

# A.M. Costa Rica Reprint

Your daily English-language news source

Link to original article: <http://www.amcostarica.com>

Published Monday, June 8, 2020

## How to have online board meetings

By Garland M. Baker

Exclusive to A.M. Costa Rica

Most people with a company and many attorneys who are notaries are unaware most board meetings in Costa Rica can be held online without the need of a physical assembly. This is important news for those needing to make changes to their company, to authorize a special power of attorney or to change board members.

Some companies recently were fined a lot of money for not filing their Law 9416 report (also known as the transparency and final beneficiaries register or RTBF for short). They could have avoided the fines if they had had an online meeting giving someone a special authorization to file the documents with the Central Bank.

Here is some background information:

Costa Rica has always been pretty rigid when it comes to the workings of company board meetings. They are regulated by Section Six of the mercantile code of the country.

The inflexibility does not work today when people are not allowed to meet for any reason, and foreigners are restricted from entering the territory due to the pandemic. These obstacles make having a board meeting impossible.

What many professionals and lay people do not know is that in July 2018 the National Registry published a directive (DPJ-010-2018) loosening restrictions allowing the possibility of having board meetings electronically. They cited Article 10 of the Civil Code, paraphrased here as “. . . norms should be interpreted considering the reality of the times.”



Further legal precedent can be found in a legal opinion by Costa Rica Comptroller's office in 2007 when it stated, “. . . human functions can be amplified through communication and virtual presence.”

Here are the rules and regulations concerning online board meetings:

- The constitution of the company must permit virtual meetings.
- Meetings must be held using a service that is live, fully interactive and recorded.
- A Costa Rican notary must be present in the virtual meeting and notarize the session.
- The meeting must be transcribed into the legal books of the entity.

Most companies do not have a clause in their constitution authorizing online meetings, so the trick

## Costa Rica Expertise

Tele: +506-2256-8585 • Fax: +506-2256-7575 • [info@crexpertise.net](mailto:info@crexpertise.net)

This A.M. Costa Rica Reprint is free to copy, distribute, and display. Please give credit to source and authors.

© 2000 – 2020 Consultantes Río Colorado S.A. and Garland M. Baker

is to have a virtual meeting and add the necessary verbiage to permit them.

Many services are offering the technology to facilitate these types of meetings, Zoom currently being the most popular because it has a free tier that is very appealing. Google Meet just got on the bandwagon offering its service free during the virus crises. There are many others: Skype, Microsoft Teams, Cisco WebEx, GoToMeeting, and Jabber, to name a few.

Free is great, but sometimes the limitations imposed for not paying for something is not worth the trouble. For example, Zoom's free tier offers meetings for up to 100 people but only for 40 minutes. They are also not encrypted. Unless the contents of the meeting are secret, encryption is not necessary. The alternative is to pay for only a small period of time, use the service and then make an additional payment if more people or time are needed. Most service providers offer their service payable on a month-to-month basis.

Here are the steps to have an online board meeting using video conferencing:

- Find an attorney in Costa Rica who is a notary who knows the process.
- Decide on the video conferencing software to use.
- Locate the legal books of the company. Many people do not know where they are stored.
- Make a meeting agenda.
- Discuss the agenda with the chosen notary.
- Schedule the meeting when the stockholders can meet.
- Have the meeting. The notary will take care of the legalization and present it to the National Registry.

Here is a practical example of a virtual board meeting:

An expat in the United States needed to replace his legal books, but could not come to Costa Rica to do so because of the pandemic and the travel restrictions for foreigners. He called a meeting with the stockholders of his company using the Zoom video conferencing service. He had a Costa Rican notary present in the meeting who then notarized it when it was done in adherence to the law. Once the notary filed the paperwork, there was no objection from the officials at the National Registry, and approval was granted for the new books in three days.

The pandemic has changed the world dramatically. It will never be the same. Much of what has happened is not good, but there are exceptions that will change the world for the better. Using virtual means to communicate is one of them. People in the not-so-distant past were not comfortable with online meetings, doctor appointments, legal consultations, online learning, and just calling up someone virtually to shoot the breeze. Almost everyone nowadays regards these activities as commonplace.

Costa Rica is no different. It has learned virtual presence is a good thing and can be a productivity enhancement. The country has made incredible progress in this area in just a matter of months. It is not surprising that it is loosening some of its archaic practices and that the National Registry is more accepting of online board meetings.

---

**Editor's note: Garland M. Baker is a 48-year resident and naturalized citizen of Costa Rica. His team solves problems for expats. Reach him at [info@crexpertise.net](mailto:info@crexpertise.net). Baker has undertaken the research leading to his articles with A.M. Costa Rica. Find the collection at [crexpertise.info](http://crexpertise.info). A free reprint is available at the end of each piece. Copyright 2020. Use without permission prohibited.**

## Costa Rica Expertise

Tele: +506-2256-8585 • Fax: +506-2256-7575 • [info@crexpertise.net](mailto:info@crexpertise.net)

This A.M. Costa Rica Reprint is free to copy, distribute, and display. Please give credit to source and authors.

© 2000 – 2020 Consultantes Río Colorado S.A. and Garland M. Baker