



From the Desk of: Pete Gustafson, AAMA EVP

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I'm going to go out on a limb and assume most of you have no idea what the CTA is. Some of you may believe it stands for the Chicago Transit Authority and while that's true, that's not the CTA I'm referring to.

I'm referring to the Corporate Transparency Act. If you didn't know this don't be too hard on yourself, as of December of 2023, 83% of small business owners had never heard of "this" CTA and have no idea what it's for but make no mistake – they need to.

Created in 2021, the Corporate Transparency Act, (CTA) is intended to protect U.S. national security and the U.S. financial system from illicit use and provide essential information to national security, intelligence, and law enforcement agencies; state, local, and Tribal officials; and financial institutions to help prevent drug traffickers, fraudsters, corrupt actors such as oligarchs, and proliferators from laundering or hiding money and other assets in the United States. It was bundled in the "must pass" National Defense Authorization Act for Fiscal year 2021. This rule will enhance U.S national security by making it more difficult for criminals to exploit opaque legal structures to launder money, traffic humans and drugs, and commit serious tax fraud and other crimes that harm the American taxpayer.

This rule will be enforced by the Financial Crimes Enforcement Network (FinCEN), a division of the U.S. Treasury.

The rule requires the reporting of Beneficial Owners Information (BOI). A Beneficial Owner is defined as anyone who directly or indirectly:

- exercises substantial control over the reporting company, or
- owns or controls at least 25% of the ownership interests of a company.

A reporting company must identify itself and report four pieces of information about each of its Beneficial Owners:

1. their name
2. birthdate
3. address
4. an image of a government issued ID

As of January 1, 2024, corporations, LLCs, or similar entities with 20 or fewer employees and \$5 million or less in sales are required to register their BOI with FinCEN. According to FinCEN, 32.6 million small businesses must register in 2024. Changes to this information must be reported

within 30 days of the change. Failure to comply with the CTA could result in civil penalties of up to a \$10,000 fine and criminal penalties of up to 2 years in prison.

You and any other individual within your company who exercises “substantial control” (i.e. a general manager) will have their personal information accessible by financial institutions and law enforcement agencies all the way down to the local level.

There are several problems with this level of overreach:

- It’s duplicative - the government already has this information - you filed all this and more when you formed your business, or issued your employees their W2’s.
- The penalties are overbearing and onerous.
- What’s the likelihood of a data breach? Truth be told, FinCEN runs a very secure network, but what about every other agency that will now have access to your information?
- Criminals are not likely to file their BOI’s with FinCEN, which seems to defeat the entire purpose of this exercise.

As of May 28, 2024, a total of four lawsuits have been filed challenging the CTA. They have been filed in US District Courts in Texas, Alabama, Maine and Michigan. While there is the possibility one of these lawsuits will succeed, no one can say for certain if or when that may happen.

In May 2024, US Senator Tommy Tuberville introduced legislation (S. 3635) to repeal the CTA called the Repealing Big Brother Overreach Act and if it passes, it will overturn the CTA in its entirety. Congressman Warren Davidson introduced companion legislation (H.R. 5119) in the U.S. House of Representatives. There are over 100 trade organizations who have endorsed this bill.

I encourage you to contact your federal representatives in the Senate and House of Representatives and urge them to support this legislation. They need to know the negative impact the CTA will have on over 32 million small businesses in the US. To find your representatives, [click here](#) or visit www.congress.gov/members/find-your-member.com

About The AAMA

The American Amusement Machine Association ([AAMA](#)) is an international not-for-profit 501(c)6 trade organization representing the manufacturers, distributors, suppliers, professional service providers and location owner/operators for the coin-operated amusement industry. Our mission is to make the industry better through collaboration, education, advocacy and networking. We never stop playing!