

The Corporate Transparency Act

PRACTICAL & ETHICAL IMPLICATIONS

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Agenda

- Introduction
- CTA Compliance for Attorneys
 - As Company Applicants
 - As Beneficial Owners
- The Attorney's Role in CTA Compliance of Clients
 - Developing a Plan
 - Adding Provisions to Engagement Letters & Entity Documents
 - Notifying Clients

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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

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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

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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

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