

CORPORATE TRANSPARENCY TRAP: SPOTTING RED FLAGS TO AVOID CTA SCAMS

Posted on September 16, 2024 by Kara L. Lambert



Tags: [Corporate Transparency Act](#), [CTA](#), [CTA Scams](#), [Financial Crimes](#), [FinCEN](#), [Fraud](#), [Scams](#)



We all know to be wary of classic red flags in relationships—like the guy who still calls his mom to make his dentist appointments. But what about red flags when it comes to business-related correspondence? In today's world, scammers are constantly seeking opportunities to prey on unsuspecting individuals and businesses. While we can't stop you from texting that guy back who swears Nickelback is "underrated", we can help you avoid scams intended to catfish your company.

With the introduction of the Corporate Transparency Act (CTA) and its new reporting requirements, a fresh wave of scams has emerged. Let's dive into the tactics being used and how you can protect yourself from falling victim to these schemes.

Recent CTA-Related Scams

Fraudulent emails and letters from entities with official-sounding names and mimicking official government correspondence, have been circulating in an effort to deceive recipients into disclosing sensitive information and making payments. These scams use intimidating language and official-sounding names to solicit sensitive information or payments from business owners. The scammers

The choice of a lawyer is an important decision and should not be based solely upon advertisements.

CAPE S • SOKOL

aim to create urgency, often threatening recipients of civil penalties for failure to meet fictitious deadlines.

While the CTA does indeed require reporting companies to file Beneficial Ownership Information (BOI) Reports with the Financial Crimes Enforcement Network (FinCEN) by specified deadlines (see [here](#)), civil penalties are only triggered upon **willful** noncompliance, not for inadvertently missing the filing deadline.

Red Flags to Watch For

Here are some common red flags to look out for to help you steer clear of these scams:

- **Request for Payment:** There is NO filing fee under the CTA to report BOI directly with FinCEN. If you receive any correspondence suggesting otherwise, it is a scam, and you should not respond or submit any form of payment.
- **Suspicious Links or QR Codes:** Be wary of emails, letters, or websites that ask you to click on a URL or scan a QR code. FinCEN does not circulate these types of requests. Avoid clicking on unfamiliar links or attachments, and never scan QR codes from unsolicited communications.
- **False Forms and Notices:** Scammers may send correspondence referencing a Form 5102 or Form 4022. These are not official FinCEN documents. If you receive any such forms, you should immediately disregard.
- **Fraudulent Government Entities:** Be on the lookout for documents referencing the "US Business Regulations Dept". This is not a legitimate agency, and any correspondence received therefrom is fraudulent.

How Capes Sokol Can Help

At Capes Sokol, we're dedicated to helping businesses navigate the complexities of the new CTA requirements while protecting against fraud. If you receive any suspicious correspondence, it's essential to verify its legitimacy before taking action.

To assist you, our team has created an online [CTA Guidance Resource Center](#) that provides key information about CTA reporting requirements including which companies must report under the CTA, exemptions, deadlines, and penalties for noncompliance. We will continue to provide updates and guidance as the CTA evolves.

Stay Proactive and Protect Your Business

Be proactive—report suspicious activity to FinCEN, take steps to protect your business and personal information, and stay informed to avoid falling victim to these scams.

Whatever you do, DON'T IGNORE THE RED FLAGS...it's never worth it.

If you have any questions or need help navigating the CTA, please contact a member of Capes

The choice of a lawyer is an important decision and should not be based solely upon advertisements.

The choice of a lawyer is an important decision and should not be based solely upon advertisements.