



FINCEN BOI REPORTING

Late last year, we began to hear of a potential new FinCEN Beneficial Ownership Information (BOI) reporting requirement as part of the Corporate Transparency Act. We did our research into the issue including making contact with a prominent attorney considered one of the best in the field of tax law to work out if these reporting requirements would apply to the reinsurance companies that we manage. Please note that this is an evolving process that may change in the future.

WHAT INFORMATION IS COLLECTED?

For context, the FinCEN BOI reporting requirement collects the following corporate information:

1. Full legal name of the corporation including any trade or OBA names.
2. Full business address.
3. State or tribal jurisdiction of formation or registration.
4. EIN/TIN.
5. Beneficial ownership information, including:
 - a. Full legal name.
 - b. Birthdate.
 - c. Full address.
 - d. Unique identification number and issuing jurisdiction from an acceptable identification document (such as a state-issued driver's license) along with an image of the document.

WHEN ARE BOI REPORTS FILED?

Any new corporations formed on or after January 1, 2024 will need to submit this BOI report within 90 days of being incorporated, and any corporations incorporated before January 1, 2024 will need to submit this BOI report no later than January 1, 2025. In addition, this information is to be reported again within 90 days of a change to the information previously reported, including if it is determined that previous information was reported incorrectly.

ARE THERE CONSEQUENCES FOR NONCOMPLIANCE?

Lastly, it is important to point out that noncompliance can have significant consequences, including:

1. Civil penalties up to \$500 per day that a violation continues, and
2. Criminal penalties of \$10,000 and/or imprisonment up to two years.

WHAT ARE THE CONCLUSIONS?

Our research into this issue has drawn us to the following conclusions:

1. Companies domiciled with the Turks & Caicos Islands do not need to file this BOI report.
2. Companies domiciled with the Delaware Tribe of Indians Tribal Domicile do need to file this BOI report.

We have filed the BOI report for our corporation using the FinCEN online reporting tool found at <https://boiefiling.fincen.gov/boir/html>, Gerald B. Farlow & Associates, Ltd. so that we could (1) remain compliant, and (2) gain the experience of doing so. Based on our experience, we believe the reporting process should, in most cases, take about 10 minutes to complete and most people should find the process to be fairly straightforward. Therefore, we believe that in most cases an owner from each reinsurance company can make the BOI report without assistance.

HOW DO I FILE?

There are three options available for filing the BOI report:

1. Submit the BOI report on your own using the FinCEN online reporting tool found at <https://boiefiling.fincen.gov/boir/html>. This is the method we strongly recommend as it will be the quickest option to get the report filed accurately.
2. Have the service that is filing the BOI report for your dealerships or other related entities also file the BOI report for your reinsurance company. This is the alternate method we strongly recommend as you are already working with this third party.
3. Have another third party submit the BOI report on your behalf. We have contacted Parasec, a document filing company, and they are willing to submit these reports. You can get more information from the Parasec web site located at <https://www.parasec.com/corporate-services/beneficial-ownership-information-filing/>. There will be a cost associated with this service, and Parasec can provide the cost detail to you if you elect to work with them.
4. Have us assist you in submitting the BOI report. There will be a \$250 fee associated with this service.

While we are willing to assist you in submitting the BOI report as a third party, please note that FinCEN requires a complete and accurate BOI report be submitted and therefore requires that corporations and beneficial owners provide complete and accurate information to any third party that is filing the BOI report on behalf of the corporations and beneficial owners. Corporations and beneficial owners can be held accountable and may face penalties if BOI reports submitted by a third party are not accurate.

It is important to understand that if we are asked to assist in filing a BOI report, we will only be able to submit the information as provided to us by the corporation and beneficial owners and

can not provide assurances that the information we are submitting is accurate. If we are asked to assist in filing the BOI report, we will start the process by having you sign an engagement letter specific to the filing of the BOI report. We will then collect information, clean copies of identification documents, and payment before we can proceed with the filing, and we reserve the right to decline or withdraw from an engagement at our discretion.

WHAT IF I HAVE QUESTIONS?

We are happy to answer any questions that you may have. Please contact our office via telephone at (770) 277-4863 or via email at ifarlow@gbfassociates.com.

Sincerely,

Ian Farlow