

Appendix: Sample Materials

CTA Information Letter

[DATE]
[NAME]
[ADDRESS]
[CITY, STATE, ZIP]

Re: Corporate Transparency Act & [CLIENT'S BUSINESS NAME]

Dear [CLIENT]:

I am writing to inform you of recent legal developments that may impact you. On January 1, 2021, Congress enacted the Corporate Transparency Act (CTA) to aid in the United States' anti-money laundering efforts. On September 30, 2022, the US Treasury's Financial Crimes Enforcement Network (FinCEN) published a Final Rule describing new reporting requirements regarding of legal entities operating in the United States. FinCEN is still developing the infrastructure required to administer these reporting requirements.

The following types of legal entities are known as reporting companies (Reporting Companies) and are subject to the provisions of the Final Rule:

1. Corporations;
2. Limited Liability Companies;
3. Any entity created by the filing of a document with a secretary of state or any similar office under the law of a state or American Indian tribe (i.e., limited partnerships, limited liability partnership, etc.); or
4. A corporation, LLC or other entity formed under the law of a foreign country and registered to do business in any state or tribal jurisdiction by the filing of a document with a secretary of state or any similar office under the law of a state or American Indian tribe.

While there are various exemptions excepting certain entities from being a Reporting Company, many of those exemptions only apply to entities which are already subject to a high degree of regulation or reporting, such as banks, security issuers, and insurance producers or companies that are large operating companies, which must have 20 or more full-time employees in the United States, an operating presence at a physical office in the United States, and filed a tax return in the previous year showing more than \$5 million in United States-sourced gross receipts or sales. If you believe your company falls under one of the exceptions and is not subject to the CTA, please contact us to confirm.

Because many of our clients are small business owners, it is our expectation that most of our clients will be subject to the CTA reporting requirements. Each Reporting Company will be responsible for providing information about its beneficial owners. Beneficial owners include any individual who, directly or indirectly, exercised substantial control over the Reporting Company or owns or controls at least twenty-five percent of the ownership interest of the reporting company. An individual exercises substantial control over a Reporting Company if the individual (i) serves as a senior officer; (ii) has authority over the appointment or removal of any senior officer or a majority of the governing body of the Reporting Company; or (iii) directs, determines or has substantial

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Title search: Part Two: Corporate Transparency Act Regulations and the Practical Implications (Replay)

First appeared as part of the conference materials for the 2023 Corporate Transparency Act: Regulations and Practical Implications (Replay) session "Part Two: Corporate Transparency Act Regulations and the Practical Implications (Replay)"