



Joel S. Rothman
Burt C. Binenfeld
Christopher R. Fleck

Benjamin J. Fagel
Venson “Vince” R. Gill

November, 2024

Dear Clients and Friends,

Of counsel
Stuart A. Cohn
Roberta G. Evans
Michel Winkelstein

***Corporate Transparency Act
Beneficial Ownership Information Reporting Deadline
for Entities Formed Prior to January 1, 2024***

On January 1, 2024, the Corporate Transparency Act (“CTA”) took effect with the objective of providing greater transparency regarding the ownership and control of entities to aid in combatting terrorism, organized crime and money-laundering.

The CTA applies to most business entities, including corporations, limited liability companies, and other entities formed by a filing with a secretary of state or similar office, referred to in the CTA as a “Reporting Company”. The CTA, however, exempts certain entities from the definition of a Reporting Company, including (i) tax-exempt entities, (ii) entities regulated by a governmental authority (such as the SEC), (iii) large operating companies with at least 20-full time US employees, over \$5 million in gross receipts or aggregate sales, and a physical US office, and (iv) banks and credit unions. A Reporting Company is required to file a Beneficial Ownership Information Report (“BOI Report”) disclosing specific information to the US Treasury Department’s Financial Crimes Enforcement (“FinCEN”).

A BOI Report includes information about (i) the Reporting Company, (ii) the Beneficial Owners (discussed below) of the Reporting Company, and (iii) the Company Applicants (discussed below) of the Reporting Company (item (iii) only applies to a Reporting Company formed after January 1, 2024).

Deadlines for Filing a BOI Report are as follows:

Companies formed before January 1, 2024	Companies are required to file a BOI Report by January 1, 2025.
Companies formed on or after January 1, 2024 to December 31, 2024	Companies are required to file a BOI Report within 90 days of formation.
Companies formed on or after January 1, 2025	Companies are required to file a BOI Report within 30 days of formation.

For changes in ownership or control and corrections	Companies are required to report (i) certain changes in ownership and control within 30 days of the change, and (ii) corrections to previously filed reports within 30 days of becoming aware of the inaccuracy
---	---

What Information must be Reported:

1. A Reporting Company is required to provide: (i) full legal name, (ii) Tax ID number (FEIN), (iii) jurisdiction of formation, and (iv) address (principal place of business).
2. A Reporting Company will also need to report and provide information for each “Beneficial Owner” which is defined as an individual having:
 - (a) **25% Ownership Interest.** Each individual who, directly and indirectly through intermediary entities, owns or controls at least 25% of the ownership of the Reporting Company; and
 - (b) **Substantial Control.** Each individual who, directly or indirectly, exercises substantial control over the Reporting Company. A individual exercises substantial control if the individual: (i) serves as a senior office of the Reporting Company, (ii) has authority over the appointment or removal of any senior officer or a majority of the board of directors (or similar body) of the Reporting Company, or (iii) directs, determines, or has substantial influence over important decisions affecting the Reporting Company.
3. A Reporting Company formed on or after January 1, 2024 must also report its “Company Applicants.” Company Applicants are the individuals (up to 2 individuals) who directly filed (physically or electronically) the document that created the company and the individual who was primarily responsible for directing or controlling such filing. A Reporting Company formed prior to January 1, 2024 does not need to report the Company Applicants.

Information Required for each Beneficial Owner:

For each Beneficial Owner, the Reporting Company will need to provide: (i) his or her legal name, (ii) his or her date of birth, (iii) his or her residential street address, and (iv) state driver’s license number or passport number. An image of the state driver’s license or passport (which includes the photograph of the Beneficial Owner) will need to be uploaded with the report. **If any of this information changes, including the expiration of the driver’s license or passport, the Reporting Company is required to file an updated BOI Report within 30 days.**

November, 2024

Page 3

FinCEN Identifiers:

As an alternative to the above, individuals who are Beneficial Owners or Company Applicants may electronically apply for a unique 12-digit identifying number that FinCEN will issue upon request. Once a FinCEN identifier is issued to an individual, a Reporting Company may report such individual's FinCEN identifier in place of the otherwise required personal information about the individual (see above discussion).

To obtain a FinCEN identifier, an individual will need to provide to FinCEN: (i) his or her legal name, (ii) his or her date of birth, (iii) his or her residential street address, and (iv) his or her driver's license number or passport number. An image of the state driver's license or passport (which includes the photograph of the individual) will need to be uploaded with the FinCEN application.

The benefit of each Beneficial Owner obtaining his or her own FinCEN identifier is that when any information changes, including the expiration of the driver's license or passport, the individual who obtained the FinCEN identifier (and not the Reporting Company) is required to update his or her information. As such, we strongly encourage each Beneficial Owner to obtain his or her own personal FinCEN identifier. Our office can provide step-by-step instructions for obtaining a FinCEN identifier.

Penalties:

It is unlawful to willfully fail to report complete or update Beneficial Owner information and to willfully provide false or fraudulent Beneficial Owner information or documentation. A person who violates the requirements of the CTA may be liable for civil penalties of not more than \$500 for each day that a violation continues and may be fined not more than \$10,000 and imprisoned for not more than 2 years, or both.

* * *

Clients should familiarize themselves with the specific and detailed reporting requirements under the CTA as applicable to entities that they own, control, or operate. These requirements can be complex and difficult to navigate including how to complete the report when a trust is a Beneficial Owner. Furthermore, the reporting deadline for companies formed prior to January 1, 2024 is rapidly approaching.

Our office, however, is available to assist with (i) determining whether your entity is a Reporting Company, (ii) analyzing the Reporting Company to determine the Beneficial Owners that must be reported, and (iii) providing step-by-step instructions for obtaining a FinCEN identifier and for filing the BOI Report.

November, 2024

Page 4

It is our hope that this brief discussion has provided you with information that will help you make informed and proactive decisions with respect to the reporting requirements under the CTA.

Kindest personal regards,

Rothman Law Group

Rothman Law Group is a Chicago-based law firm with an emphasis in estate planning, business planning and trust and estate administration. We combine the most sophisticated planning techniques with the ability to find practical solutions to individual problems. Our legal expertise coupled with strong relationship skills enables us to effectuate our clients' goals while providing tax and other cost-saving strategies.