



Corporate Transparency Act Overview

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Risk Management Committee
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The Corporate Transparency Act (CTA), effective **January 1, 2024**, is intended to aid law enforcement in combatting illicit activity conducted through anonymous shell companies.

- It requires certain privately held entities to report beneficial ownership information (BOI) to the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN).
- The reporting requirements are intended to apply broadly and especially impact companies that do not otherwise make federal filings other than those with the Internal Revenue Service.

Certain entities are exempt from the CTA.

Both domestic and foreign entities can be reporting companies under the CTA.

Domestic reporting companies are:

Corporations, limited liability companies (LLCs), or other entities created by:

- filing a document with a secretary of state (SOS) or
- any similar office under the law of a U.S. state or territory.

Foreign reporting companies are:

Corporations, LLCs, or other entities that are:

- formed under the law of a non-U.S. country and
- registered to do business in any U.S. state by the filing of a document with an SOS or any similar office under the law of a U.S. state.

A reporting company must disclose information about its **individual beneficial owners** and **itself**.



A **beneficial owner** is any **individual** who, directly or indirectly:

- exercises **substantial control** over the reporting company

OR

- **owns or controls 25% or more** of the **ownership interests** of the reporting company.

As to **each individual beneficial owner**, a reporting company **must disclose**:

- Full legal name
- Date of birth
- Complete current residential address
- A unique identifying number
- An image of the document with the unique identifying number



The **unique identifying number** must come from one of the following **non-expired documents** issued to the individual:



A U.S. passport issued by the U.S. government



A state, local government or Indian tribal identification document issued to identify the individual



A state-issued driver's license



If an individual does not have one of the above, a passport issued by a foreign government

An individual **exercises substantial control** over a reporting company if the individual does any of the following:

- Serves as a **senior officer** of the reporting company
- Has **authority to appoint or remove** either:
 - Any senior officer
 - A majority of the reporting company's board of directors or similar body
- Directs, determines or has **substantial influence over important decisions** made by the reporting company
- Has **any other form of substantial control** over the reporting company

An individual may directly or indirectly own or control an **ownership interest** through:

- Any contract, arrangement, understanding, relationship or otherwise, including joint ownership with one or more other persons
- A nominee, intermediary, custodian or agent
- Ownership or control of one or more intermediary entities

A reporting company **must report** the following **about itself**:

Full legal name, any trade names, and any doing business as (d/b/a) or trading as (t/a) names under which it conducts business, whether formally registered or not

Complete current street address of principal place of business, if in the U.S., or primary U.S. location where it conducts business (cannot be a P.O. Box or address of corporate formation agent or other third party)

Its **state or foreign jurisdiction of formation** and, for a foreign reporting company, the state jurisdiction where it first registered in the U.S.

Its IRS taxpayer identification number, including an employer identification number
Foreign reporting companies without an IRS taxpayer identification number may instead provide a tax identification number issued by a foreign jurisdiction and that issuing jurisdiction's name.

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Corporate Transparency Act Overview



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