

# Section 7 - BOI Reporting Complexities



In this section, we're going to expand on some of the Reporting Company exemptions, as well as reviewing some complex or unusual situations.

## Reporting Company Exemptions

There are 23 exemptions that make it so that a company is not required to file a BOI Report:

### 1. Securities Reporting Issuer

An entity qualifies for this exemption if either of the following two criteria apply:

- a. The entity is an issuer of a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78I).
- b. The entity is required to file supplementary and periodic information under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)).

### 2. Government Authority

An entity qualifies for this exemption if both of the following criteria apply:

- a. The entity is established under the laws of the United States, an Indian tribe, a State, or a political subdivision of a State, or under an interstate compact between two or more States.
- b. The entity exercises governmental authority on behalf of the United States or any such Indian tribe, State, or political subdivision.

### 3. Bank

An entity qualifies for this exemption if any of the following three criteria apply:

- a. The entity is a "bank" as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).
- b. The entity is a "bank" as defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)).
- c. The entity is a "bank" as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)).

### 4. Credit Union

An entity qualifies for this exemption if either of the following two criteria apply:

- a. The entity is a "Federal credit union" as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).
- b. The entity is a "State credit union" as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

### 5. Depository Institution Holding Company

An entity qualifies for this exemption if either of the following two criteria apply:

- a. The entity is a "bank holding company" as defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841).
- b. The entity is a "savings and loan holding company" as defined in section 10(a) of the Home Owners' Loan Act (12 U.S.C. 1467a(a)).

### 6. Money Transmitter Business

An entity qualifies for this exemption if either of the following two criteria apply:

- a. The entity is a money transmitting business registered with FinCEN under 31 U.S.C. 5330.

- b. The entity is a money services business registered with FinCEN under 31 CFR 1022.380.

#### **7. Broker or dealer in Securities**

An entity qualifies for this exemption if **both** of the following criteria apply;

- a. The entity is a "broker" or "dealer," as those terms are defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).
- b. The entity is registered under section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o).

#### **8. Securities Exchange or Clearing Agency**

An entity qualifies for this exemption if **both** of the following criteria apply:

- a. The entity is an "exchange" or "clearing agency," as those terms are defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).
- b. The entity is registered under sections 6 or 17A of the Securities Exchange Act of 1934 (15 U.S.C. 78f, 78q-1).

#### **9. Other Exchange Act Registered Business**

An entity qualifies for this exemption if **both** of the following criteria apply:

- a. The entity is not a securities reporting issuer as defined in Exemption #1, broker or dealer in securities as defined in Exemption #7, or securities exchange or clearing agency as defined in Exemption #8.
- b. The entity is registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

#### **10. Investment Company or Investment Advisor**

An entity qualifies for this exemption if **both** of the following criteria apply:

- a. The entity is an "investment company" or "investment adviser" defined as either:
  - An investment company in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3); or

- An investment adviser in section 202 of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2).
- b. The entity is registered with the Securities and Exchange Commission under either of these authorities:
- The Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); or
  - The Investment Advisers Act of 1940 (15 U.S.C. 80b-1 et seq.).

#### **11. Venture Capital Funder Advisor**

An entity qualifies for this exemption if **both** of the following criteria apply:

- a. The entity is an investment adviser that is described in section 203(l) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(l)).
- b. The entity has filed Item 10, Schedule A, and Schedule B of Part 1A of Form ADV, or any successor thereto, with the Securities and Exchange Commission.

#### **12. Insurance Company**

An entity qualifies for this exemption if the following criterion applies:

- a. The entity is an "insurance company" as defined in section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a-2).

#### **13. State-licensed Insurance Producer**

An entity qualifies for this exemption if **both** of the following criteria apply:

- a. The entity is an insurance producer that is authorized by a State and subject to supervision by the insurance commissioner or a similar official or agency of a State.
- b. The entity has an operating presence at a physical office within the United States. The term "operating presence at a physical office within the United States" means that an entity regularly conducts its business at a physical location in the United States that the entity owns or leases and that is physically distinct from the place of business of any other unaffiliated entity.

#### **14. Commodity Exchange Act Registered Entity**

An entity qualifies for this exemption if either of the following two criteria apply:

- a. The entity is a “registered entity” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a).
- b. The entity is one of these entities registered with the Commodity Futures Trading Commission under the Commodity Exchange Act:
  - “Futures commission merchant” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);
  - “Introducing broker” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);
  - “Swap dealer” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);
  - “Major swap participant” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);
  - “Commodity pool operator” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a);
  - “Commodity trading advisor” as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a); or
  - “Retail foreign exchange dealer” as described in section 2(c)(2)(B) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)(B)).

