tom Client, Incorporator	Dated: _____ (dated) _____, 2008
_____ _____ Additional Incorporator	Dated: _____, 2008

Only Client signed the articles. The next day, January 2, 2008, Attorney mailed the articles of incorporation to the Secretary of State and emailed Client, saying, “Good news! I have mailed the articles to the Secretary of State today.” Thinking that meant that CPI was now a corporation, Client met with Landlord on January 3, 2008, and signed a lease for office space in which to house CPI. Client signed the lease “Tom Client, President of CPI.”

The next day, January 4, 2008, the Secretary of State notified Attorney that it had rejected CPI’s articles of incorporation. Attorney contacted Client with the news that CPI’s articles had been rejected. That same day, Client notified Landlord that the lease was invalid because CPI had not been approved as a corporation. Instead of renting other space, Client decided to use CPI funds to purchase a single powerful computer and run CPI from his home. He used the computer for both CPI and personal business.

On January 5, 2008, Client instructed Attorney to correct the articles of incorporation and resubmit them. On January 6, 2008, the Secretary of State accepted and filed the articles.

QUESTION:

Assume that the state in which Client formed CPI follows the Revised Model Business Corporation Act (RMBCA).

Discuss why the Secretary of State initially rejected the Articles of Incorporation and whether CPI or Client is liable to Landlord under the lease.