



FinCEN Reporting Requirements

By Ashley Strauss-Martin, NMAR General Counsel

Beginning January 1, 2024, the Financial Crimes Enforcement Network (FinCEN) has implemented a new filing requirement for certain corporations and LLCs. Most corporations and LLCs, with some exceptions, must register their beneficial owners with FinCEN.

FinCEN is a bureau of the U.S. Department of the Treasury that collects and analyzes information about financial transactions to combat money laundering, terrorist financing, and other financial crimes. By implementing these new reporting requirements, FinCEN seeks to close loopholes that bad actors use to hide their activities.

Under the new FinCEN reporting requirements, most corporations and LLCs will be required to disclose beneficial ownership information (BOI). Beneficial owners are individuals who directly or indirectly exercise substantial control over a reporting company or own at least 25% of the company's ownership interest. Definitions of who qualifies as beneficial owners can be found [here](#) in the Small Business Compliance Guide provided by FinCEN.

Deadlines for Reporting:

- Companies created or registered before January 1, 2024: Must register by January 1, 2025.
- Companies created or registered in 2024: Must report their beneficial ownership information (BOI) within 90 calendar days after receiving actual or public notice that the creation or registration is effective.
- Companies created or registered after January 1, 2025: Have 30 days to register.

How to Register

To register beneficial owners, companies need to submit their BOI through FinCEN's [online portal](#). Required information typically includes names, addresses, dates of birth, and identifying numbers (such as social security numbers) of the beneficial owners. Detailed instructions and forms are available on FinCEN's website.

Exceptions and Exemptions

Certain entities are exempt from reporting requirements, however none generally apply to brokerages. A full list of exempt entities can be found in the Small Business Compliance Guide provided by FinCEN.

Penalties for Non-Compliance

Both individuals and corporate entities can be held liable for willful violations. This can include not only an individual who actually files (or attempts to file) false information with FinCEN, but also

anyone who willfully provides the filer with false information to report. 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.

As specified in the Corporate Transparency Act, a person who willfully violates the BOI reporting requirements may be subject to civil penalties of up to \$500 for each day that the violation continues. A person who willfully violates the BOI reporting requirements may also be subject to criminal penalties of up to two years imprisonment and a fine of up to \$10,000. Potential violations include willfully failing to file a beneficial ownership information report, willfully filing false beneficial ownership information, or willfully failing to correct or update previously reported beneficial ownership information.

Scams

It is important to be aware that there are scams regarding this new reporting requirement. These fraudulent scams may include:

- Correspondence requesting payment. There is NO fee to file BOI directly with FinCEN. FinCEN does NOT send correspondence requesting payment to file BOI. Do not send money in response to any mailing that claims to be from FinCEN or another government agency.
- Correspondence that asks the recipient to click on a URL or to scan a QR code. Those e-mails or letters are fraudulent. Do not click any suspicious links or attachments or scan any QR codes in emails, on websites, or in any unsolicited mailings.
- Correspondence that references a “Form 4022,” or an “Important Compliance Notice.” This correspondence is fraudulent. FinCEN does not have a “Form 4022.” Do not send BOI to anyone by completing these forms.
- Correspondence or other documents referencing a “US Business Regulations Dept.” This correspondence is fraudulent; there is no government entity by this name.

While the new FinCEN filing requirements represent a significant change for many corporations and LLCs, ensuring compliance is very important. If there are any questions, we encourage our NMAR members to reach out to the legal hotline.