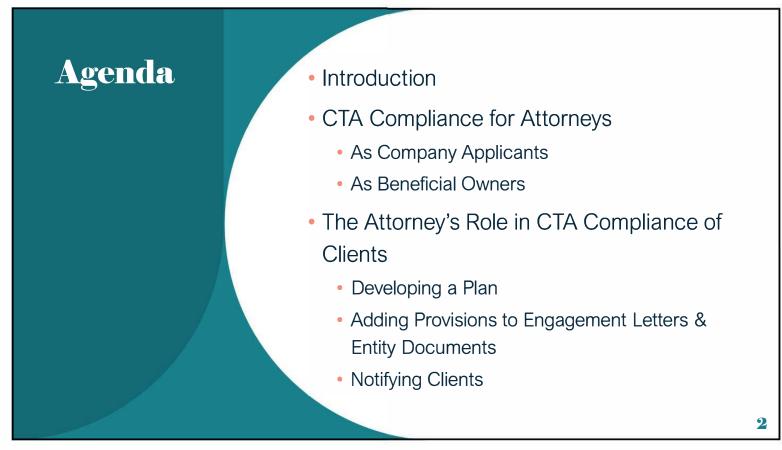
The Corporate Transparency Act

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PRACTICAL & ETHICAL IMPLICATIONS



Introduction to the CTA

- Part of the National Defense Authorization Act of 2021
- Reporting Companies formed on or after January 1, 2024, must disclose their Company Applicants and Beneficial Owners within specified period to the Financial Crimes Enforcement Network ("FinCEN") through online submission of a Beneficial Ownership Information Report (the "initial BOIR")
- Reporting Companies formed before January 1, 2024, must file their initial BOIR by January 1, 2025
- After the initial BOIR has been submitted, changes to the information disclosed must be reported through an updated BOIR within 30 days of the change

Who is Subject to Enforcement Action for Failure to Report?

- The reporting company that committed the reporting violation
- An individual who actually files or attempts to file false information (on reporting company's behalf)
- anyone who willfully provides the filer with false information to report,
- an individual who causes a reporting company's failure to submit complete or updated BOI, including a person who willfully fails to provide required information to a reporting company and
- anyone serving as a senior office at the time of the violation

Penalties for Failure to Report Civil Penalty of \$500 (adjusted for inflation) for each day the violation continues

Criminal Penalties of imprisonment for no more than 2 years and a fine of up to \$10,000

Are Attorneys Subject to Reporting Requirements?

AN ATTORNEY'S ROLE AS COMPANY APPLICANT OR BENEFICIAL OWNER Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the <u>UT Law CLE eLibrary (utcle.org/elibrary)</u>

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First appeared as part of the conference materials for the 33rd Annual LLCs, LPs and Partnerships session "Corporate Transparency Act Part 2: Ethical and Practical Considerations"