



# BENEFICIAL OWNER INFORMATION REPORTING

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# LEGAL DISCLAIMER

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# SAMANTHA PEASLEE

Samantha is a partner with Polaris Law Group in Northglenn, Colorado. She serves as external general counsel for small to medium-sized businesses. Within that practice, Samantha specializes in intellectual property, data privacy, and international business transactions.

Samantha is an SBDC Consultant with the North Metro and Larimer SBDC



# The Corporate Transparency Act

The CTA was passed with the intent of providing federal law enforcement with sufficient, consistent information to detect, prevent, and punish terrorism, money laundering, and other misconduct through small business entities.





# WHAT IS FINCEN?

US TREASURY DEPARTMENT FINANCIAL CRIMES ENFORCEMENT  
NETWORK (FINCEN)

# General Requirement from Act

Reporting Companies must report all  
Beneficial Ownership Information in the  
timeline required





# CURRENT CONTROVERSY

NATIONAL SMALL BUSINESS UNITED V. YELLEN

# REPORTING COMPANIES



Corporation or LLC



Created by the filing of a document with a secretary of state or similar office under the law of a state or Indian tribe OR under the laws of a foreign country and is registered to do business in any state or Indian tribe

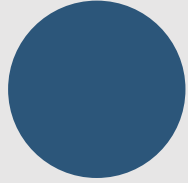


No exemption to filing





# MOST COMMON EXEMPTIONS



- Securities reporting issuer, broker, or dealer
- Bank or credit union or similar
- Registered with a federal agency under a federal act
- Insurance company or producer
- Subsidiary of exempt entity



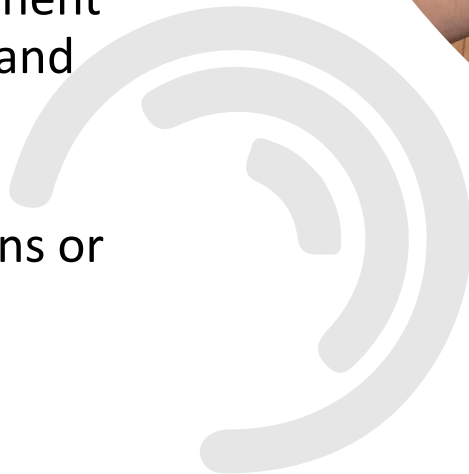
- Accounting firm
- Pooled investment vehicle
- Tax-exempt entity
- Entity assisting a tax exempt entity
- Large operating company
- Inactive entity



# ENTITY ASSISTING A TAX-EXEMPT ENTITY

## All 4 of:

- Operates EXCLUSIVELY to provide financial assistance to or hold governance rights in any tax-exempt entity
- U.S. person as defined in section 7701(a)(30) of the Internal Revenue Code
- Beneficially owned or controlled by one or more U.S. citizens or lawful permanent residents (as defined in Immigration and Nationality Act)
- Derives a majority of its funding or revenue from one or more U.S. citizens or lawful permanent residents



# LARGE OPERATING COMPANY

All 3 of:

- Has more than 20 full-time employees (30+ hours of service per week) in United States
- Has operating presence at physical office within U.S.
  - Entity must regularly conduct business there
  - Entity must own or lease space
  - Must be physically distinct from place of business of any other unaffiliated entity
- Filed a federal income tax return in the U.S. for the previous year demonstrating \$5M+ in gross receipts or sales, on form 1120, consolidated 1120, 1120-S, 1065 or other applicable IRS form
  - Must be \$5M excluding gross receipts or sales outside U.S.