#### **15. Public Accounting Firm**

An entity qualifies for this exemption if the following criterion applies:

- a. The entity is a public accounting firm registered in accordance with section 102 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7212).

#### **16. Public Utility**

An entity qualifies for this exemption if both of the following criteria apply:

1. The entity is a “regulated public utility” as defined in 26 U.S.C. 7701(a)(33)(A).

2. The entity provides telecommunications services, electrical power, natural gas, or water and sewer services within the United States.

#### **17. Financial Market Utility**

An entity qualifies for this exemption if the following criterion applies:

- The entity is a financial market utility designated by the Financial Stability Oversight Council under section 804 of the Payment, Clearing, and Settlement Supervision Act of 2010 (12 U.S.C. 5463).

#### **18. Pooled Investment Vehicle**

An entity qualifies for this exemption if **both** of the following criteria apply:

1. The entity is a pooled investment vehicle if either of these statements apply to the entity:
  - Is an investment company, as defined in section 3(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(a)); or
  - Is a company that would be an investment company under that section but for the exclusion provided from that definition by paragraph (1) or (7) of section 3(c) of that Act (15 U.S.C. 80a-3(c)); and is identified by its legal name by the applicable investment adviser in its Form ADV, (or successor form) filed with the Securities and Exchange Commission or will be so identified in the next annual updating amendment to Form ADV required to be filed by the applicable investment adviser pursuant to rule 204-1 under the Investment Advisers Act of 1940 (17 CFR 275.204-1).
2. The entity is operated or advised by any of these types of exempt entities:
  - Bank, as defined in Exemption #3;
  - Credit union, as defined in Exemption #4;
  - Broker or dealer in securities, as defined in Exemption #7;
  - Investment company or investment adviser, as defined in Exemption #10; or
  - Venture capital fund adviser, as defined in Exemption #11.

## 19. Tax-Exempt Entity

An entity qualifies for this exemption if any of the following four criteria apply:

1. The entity is an organization that is described in section 501(c) of the Internal Revenue Code of 1986 (Code) (determined without regard to section 508(a) of the Code) and exempt from tax under section 501(a) of the Code.
2. The entity is an organization that is described in section 501(c) of the Code, and was exempt from tax under section 501(a) of the Code, but lost its tax-exempt status less than 180 days ago.
3. The entity is a political organization, as defined in section 527(e)(1) of the Code, that is exempt from tax under section 527(a) of the Code.
4. The entity is a trust described in paragraph (1) or (2) of section 4947(a) of the Code.

## 20. Entity Assisting a Tax-Exempt Entity

An entity qualifies for this exemption if all four of the following criteria apply:

1. The entity operates exclusively to provide financial assistance to, or hold governance rights over, any tax-exempt entity described by Exemption #19.
2. The entity is a United States person as defined in section 7701(a)(30) of the Internal Revenue Code of 1986.
3. The entity is beneficially owned or controlled exclusively by one or more United States persons that are United States citizens or lawfully admitted for permanent residence. "Lawfully admitted for permanent residence" is defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)).
4. The entity derives at least a majority of its funding or revenue from one or more United States persons that are United States citizens or lawfully admitted for permanent residence.

## 21. Large Operating Company

An entity qualifies for this exemption if all six of the following criteria apply:

1. The entity employs more than 20 full time employees, when applying the meaning of full-time employee provided in 26 CFR 54.4980H-1(a) and 54.4980H-3. In general, "full-time employee" means, with respect to a calendar month, an employee who is employed an average of at least 30 hours of service per week with an employer.
2. More than 20 full-time employees of the entity are employed in the "United States," as that term is defined in 31 CFR 1010.100(hhh).
3. The entity has an operating presence at a physical office within the United States. "Operating presence at a physical office within the United States" means that an entity regularly conducts its business at a physical location in the United States that the entity owns or leases and that is physically distinct from the place of business of any other unaffiliated entity.
4. The entity entity filed a Federal income tax or information return in the United States for the previous year demonstrating more than \$5,000,000 in gross receipts or sales. If the entity is part of an affiliated group of corporations within the meaning of 26 U.S.C. 1504, refer to the consolidated return for such group.
5. The entity reported this greater-than-\$5,000,000 amount as gross receipts or sales (net of returns and allowances) on the entity's IRS Form 1120, consolidated IRS Form 1120, IRS Form 1120-S, IRS Form 1065, or other applicable IRS form.
6. 6. When gross receipts or sales from sources outside the United States, as determined under Federal income tax principle, are excluded from the entity's amount of gross receipts or sales, the amount remains greater than \$5,000,000.

