

**AUSTIN, STRAIT, BENSON,
THOLE & KOEHN LLP**

A Registered Limited Liability Partnership
ATTORNEYS AT LAW
25 FIRST AVENUE S. W.
WATERTOWN, SOUTH DAKOTA 57201
TELEPHONE (605) 886-5823
FAX (605)-653-1303

DAVID R. STRAIT
KATE M. BENSON
AMANDA M. THOLE
MITCHELL L. KOEHN

September 5, 2024

Dear valued clients and community,

We are writing to inform you of a newly enacted federal law, effective January 1, 2024, that is likely to impact your business. If you have established a company or are planning to start a new company, please read carefully.

As of **January 1, 2024**, most businesses will be required to report information to the federal government pursuant to the **Corporate Transparency Act (CTA)**. The necessary report will be about (i) the company (ii) individuals or entities that own or exercise control over the entity (iii) individual(s) involved in registering the company to do business in the U.S.

Pursuant to the CTA entities registered with the Secretary of State **before** January 1, 2024, have until January 1, 2025, to file initial Beneficial Ownership Information (BOI) with the Federal Crimes Enforcement Network (FinCEN, www.fincen.gov). Entities registered on or **after** January 1, 2024, will have 90 days to file an initial beneficial ownership with FinCEN. Entities registered on or after January 1, 2025, will have 30 days to file.

What is the CTA?

The Corporate Transparency Act (CTA) was adopted by Congress to combat financial crimes such as money laundering, terrorism, trafficking, and other unlawful corporate activities. As such, most small, privately held businesses will be required to report BOI information to the federal government (FinCEN).

What Austin Law can help you with?

- Advise your business on whether it is a reporting company subject to the CTA.
- Advise your business on who is considered a beneficial owner under the CTA.
- Advise and amend your business' internal governance documents to comply with the CTA.
- Advise your business on preparing the information and report required for compliance with the CTA.
- Advise and assist your business with submitting BOI information.

Our firm can file your report, please reach out for more information or if you have any questions. *

**Pricing for this service will be variable depending on entity structure, number of owners and preparation time requirements.*

Who is subject to the CTA?

The CTA requires every “reporting company” to file beneficial ownership identifying each beneficial owner of a company. A “reporting company” includes corporations, limited liability companies, and other similar entities that register to do business in the U.S. by filing with the secretary of state. This does **not** include general partnerships or sole proprietorships.

There are 24 narrow exceptions to the CTA. Most businesses do not fall under an exception and are categorized as a “reporting company.” The primary exception is for entities that:

- Employ more than 20 full-time employees in the U.S., and
- Operate from a physical office located in the U.S., and
- Generated more than \$5,000,000 in gross receipts or sales in the prior year.

Each reporting company will be required to provide a BOI report to FinCEN. After an initial report designating beneficial ownership, updates should be submitted to FinCEN within 30 days. Violation of the CTA will result in civil penalties of not more than \$500 per day, capped at \$10,000, or imprisonment of not more than two years, or both.

How often does BOI need updated?

Reported information needs updated when:

- The company relocates and changes address;
- An officer or manager leaves, joins, or is replaced;
- An officer or owner moves homes and changes their primary residence;
- A new investor purchases more than 25% of the company;
- A divorce leads to a change in ownership;
- Or any other activity resulting in the change of address or ownership.

For more information, or to get started, please contact our office at CTA@austinlawsd.com or by calling (605) 886-5823.

Sincerely yours,

Austin, Strait, Benson, Thole & Koehn LLP