

Benenati Law Firm

A Professional Corporation

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February 1, 2024

RE: *Corporate Transparency Act Notice and Guidance Letter*

Dear Client:

As a follow-up to the previous email we sent in August 2023, we wanted to update and remind you of the Corporate Transparency Act (CTA), which took effect January 1, 2024, and its requirements. The CTA is a federal law aimed at improving the anti-money laundering efforts of the United States and it establishes reporting requirements for certain types of corporations, limited liability companies, limited partnerships, and other similar entities created, or registered to do business in the United States.

Your entity or entities (i.e. LLC, corporation, partnerships, and/or limited partnership) must provide information both about its “Beneficial Owners” and about itself. A Beneficial Owner includes anyone who directly or indirectly (i) exercises substantial control over an entity or (ii) owns or controls at least 25% of the ownership interest in an entity.

Based on the CTA, the following are Beneficial Owners:

- If an LP, the General Partner;
- If a corporation, each person named a director;
- If an LLC, each person named a manager or managing member;
- Each person named an officer in the entity;
- If the owner is an entity, each beneficial owner of that entity.
- Each person that owns at least 25% of any type of interest in the entity (i.e. membership interests, membership units, any type of shares, partnership interest, limited partnership interest, etc.)

For each Beneficial Owner of your entity or entities, your entity or entities must report the following information of the Beneficial Owner:

- Full legal name;
- Date of birth;
- A picture of an official identification card (state-issued driver's license, state-issued identification card, or passport); and
- Residential address (not a P.O. Box or mailing address).

Additionally, your entity or entities must report its own legal name, any trade name, its street address, its jurisdiction of formation, and its Federal Employer Identification Number. This information can be located within the Certificate of Formation, IRS Form SS-4, and your Certificate of Assumed Name, if any.

Since your entity was formed prior to January 1, 2024, the initial report for your entity or entities must be filed with the U.S. Treasury's Financial Crimes Enforcement Network (“FinCEN”) before January 1, 2025. In order to make your initial report for your entity or entities you can follow these steps:

- Go to the following website: <https://www.fincen.gov/boi>
- Clicked on File a report using BOI E-Filing System.
- Click on Beneficial Ownership Information (BOI) Reporting (Get Started); and
- Click on File Online BOIR.

Benenati Law Firm will make every effort to keep you informed about any updates to the FinCEN filing system, however, it is your responsibility to ensure that the initial report is filed in a timely manner.

Please note Benenati Law Firm, P.C. (“BLF”) was not engaged to file the initial report for your entity or entities in compliance with the CTA and BLF has no obligation to make the initial report for your entity or entities, nor does BLF have any obligation to ensure your entity or entities are in compliance with CTA.

In addition to the initial report, your entity or entities has a continuing obligation to report to FinCEN any changes in the information initially reported to FinCEN within thirty (30) days of such change. Accordingly, any time a new owner acquires an interest in your entity or entities, whether by purchase, inheritance, settlement, gift, or other means, the Beneficial Owner information of your entity or entities must be updated with FinCEN within thirty (30) days. Additionally, if a new individual who exercises substantial control over your entity or entities (i.e. general partner, director, manager, or a new senior officer) is named, that information must be updated with FinCEN within thirty (30) days. Should you require assistance in determining whether a change triggers a filing a reporting requirement under the CTA, please do not hesitate to contact us.

Failure to comply with the CTA can result in civil fines up to \$500 per day for as long as the reporting violation continues and can result in criminal fines up to \$10,000 and imprisonment for up to two years. As such, it is important that your entity or entities satisfies both its initial and continuing reporting requirements. Of course, BLF is here to help if you need us. While it is unclear exactly how the reporting requirements of the CTA will be implemented and enforced at this time, as new guidance becomes available, BLF will do its best to disseminate this information to you.

Should you have any questions with regard to this matter or if you need any additional information, please do not hesitate to contact us.

Sincerely,

Benenati Law Firm, P.C.

Disclaimer:

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