## **22. Subsidiary of Certain Exempt Entities**

An entity qualifies for this exemption if the following criterion applies:

The entity's ownership interests are controlled or wholly owned, directly or indirectly, by any of these types of exempt entities:



- Securities reporting issuer, as defined in Exemption #1;
- Governmental authority, as defined in Exemption #2;
- Bank, as defined in Exemption #3;
- Credit union, as defined in Exemption #4;
- Depository institution holding company, as defined in Exemption #5;
- Broker or dealer in securities, as defined in Exemption #7;
- Securities exchange or clearing agency, as defined in Exemption #8;
- Other Exchange Act registered entity, as defined in Exemption #9;
- Investment company or investment adviser, as defined in Exemption #10;
- Venture capital fund adviser, as defined in Exemption #11;
- Insurance company, as defined in Exemption #12;
- State-licensed insurance producer, as defined in Exemption #13;
- Commodity Exchange Act registered entity, as defined in Exemption #14;
- Accounting firm, as defined in Exemption #15;
- Public utility, as defined in Exemption #16;
- Financial market utility, as defined in Exemption #17;
- Tax-exempt entity, as defined in Exemption #19; or
- Large operating company, as defined in Exemption #21.

### 23. Inactive Entity

An entity qualifies for this exemption if all **six** of the following criteria apply:

1. The entity was in existence on or before January 1, 2020
2. The entity is not engaged in active business.
3. The entity is not owned by a foreign person, whether directly or indirectly, wholly or partially. "Foreign person" means a person who is not a United States person. A United States person is defined in section 7701(a)(30) of the Internal Revenue Code of 1986 as a citizen or

resident of the United States, domestic partnership and corporation, and other estates and trusts.

4. The entity has not experienced any change in ownership in the preceding twelve-month period.
5. The entity has not sent or received any funds in an amount greater than \$1,000, either directly or through any financial account in which the entity or any affiliate of the entity had an interest, in the preceding twelve-month period.
6. The entity does not otherwise hold any kind or type of assets, whether in the United States or abroad, including any ownership interest in any corporation, limited liability company, or other similar entity

## Beneficial Owner Exceptions

There are five exceptions to the definition of beneficial owner. When an individual who would otherwise be a beneficial owner of a reporting company qualifies for an exception, the reporting company does not have to report that individual as a beneficial owner in its BOI report to FinCEN. The following checkboxes are intended to help your company determine whether any exceptions apply to individuals who might otherwise qualify as beneficial owners of your company.

### 1. Minor Child

The individual is a minor child, as defined under the law of the State or Indian tribe in which the domestic reporting company is created or the foreign reporting company is first registered.

### 2. Nominee, intermediary, custodian, or agent

The individual merely acts on behalf of an actual beneficial owner as the beneficial owner's nominee, intermediary, custodian, OR agent.

**Note:** Individuals who perform ordinary advisory or other contractual services (such as tax professionals) likely qualify for this exception. In scenarios where this exception applies, the actual beneficial owner must still be reported.

### 3. Employee

An individual qualifies for this exception if **all three** of the following criteria apply:

1. The individual is an employee of the reporting company, when applying the meaning of "employee" provided in 26 CFR 54.4980H-1(a)(15). In general, the term employee means that an individual is subject to the will and control of the employer in what and how to do work, and that the employer may discharge the individual from work.
2. The individual's substantial control over, or economic benefits from, the reporting company are derived solely from the employment status of the individual as an employee.
3. The individual is not a senior officer of the reporting company. The term "senior officer" means any individual holding the position or exercising the authority of a president, chief financial officer, general counsel, chief executive officer, or chief operating officer, or any other officer, regardless of official title, who performs a similar function.

#### 4. Inheritor

The individual's only interest in the reporting company is a future interest through a right of inheritance, such as through a will providing a future interest in a company.

**Note:** Once the individual inherits the interest, this exception no longer applies, and the individual may qualify as a beneficial owner.

