

FROM RECORD DEALS TO CORPORATE GOVERNANCE: WHY I CARE ABOUT THE CTA

Posted on November 17, 2023 by Gary Pierson



Tags: [Corporate Transparency Act](#), [CTA](#), [CTA Compliance](#), [FinCEN](#)



What does an IP attorney who spends his days trying to protect the work of the creative class know about “corporate governance” you might ask?☐☐

I've never had a professional specialty that was particularly easy to explain or for other attorneys to understand. I've been called many things in my career, but “corporate governance geek” has never been one of them. Many of my clients have pursued careers and professional paths that often bear little resemblance to a staid corporate existence and I'm proud of my efforts to help them succeed without feeling restrained by the things they despise. All of that might make me the least likely attorney I know to be shouting from the virtual rooftop about the Corporate Transparency Act. But something about this new law has caught my attention, and I'm determined to help make other people more aware of it.

Maybe it's the fact that it passed Congress and became law with such broad bi-partisan support at a time when that seems virtually impossible on most issues. Maybe it's the fact that it requires the kind of disclosures that were previously reserved only for “highly regulated industries”. Or maybe it's the

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fact that the innovative, entrepreneurial, and creative small business owners I know and have worked with for so long are some of the people this law is going to impact the most.

Whatever the reason, I'm finding myself to be a full-fledged Corporate Transparency Act enthusiast! To be clear, I don't particularly like it, but I firmly believe we all must prepare for it.

In a nutshell, the new law requires certain businesses - including corporations, limited liability companies, limited partnerships and other entities - to disclose to the Financial Crimes Enforcement Network (FinCEN) information about the entities' beneficial owners. It is designed to help law enforcement agencies fight financial crimes, such as money laundering, terrorism financing, and tax evasion. The CTA defines a "beneficial owner" as any individual who (directly or indirectly) owns or controls more than 25% of a business, or who exercises substantial control over the business.

The details of the system that businesses will have to use to report this information have not been rolled out yet, and some speculate that implementation might be delayed. But barring a delay, existing businesses will have to report this information during 2024. Businesses formed after the first of the year will have to do it within 30 days of formation.

It's a strange place to find myself caring so much about all of this... and I still can't claim to be the world's foremost authority on the matter. But my colleagues and I promise to keep updates flowing on this, including tips about how to make sure your business is complying with these new obligations. For now, watch this space! (I always wanted to say that.)

Learn more about the CTA and its potential implications for your business by visiting our CTA resource page:<https://ow.ly/Q0E850PG8r3>.

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