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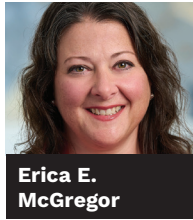
Corporate Transparency Act – are you ready?

Starting January 1, 2024, the Corporate Transparency Act (CTA), requires millions of corporations, limited liability companies, and other entities formed in or doing business in the U.S. to disclose to the Financial Crimes Enforcement Network (FinCEN) of the U.S. Treasury details identifying the “Beneficial Owners” of those entities.

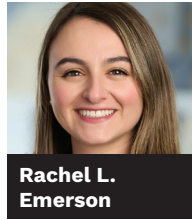
The rules governing the reporting requirements are complex and require thorough analysis by each entity to determine if it must comply. For example, certain large operating entities, as defined by the rules, are exempt from the reporting requirements. The rules also exempt certain other categories of entities, most of which are otherwise regulated or subject to oversight.

Reportable Beneficial Owners are those individuals who:

- 1) Directly or indirectly own or control 25 percent or more of the ownership of the company.
- 2) Directly or indirectly exercise substantial control over the reporting company.



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The report must include name, residence address, and a photo ID. Reports are to be filed electronically and are intended to be available only to law enforcement agencies.

Ownership in an entity can occur as a result of any contract, arrangements, understanding, relationship or otherwise including joint ownership, ownership through an intermediary entity, through another such as an agent, nominee, or custodian. A Beneficial Owner can include an individual serving in a fiduciary capacity, such as a trustee of a trust that owns an interest in the entity. If the entity has affiliates with different ownership, analysis must be made at each level as there is an aggregation of the

interests to determine if any one exceeds the 25 percent ownership threshold.

Individuals with substantial control include certain senior officers, those with power to appoint or remove senior officers, and those who direct or have substantial influence over important company decisions. The determination of which individuals exert substantial control is fact-specific and subjective. There may be unexpected results as to the number and the identity of “Beneficial Owners” to be reported.

Reporting requirements begin January 1, 2024, for entities formed on or after that date. Reporting companies formed prior to January 1, 2024, must report no later than January 1, 2025. Updated reports are required when the Beneficial Ownership information changes. There are civil and criminal penalties for non-compliance with the reporting requirements.

Each entity should review the requirements to determine first if it is subject to reporting, and if so, which individuals are Beneficial Owners. ♦

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