#### 5. Creditor

The individual is a creditor of the reporting company. The term "creditor" means an individual who would meet the definition of a beneficial owner of the reporting company solely through rights or interests for the payment of a predetermined sum of money, such as a debt incurred by the reporting company, or a loan covenant or other similar right associated with such right to receive payment that is intended to secure the right to receive payment or enhance the likelihood of repayment. For example, an individual qualifies for the creditor exception if the individual is entitled to payment from the reporting company to satisfy a loan or debt, so long as this entitlement is the only ownership interest the individual has in the reporting company.

## **Determining Significant Control**

Individuals may directly or indirectly exercise substantial control. Individuals can exercise substantial control through contracts, arrangements, understandings, relationships, or otherwise.

Use this guide to determine if someone within your company has substantial control over the Reporting Company:

Substantial control question:	Answer	If response is “Yes”:
1. Does your company have a president, chief financial officer, general counsel, chief executive officer, or chief operating officer?	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are <b>senior officers</b> in your company.
2. Does your company have any other officers that perform functions similar to those of a President, chief financial officer, general counsel, chief executive officer, or chief operating officer?  <i>Note:</i> One individual may perform one or more functions for a company, or a company may not have an individual who performs any of these functions.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Does your company have a board of directors or similar body AND does any individual have the ability to appoint or remove a majority of that board or body?	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are individuals with <b>appointment or removal authority</b> over your company.
4. Does any individual have the ability to appoint or remove a senior officer of your company?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
5. Does any individual direct, determine, or have substantial influence over important decisions made by your company, including decisions regarding your company’s business, finances, or structure?  <i>Note:</i> Certain employees who might fit this description are nevertheless exempt from the beneficial owner definition. See <a href="#">section 2.4</a> for more information.	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are <b>important decision-makers</b> over your company.
6. Are there any other individuals who have substantial control over your company in ways other than those identified in 1-5 above?	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are individuals to whom the <b>catch-all</b> would apply.

## **Calculating Ownership Interest**

The first step is determining whether or not anyone in your company has ownership interests and what types

Ownership interest question:	Answer	If response is “Yes”:
1. Does your company issue equity, stock, or any similar instruments that confer voting power?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Your company has ownership interests that are <b>equity, stock, or voting rights</b> .
2. Does your company issue any pre-organization certificates or subscriptions?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Does your company issue any transferable shares of, or voting trust certificates or certificates of deposit for: <ul style="list-style-type: none"> <li>• an equity security,</li> <li>• interest in a joint venture, or</li> <li>• certificate of interest in a business trust?</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4. Do individuals hold capital or profit interests in your company (sometimes referred to as “units”)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Your company has ownership interests that are <b>capital or profit interests</b> .
5. Does your company issue any instruments convertible into any share, equity, stock, voting rights, or capital or profit interest? <i>Note:</i> It does not matter whether anything must be paid to exercise the conversion.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Your company has ownership interests that are <b>convertible instruments</b> .
6. Does your company issue any future on any convertible instrument?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
7. Does your company issue any warrant or right to purchase, sell, or subscribe to a share or interest in equity, stock, or voting rights, or capital or profit interests? <i>Note:</i> It does not matter if such warrant or right is a debt.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
8. Does your company issue any non-binding put, call, straddle, or other option or privilege of buying or selling equity, stock, or voting rights, capital or profit interest, or convertible instruments? <i>Note:</i> Options or privileges created by others without the knowledge or involvement of your company do not apply.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Your company has ownership interests that are <b>options or privileges</b> .
9. Does your company have any other instrument, contract, arrangement, understanding, relationship, or mechanism to establish ownership?	<input type="checkbox"/> Yes <input type="checkbox"/> No	The <b>catch-all</b> ownership interest applies to your company.

If your company has issued any **options, privileges, or convertible instruments**:

Assume they have been exercised or converted in all calculations below.

