

Corporate Transparency Act: Awareness and First Steps

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Mitzi Hill is the founder of Taylor English's Data Security & Privacy practice. She works with business owners and executives to ensure that they are ready to compete in a global supply chain that requires attention to privacy and security through use of technology. Her experience includes fifteen years in-house at Turner Broadcasting, where she oversaw multiple regulatory compliance programs, international content licensing, and legal clearance of new technology systems. Prior to her time in-house, Ms. Hill was with a large international law firm, where she focused on technology and media issues, including satellite distribution, copyright infringement and First Amendment claims.

Ms. Hill has handled technology, IP, compliance, and international business matters for more than twenty-five years. This strong background allows her to work closely with clients including retailers, logistics companies, service providers, platform operators and others to ensure that they are prepared for privacy and cybersecurity requirements imposed on them by laws and by their customers. She enjoys helping clients develop policies, contracts, and workflows that protect information assets and thereby confer a competitive edge. Among other things, she creates data processing and cross-border transfer agreements; counsels U.S. and international companies on compliance with privacy laws including the GDPR and CCPA; serves as privileging counsel on security and compliance audits; and handles data breach response. Ms. Hill writes and speaks frequently on data security and privacy issues. She also routinely handles technology licenses, SaaS agreements, and general commercial services agreements.

Ms. Hill also has an extensive background in media and intellectual property issues and has handled film productions, media and sponsorship rights, program distribution, and music licensing. In addition, she has spent significant time overseas, having resided in London to oversee a client's legal function in Europe, the Middle East and Africa.



What Is the CTA?

Corporate Transparency Act

- Enacted 2021
- “Final Rule” September 2022
- Enforced by FinCEN

Law Enforcement Tool

- Database of corporate ownership
- Not currently collected by Secretaries of State in most cases
- Designed to “peel back the onion”
- Money laundering, terrorist funding, other financial crimes
- Likely to be shared with other LE agencies

Who Is Covered?



- “Reporting companies”
 - LLC
 - Corporation
 - Other forms
- Foreign companies qualified in US
- Formed by filing with Secretary of State
- Twenty-three exemptions

Who Is Exempt?

- Non-profits
- Government entities; public utilities
- Financial services entities such as accounting firms, pooled investment vehicles, investment company/advisor, broker/dealer, bank
- Publicly traded companies (“securities reporting issuer”)
- Inactive entities
- “Large operating companies” meeting certain revenue and FTE thresholds and having a physical operating presence in US
- Subsidiaries of certain other exempt entities
- *Definitions are complex and depend on several other laws including tax code, banking regulations, insurance rules, ACA, Securities Act, etc.*

What Must Be Reported?



- “Beneficial Owners” Information
 - Direct and indirect: ultimately designed to get to the individuals behind a given company
 - Holds 25% of membership interests
 - Exercises “substantial control” over the reporting company
 - *Definitions are complex and multi-pronged*
- Company Information
- “Company Applicant” Information

Timing of Required Reports



Existing Companies

Newly Formed Companies

Updates

Penalties for Non-Compliance



Fines

Prison

How to Get Started

- Gather Formation and Governance Documents
 - Bylaws, articles of incorporation/formation, operating agreement, shareholder agreements
 - All amendments
 - Cap table
 - Board and shareholder meeting minutes
 - Current org chart
- Start telling stakeholders and gathering copies of IDs
- Engage advisers (counsel, CPA) to advise on complex questions
- Timing

Questions



Thank you for your time and attention to this important and valuable presentation.

Please do not hesitate to contact me using the contact information listed earlier in this presentation should you have any questions or concerns.