

REQUIRED FILING UNDER THE CORPORATE TRANSPARENCY ACT

Within 90 days of the official date of formation of your entity after Jan 1, 2024 on the records of the Virginia State Corporation Commission (or corresponding agency of another state), each “reporting company” must file a report of Beneficial Ownership Information (BOI) with the FinCEN office of the US Treasury Department. These reports can only be filed online via the internet at: <https://boiefiling.fincen.gov/fileboir>, either by portal or completed PDF.

You have **90 days** from the date listed above to file your initial BOI report with FinCEN. No further reports are required until there is a change in any previously reported information. Any changes in the information reported on your initial BOI report are currently required to be filed **within 30 days** of such change. So, it is imperative that your company implement a system to identify reportable changes and file an updated report with FinCEN in a timely manner.

Almost all small businesses and entities are reporting companies. Only companies with more than 20 full-time employees and more than \$5 million of gross income, tax-exempt entities, and certain other uncommon entities are exempt from reporting. See the BOI FAQs on the FinCEN website for more information on exempt entities – links are on the next page.

A Reporting Company will have to report for ITSELF:

- a. Its legal name;
- b. Any trade names, “doing business as” (d/b/a), or “trading as” (t/a) names;
- c. The current street address of its principal place of business in the United States;
- d. Its jurisdiction of formation (or registration if foreign); and
- e. Its Taxpayer Identification Number.

AND report for each of its beneficial owners* (see next page):

- a. The individual’s name;
- b. Date of birth;
- c. Residential address; and
- d. An ID number (NOT a social security number) from a passport or U.S. driver’s license or state-issued ID, and the issuing state or jurisdiction of ID document, along with an image of the ID document used to obtain the ID number;

OR That person’s FinCEN Identifier number (if they have one - recommended). A FinCEN ID # can be obtained at: <https://fincenid.fincen.gov/landing>).

AND report for each of its company applicants (the filing person and their supervising attorney (or other corporate formation agent) the same information as a beneficial owner (or FinCEN ID #, which can be obtained at: <https://fincenid.fincen.gov/landing>)).

*A Beneficial Owner is an individual who either directly or indirectly (such as through an intermediate entity): (1) exercises “substantial control” over the reporting company, or (2) owns or controls at least 25% of the reporting company’s ownership interests.

1. Ownership of at least 25% is generally straightforward.
2. Individuals who have “substantial control:”
 - a. The individual is a senior officer (the company’s president, chief financial officer, general counsel, chief executive office, chief operating officer, or any other officer who performs a similar function).
 - b. The individual has authority to appoint or remove certain officers or a majority of directors (or similar body) of the reporting company.
 - c. The individual is an important decision-maker for the reporting company.
 - d. The individual has any other form of substantial control over the reporting company as explained further in FinCEN’s Small Entity Compliance Guide (see link below).

As a practical matter, when in doubt, report all individuals whose information might be required.

FinCEN’s BOI web page : <https://www.fincen.gov/boi> FAQs: <https://www.fincen.gov/boi-faqs>
Small Business Guide
https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide.v1.1-FINAL.pdf

Penalties. Anyone who willfully violates the BOI reporting requirements may be subject to civil penalties of over \$500 for each day that the violation continues. That person may also be subject to criminal penalties of up to two years imprisonment and a fine of up to \$10,000. Both individuals and corporate entities may also be liable for willfully failing to report complete or updated beneficial ownership information; in such circumstances, individuals can be held liable if they either cause the failure or are a senior officer at the company at the time of the failure.

While Flora Pettit may assist clients with understanding their obligations under the CTA and its BOI reporting requirements, Flora Pettit, as part of our engagement, will not submit Client beneficial ownership information reports to FinCEN, whether an initial filing or required updates. Clients must do so either themselves, with or without Flora Pettit’s assistance, or through a third-party vendor such as CT Corporation.

We understand that FinCEN has been notified of recent fraudulent attempts to solicit information from individuals and entities who may be subject to reporting requirements under the CTA. The fraudulent correspondence may be titled "Important Compliance Notice" and asks the recipient to click on a URL or to scan a QR code. Those e-mails or letters are fraudulent. FinCEN does not send unsolicited requests. Do not respond to these fraudulent messages or click on any links or scan any QR codes within them.