If your company issues shares of **stock**, is a corporation (including a Subchapter S corporation), or is not a corporation but is treated as one for federal income tax purposes:

Calculate each individual's ownership interest as a percentage of the total shares of stock issued. If some shares of stock that your company issues have more voting power or represent more of the value of the company than other shares (for instance, if your company issues both series A shares with one vote per share and series B shares with ten votes per share), you will need to make the following two calculations. The individual's ownership interest will be the larger of the two percentages:

Total combined voting power of all  
classes of the individual's ownership  
interests  
  
÷  
  
Total outstanding voting power of all  
classes of ownership interests entitled  
to vote  
  
=  
  
**Individual's voting power %**

Total combined value of the  
individual's ownership interests  
  
÷  
  
Total outstanding value of all classes  
of ownership interests  
  
=  
  
**Individual's ownership interest value  
%**

If your company, including if your company is treated as a partnership for federal income tax purposes, issues **capital or profit interests**:

Apply the following calculation:

Individual's capital and profit interests

÷



Total outstanding capital and profit interests

=

**Individual's capital and profit interests %**

If none of these calculations apply to your company:

Identify any individuals who owns or controls 25% or more of any class or type of ownership interest of the company.

After you have applied these scenarios to your company's ownership interests, you will have enough information to identify the individuals who own or control 25 percent or greater of the ownership interests in your company. You must report the individuals who own or control 25 percent or more of the ownership interests in your company as beneficial owners in your company's BOI report unless they qualify for an exception

---

## Trusts, Unincorporated Associations, and other Organizations

Certain Trusts, Unincorporated Associations, and other Organizations may be considered Reporting Companies and required to file a BOI Report.

If a trust, association, or other organization was "created by the filing of a document with a secretary of state (or similar office) under a State or Indian Tribe", then it would be considered to be a Reporting Company and required to file a BOI Report.

Many of these organizations don't any individuals who have any kind of significant ownership stake in the organization. Because of this, evaluating the individuals who have substantial control is how Beneficial Ownership is determined. There are direct and indirect ways that individuals exercise substantial control over a Reporting Company:

Examples of direct ways to exercise substantial control over a reporting company are:

- Board representation.
- Ownership or control of a majority of voting power or voting rights.
- Rights associated with financing or interest.

Examples of indirect ways to exercise substantial control over a reporting company are:

- Controlling one or more intermediary entities that separately or collectively exercise substantial control over a reporting company.
- Through arrangements or financial or business relationships with other individuals or entities acting as nominees.

## **Trusts**

A trustee of a trust or similar arrangement may exercise substantial control over a reporting company.

The following individuals may hold ownership interests in a reporting company through a trust or similar arrangement:

- A trustee or other individual with the authority to dispose of trust assets.
- A beneficiary who is the sole permissible recipient of trust income and principal or who has the right to demand a distribution of or withdraw substantially all of the trust assets.
- A grantor or settlor who has the right to revoke or otherwise withdraw trust assets.

## **Calculating Beneficial Ownership when a non-individual owns a Reporting Company**

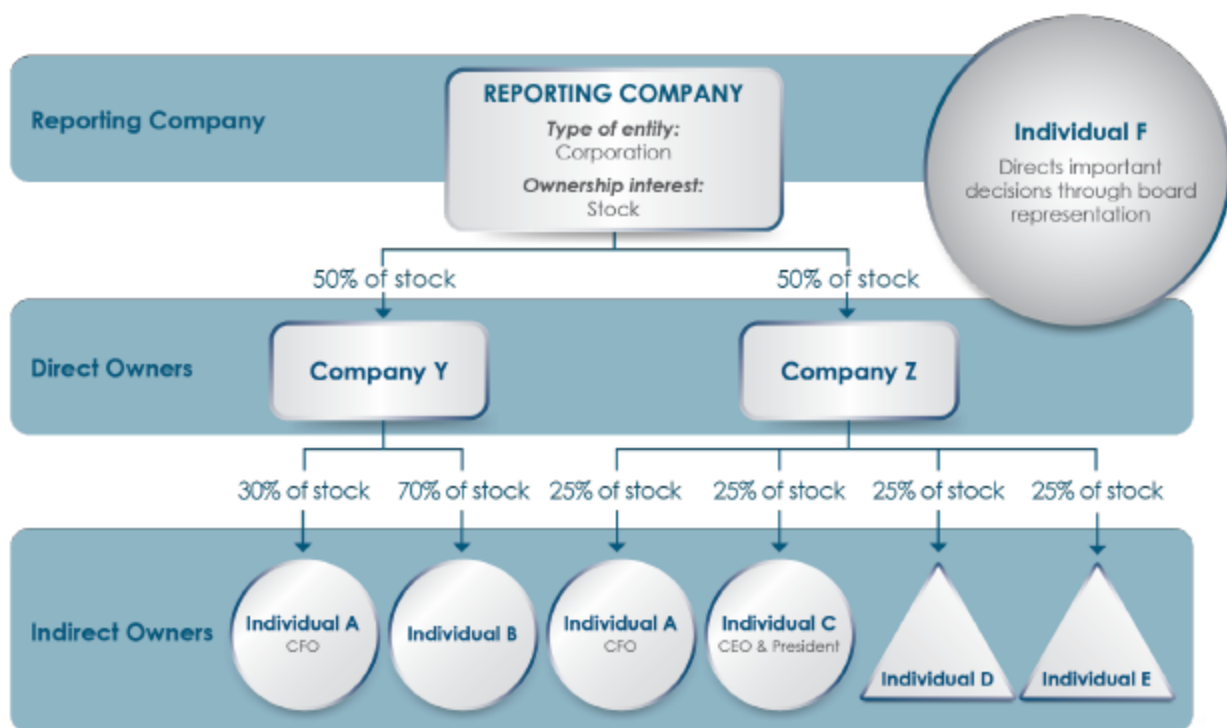
The below diagram represents the ownership structure of a Reporting Company that is owned directly by two separate companies (non-individuals).

