

CES PROCUREMENT PARTNER NEWSLETTER

JULY 2024



Simplify procurement.
Maximize results.



The Corporate Transparency Act – What You Need to Know

The Corporate Transparency Act (CTA) mandates new reporting rules for businesses, effective January 1, 2024. Companies must file Beneficial Ownership Information (BOI) reports with the Financial Crimes Enforcement Network (FinCEN), disclosing details about owners and control persons. Exemptions exist for certain entities, but non-compliance can result in hefty fines and imprisonment. Understanding CTA requirements is crucial for legal compliance and avoiding penalties. Stay informed about updates and guidance from FinCEN to ensure adherence to the law.

Key Takeaways

- New reporting requirements for companies, beneficial owners, and business applicants came into effect on January 1, 2024. Failing to meet these requirements may lead to penalties.
- Businesses established or registered before January 1, 2024, will have one year to file their initial reports. Businesses created or registered on or after January 1, 2024, will have 90 days from their creation or registration to file the report.
- For reporting companies created or registered on or after January 1, 2025, the initial report is due within 30 calendar days of the entity's creation or registration.

Reporting Requirements

Starting January 1, 2024, most new and many existing businesses, including limited partnerships,

corporations, and limited liability companies, must file a BOI Report with FinCEN under the CTA. Regulations were adopted on September 29, 2022, and were published in 31 CFR Part 1010 (the "Final Rule").

The CTA and the Final Rule create new reporting obligations for certain entities (defined as "Reporting Companies") to FinCEN. These obligations pertain to their company applicants, beneficial owners, control persons, entity structures, and certain associated individuals.

Lawyers representing reporting companies should be aware of the requirements of the CTA and related regulations and be prepared to advise their clients on the often intricate reporting requirements.

Glossary of Key Terms

- **Beneficial Owner:** An individual with a significant ownership stake in a company, directly or indirectly, such as owning at least 25% of the company's shares.
- **Beneficial Ownership Information (BOI):** Identifying information about individuals who directly or indirectly own or control a company.
- **Company Applicants:** The person who directly files the document to establish or register a reporting company.
- **Domestic Reporting Company:** Any entity created by filing a document with a Secretary of State or a similar office under state or Indian tribe

laws.

- **FinCEN Identifier:** A unique number issued to individuals and reporting companies who apply by providing all necessary information in the initial report.

- **Ownership Interest:** An arrangement that establishes ownership rights in the reporting company.

- **Substantial Control:** Exercised by being a senior officer, having authority to appoint or remove certain officers, or having any other form of substantial control.

Purpose of the CTA

The CTA, part of the Anti-Money Laundering Act of 2020, which is part of the broader National Defense Authorization Act for Fiscal Year 2021, came into effect on January 1, 2024. The CTA aims to curb illegal activities such as money laundering, financing terrorism, human and drug trafficking, and securities fraud by increasing U.S. financial crimes monitoring systems.

The most significant provision in the CTA is the creation of a non-public, secure central registry administered by FinCEN to track the beneficial ownership of entities formed or registered in the United States.

Compliance Requirements

The CTA applies to domestic and foreign companies that are corporations, limited liability companies, limited partnerships, or similar entities created by submitting a document with the Secretary of State or any similar office. Specific exemptions exist for certain entities such as public accounting firms, banks, broker-dealers, financial market utilities, and large operating companies.

Reporting Deadlines

- **Existing Companies:** Reporting companies created or registered before January 1, 2024, must file by January 1, 2025.

- **Companies Formed Between January 1, 2024,**

and December 31, 2024:

 These companies must file their initial BOI report within 90 days of their creation or registration.

- **Companies Formed on or After January 1, 2025:** Reporting companies created on or after this date must comply within 30 days after their date of formation.

Storage and Access to Reported Information

Reported information will be stored in the Beneficial Ownership Secure System (BOSS), a secure, non-public database maintained by FinCEN. Authorized recipients include U.S. federal agencies, state and local law enforcement agencies, federal agencies acting on behalf of non-U.S. law enforcement, financial institutions for KYC compliance, federal and state regulators, and Treasury Department officers for tax administration purposes. Unauthorized disclosure or misuse of the information carries penalties, including fines and imprisonment.

Penalties for Non-Compliance

Failure to follow the CTA or providing false information can result in fines ranging from \$500 to \$10,000 per violation and possible imprisonment. Non-compliance can also harm a company's reputation, disrupt operations, and invite closer scrutiny. Law firms may also be held responsible if they assist in non-compliance or fail to report suspicious activity.

Impact on Private Investment Funds and Advisers

While some entities within private investment fund structures will be exempt from BOI reporting obligations, most investment advisers will have entities within their organizational structures that must file BOI reports. These entities include non-registered investment advisers, parent companies of investment advisers, general partners to private investment funds, and various intermediary entities between private investment funds and portfolio companies.