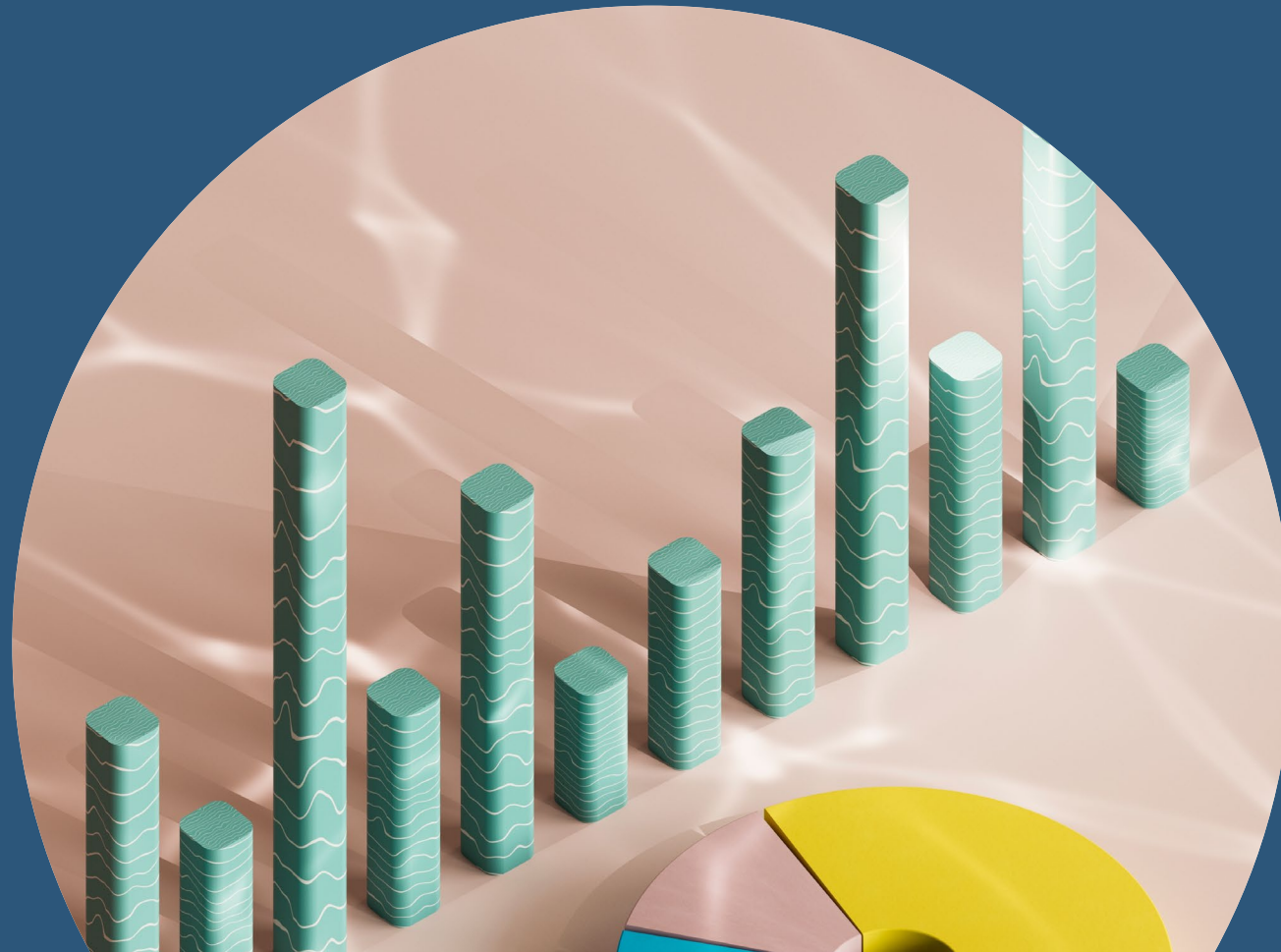
# INACTIVE ENTITY

## All 6 of:

- In existence on or before January 1, 2020
- Not engaged in active business
- Not owned by a foreign person, wholly or partially, directly or indirectly
- No change in ownership in the past 12 months
- Has not sent or received more than \$1,000 total, directly or through any financial account in which the entity or any affiliate has an interest, in past 12 months
- Does not hold any assets, including ownership interests in a company



# BENEFICIAL OWNERS



# WHAT MAKES A BENEFICIAL OWNER?

Any individual who, directly or indirectly:

- Exercises substantial control over a reporting company; or
- Owns or controls 25+% of the ownership interests in the reporting company

It goes all the way up the line.



# Substantial Control

Any of the following:

Exception to 1-4: at-will employees who are not senior officers, fully subject to will and control of employer in what and how to do regarding work, and only have this control as a result of being an employee

Senior officer

Has the authority to appoint or remove officers

Has the authority to appoint or remove a majority of the directors

Directs, determines, or has substantial influence over important decisions regarding the company's business, finances, or structure

Any other form of substantial control



# EXAMPLES OF DEFAULT SENIOR OFFICERS



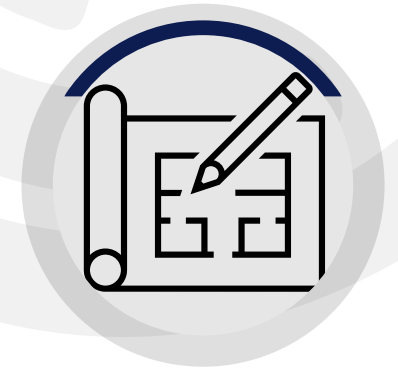
PRESIDENT



CFO



CEO



COO





# COMPANY APPLICANTS

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# WHAT IS A COMPANY APPLICANT?

- Real person (not company) who directly files to open company or directs or controls the filing action
- Limited to 2 company applicants
- “Directly files” – one who enters information on secretary of state
- “Directs or controls filing” – person who instructed agent to directly file and provided information



# When to report

For companies formed before January 1, 2024: by December 31, 2024

For companies formed on or after January 1, 2024: 30 days after filing with Secretary of State\*

For changes and updates: 30 days after change in BOI or Company information



# REPORTING REQUIREMENTS



# COMPANY INFORMATION

- Full legal name
- Any trade name
- Complete current principal place of business in the U.S.
- Jurisdiction of formation
- Jurisdiction of first registration (if foreign reporting company)
- EIN or TIN



**OPEN**

# BENEFICIAL OWNER INFORMATION



Full legal name



Date of birth



Complete current residential street address



Identifying number and issuing jurisdiction from one of:

US passport

State's driver's license

Identification document issued by state, local gov't, or tribe



Copy of above document

# COMPANY APPLICANT INFORMATION



Full legal name



Date of birth



Complete current residential street address OR business address if individual is a company applicant who registers companies in the course of their business



Identifying number and issuing jurisdiction from one of:

US passport

State's driver's license

Identification document issued by state, local gov't, or tribe



Copy of above document

## PENALTIES AND CONSEQUENCES

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**\$500 Per Day** that violation continues

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Imprisonment for up to 2 years

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Fine of up to \$10,000.00

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Company and all senior officers



# LINKS AND RESOURCES



**BOI E-FILING**

<https://boiefiling.fincen.gov/>



**FINCEN ID APPLICATION**

[https://fincenid.fincen.gov/lan  
ding](https://fincenid.fincen.gov/landing)



**SMALL BUSINESS  
RESOURCES**

[https://fincen.gov/boi/small-  
business-resources](https://fincen.gov/boi/small-business-resources)



**NATIONAL SMALL  
BUSINESS ASSOCIATION**

<https://www.nsba.biz/>





# THANK YOU

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