Remember - a Beneficial Owner must be an individual; it cannot be a company or legal entity. When a Reporting Company is owned by a non-individual (company,

trust, etc.), it's required that the subsequent layer of ownership is evaluated to find the individuals whom will be added to the BOI Report.

In this example below, the Reporting Company is owned by Company Y and Company Z through shares of stock. Both Company Y and Company Z have an equal 50% stake in the Reporting Company.

As Company Y and Company Z cannot be listed as Beneficial Owners on the BOI Report, the ownership of Company Y and Company Z needs to be evaluated to see which individuals have an ownership stake in the Reporting Company through Companies Y or Z.



Here's who needs to be listed on the BOI Report for the Reporting Company:

Person	Ownership Interest > 25%?	Significant Control?	Beneficial Owner?
Individual A	Yes - Owns 27.5%	Yes - CFO	Yes
Individual B	Yes - Owns 35%	No	Yes
Individual C	No - Owns 12.5%	Yes - CEO/President	Yes
Individual D	No - Owns 12.5%	No	No

Individual E	No - Owns 12.5%	No	No
Individual F	No	Yes - Board Representation	Yes

- Individual A is a Beneficial Owner in 2 ways, both having Significant Control as well as through Ownership Interests. Individual A has significant control over the Reporting Company as a Senior Officer (CFO). Individual A also has greater than a 25% ownership interest in the Reporting Company through the stock owned through Company Y and Company Z. Because Individual A owns 30% of stock in Company Y and Company Y owns 50% of the stock in the Reporting Company, Individual A owns 15% ( $30 \times 50\%$ ) ownership stake in the Reporting Company through Company Y. Individual A also owns 25% of the stock in Company Z and Company Z owns 50% of the stock in the Reporting Company. Through Company Z, Individual A owns 12.5% of the ownership stake of the Reporting Company through Company Z as well. Adding together the 15% stake owned through Company Y and 12.5% stake through Company Z, Individual A owns a 27.5% ownership stake in the Reporting Company.
- Individual B is a Beneficial Owner of the Reporting Company through the Company Y. Individual B owns 70% of the stock in Company Y, and Company Y owns 50% of the stock of the Reporting Company. Hence, Individual B owns 35% of the ownership interests in the Reporting Company ( $70 \times 50\%$ ) and is required to be listed as a Beneficial Owner of the Reporting Company.
- Individual C has significant control over the Reporting Company as a Senior Officer (CEO & President). Individual C has a 12.5% ownership stake in the Reporting Company through Company Z. Through individual C's role as a Senior Officer, Individual C is required to be listed as a Beneficial Owner of the Reporting Company.
- Individual D does not have significant control over the Reporting Company. Individual D's ownership interest is 12.5% ( $25 \times 50\%$ ) and is not considered a Beneficial Owner of the Reporting Company.
- Individual E does not have significant control over the Reporting Company. Individual E's ownership interest is 12.5% ( $25 \times 50\%$ ) and is not considered a Beneficial Owner of the Reporting Company.

- Individual F does not have an ownership interest in the Reporting Company. However, Individual F does have significant control over the Reporting Company through Individual F's role on the Board and control over important decisions and direction and will be required to be listed as a Beneficial Owner of the Reporting Company.
-