

Corporate Transparency Act – Avoiding Potential Scams

2/14/2024

Practices: Corporate, Finance & Acquisitions

Corporate Transparency Act. The Corporate Transparency Act (“CTA”) went into effect on January 1, 2024 and many qualifying business entities around the United States are required to disclose certain information about the entity’s ownership by submitting a Beneficial Ownership Information report (“BOI report”) to the Financial Crimes Enforcement Network (“FinCEN”) (click [here](#) to see our general overview published in December 2023).

The CTA requires all “Reporting Companies” that do not qualify for an exemption to file a BOI report. A “Reporting Company” is any domestic business entity (corporation, LLC, or otherwise) that is created by filing a document with a U.S. state, or any foreign entity that registers to do business within the United States by making a filing with a U.S. state.

Recent Scams. With the enactment of the CTA, scammers have started sending letters to businesses attempting to impersonate government entities claiming that the business is “required to report their beneficial ownership information” to such fake government entity. These scammers and fake entities may send letters or emails under the names of the “United States Business Regulations Department,” “Corporate Transparency Act Division, Process and Filing Center,” or other names. Such letters may also contain the heading of “Important Compliance Notice” or “Mandatory Beneficial Ownership Reporting.”

In addition, these letters and emails may look like IRS tax documents, or may ask a business entity to visit a website or URL, or to scan a QR code to report its information. These transmissions may also ask a business entity to respond within a short period of time or make a payment via a check or money order payable to such scammer or fake government entity.

What to do After Receiving a Suspicious Email/Letter. In the event that your business entity receives an email or letter asking for your business entity’s beneficial ownership information, do not respond to such messages, or click on any links or scan any QR codes within such letters or emails. **FinCEN will not send unsolicited requests asking for Beneficial Ownership information or mandating that a business file a BOI report.**

Where to File a BOI Report. Reporting Companies who do not qualify for an exemption must submit a BOI report at “<https://www.fincen.gov/boi>” with information regarding the company and each Beneficial Owner.

Unsure of Your Business’s Reporting Obligation? Determining whether a letter is a scam, or figuring out whether your entity is a “Reporting Company” or who is a “Beneficial Owner” is fact-specific and may be

difficult. Accordingly, please contact Joshua Wilson (jwilson@masudafunai.com), Jennifer Watson (jwatson@masudafunai.com) or any member of Masuda Funai's Corporate, Finance, and Acquisitions group with any questions.

For additional information about preparing and submitting a Beneficial Ownership Information report, please visit the FinCEN website, which includes other helpful resources ([link](#)).

Masuda Funai is a full-service law firm with offices in [Chicago](#), [Detroit](#), [Los Angeles](#), and [Schaumburg](#).