Final Thoughts

It is essential for individuals and entities to understand the CTA to fulfill their legal duties and avoid penalties. Bookmark the FinCEN website (<https://www.fincen.gov/boi>) and pay attention to further interpretative guidance and frequently asked questions. Understanding the specific information to disclose and exploring options like FinCEN Identifiers are crucial for maintaining transparency and protecting privacy.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

Based upon the article by Kate Quince at <https://www.mondaq.com/unitedstates/securities/1483200/the-corporate-transparency-act-what-you-need-to-know>

NOTES FROM THE BUSINESS OFFICE

- I. When you are doing business with a CES member organization, please make sure that you have a valid purchase order when submitting invoices to CES. Most CES members will not pay an invoice without a purchase order. Also, if your invoice exceeds the purchase order amount, the member will need to submit a change order to increase the purchase order, which could delay your payment.
- II. It is important to know that charges related to construction (both goods and services), other services, and licensing are all subject to Gross Receipts Tax for public entities in New Mexico.
- III. Reminder: In January and July each year, the Taxation and Revenue Department publishes the most recent gross receipts tax rate schedule for the 6-month period then beginning. The schedules can be found at this link: <https://www.tax.newmexico.gov/all-nm-taxes/current-historic-tax-rates-overview/gross-receipts-tax-rates/>



We are thrilled to introduce a new brand identity for CES (Cooperative Educational Services)– a transformation that marks a significant milestone in our journey toward innovation and excellence. We will be identifying ourselves as CES moving forward due to the many other amazing entities and partners that we work with.

From the very beginning, our mission has been to simplify the procurement process for our members and provide them with peace of mind knowing that they have met all of New Mexico’s procurement laws. As we reflected on our past and what we hope to accomplish in the future, it felt like a good time to modernize our brand, streamline our message, and better communicate our products and services.

As we move forward, you will see our new logo, tagline, and updates to our processes and systems. Our ultimate goal is to provide our members, partners, and vendors with a seamless, compliant experience that ultimately benefits the children in New Mexico schools.



**Simplify procurement.
Maximize results.**

Check out our new website at www.ces.org.

NOTES FROM THE PROCUREMENT DEPARTMENT

INFORMATION RELEVANT TO JOC COST PROPOSALS

To access the RS Means JOC Core platform, go to the following web address; <https://joccore.gordian.com>.

For assistance in RS Means JOC Core, contact: John King, jking@ces.org

TIPS

- Avoid submitting a quote to a member and building a JOC cost proposal to “fit” a number.
- Most General Requirements are included in your adjustment factor – understand what is or is not compliant before sending a cost proposal to a member.
- If your cost proposal is greater than \$25,000 (before tax), be sure to add a Non-Prepriced line item for bonds. Always add a Non-Prepriced line item for tax.
- To avoid delays in cost proposal approval and issuance of the purchase order:
 - Verify the adjustment factor for bonds and tax is 1.0.
 - Verify the adjustment factor for Pre-Priced items is correct.
 - Verify that the current catalog is being used.
 - Add the written scope of work.
 - Provide 3 quotes for any Non-Prepriced item that does not exist in the Construction Task Catalog
 - Include a copy of the JOC cost proposal, quotes for NPP line items and any other required documents when sending to a member for review/approval.

TRAINING


- CES provides quarterly Vendor training on the use of JOC. The training will be in person at the CES offices and streaming via ZOOM. Emails will be sent out closer to the dates with the starting time.
 - Tuesday, September 17th, 2024
 - Wednesday, November 13th, 2024

VENDOR MAINTENANCE OF EPROCUREMENT ACCOUNT:

Please update your pricing in your Bluebook Profile (C Contracts) to avoid delays in CES sending your POs to you. For compliance purposes, CES verifies pricing. If your pricing is updated, we will send your PO to you within 24 hours in most cases.

Please add your W-9 and certificate of liability insurance to the additional documents tab in your Bluebook profile.

If you have any questions or need help, please contact Dotty McKinney, dotty@ces.org.





Business/Procurement Departments Contact List and Information

Website: www.ces.org

Office: 505.344.5470

Fax: 505.344.9343

❖ Purchasing Specialist Contact Information for Purchase Orders, Direct Purchase and Member Support

Team 1 Members A through D	Maggie and Victoria - Team1@ces.org maggie@ces.org Ext. 148 victoria@ces.org Ext. 147
Team 2 Members E through K	Kimberly B. and Anita - Team2@ces.org kbuckner@ces.org Ext 131 anita@ces.org Ext 110
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Submit Invoices	invoice@ces.org
Lead Purchasing Specialist	Monica Myers monica@ces.org Ext. 134
Construction Documents Link Construction Documents Upload Instructions Link	https://login.imagesilo.com/home/login https://www.ces.org/business-department-updates/construction-doc-upload-instructions/

❖ Construction Collections / Accounts Receivable & Accounts Payable Specialist

Collections/Accounts Receivable	Ilene ilene@ces.org Ext 122
Accounts Payable	Kelly B. kelly@ces.org Ext. 135

❖ Payroll Specialist

Payroll	Kelley S. and Margaret kscheib@ces.org Ext. 107 margaret@ces.org Ext. 126
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❖ Business Department Administration

Chief Financial Officer	Robin Strauser robin@ces.org Ext. 108
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Administrative Assistant	Abigail Hansen abigail@ces.org Ext. 145

❖ Procurement Department

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Contract Specialist	Joe Valencia joe@ces.org Ext. 124
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Blue Book	https://eprocurement.ces.org/public/bluebook.html

❖ Member Services

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Southern Services Manager, Media Support	Jim Barentine jim@ces.org Ext. 140 Las Cruces Office Phone: 575.646.5965 Cell: 602.689.0652