§ 66-214. Financial requirements.

(a) Except as provided by subsection (c) of this section, each invention developer doing business in this State as defined by the North Carolina General Statutes shall maintain a bond issued by a surety company authorized to do business in this State. The principal sum of the bond must be at least five percent (5%) of the invention developer's gross income from the invention development business in this State during the invention developer's last fiscal year or twenty-five thousand dollars ($25,000), whichever is greater. The invention developer shall file a copy of the bond with the Secretary of State before the day on which the invention developer begins business in this State. The invention developer shall have 90 days after the end of each fiscal year within which to change the bond as may be necessary to conform to the requirement of this subdivision.

(b) The bond required by subsection (a) of this section must be in favor of the State of North Carolina for the benefit of any person who, after entering into a contract for invention development services with an invention developer is damaged by fraud, dishonesty, or failure to provide the services of the invention developer in performance of the contract. Any person claiming against the bond may maintain an action at law against the invention developer and surety. The aggregate liability of the surety to all persons for all breaches of conditions of the bond required by the subsection is limited to the amount of the bond.

(c) Instead of furnishing the bond required by subsection (a) of this section, the invention developer may deposit with the Secretary of State a cash deposit equal to the amount of the bond required by this section. The cash deposit may be satisfied by:

(1) Certificates of deposit payable to the Secretary of State issued by banks doing business in this State and insured by the Federal Deposit Insurance Corporation;

(2) Investment certificates of share accounts assigned to the Secretary of State and issued by a savings and loan association doing business in this State, and insured by the Federal Savings and Loan Insurance Corporation;

(3) Bearer bonds issued by the United States government or by this State; or

(4) Cash deposit with the Secretary of State. (1989, c. 746, s. 1; c. 770, s. 62.1(1), (2); 1991, c. 235, s. 1.)