

Mike and Shannon – For the working group.

Mr. Wertsch's memorandum expresses his view from the perspective of law enforcement that everyone is a crook until proven otherwise. That is not the attitude that I take or (in my judgment) the Secretary of State has taken – nor in my judgment is it the correct attitude.

Despite Mr. Wertsch's claims to his view as to the likely ineffectiveness of the Corporate Transparency Act, it has been developed with significant participation of federal and state law enforcement agencies to address specific problems and to perfect Beneficial Ownership Information Reporting for the protection of all of us and to be consistent with EU precedent. The September 2022 adopting released for the BOI reporting rules (<https://www.federalregister.gov/public-inspection/2022-21020/beneficial-ownership-information-reporting-requirements>) and for the new proposed rules (<https://www.federalregister.gov/documents/2022/12/16/2022-27031/beneficial-ownership-information-access-and-safeguards-and-use-of-fincen-identifiers-for-entities>) contain significant discussion about the anticipated effectiveness of the rules from the perspective of a number of law enforcement agencies who apparently disagree with Mr. Wertsch's broad disparagement of the CTA and its rules.

Importantly, the CTA is not even yet effective. It will become effective on January 1, 2024, after rules are adopted and procedures are written. Thus there is no experience yet to review to determine whether the CTA works or does not work.

Equally importantly, Colorado's new statute (7-90-314) to prevent fraudulent filings is also not yet effective. No one has yet filed a complaint that has been reviewed by the Secretary of State or sent to the attorney general for review and an administrative law judge hearing. I believe that the Colorado process is better than the Delaware process ([6 DE Code § 18-112 \(2018\)](#)) which requires "motion by the Attorney General" and judicial action by the Delaware court of chancery. In my experience, administrative proceedings as provided for in Colorado are much more efficient than judicial proceedings.

Yes, we can do some good but ignoring the ongoing activities in other areas and in existing, untried and still developing laws is foolish and will just lead to conflicts.

Clearly as evidenced by the CTA and Colorado's 7-90-314 and Delaware's 18-112, fraudulent filings are an issue nationwide, if not worldwide. But the Colorado discussion should not ignore other discussions.

I believe that whatever our working group comes up with needs to take an appropriate view of the situation in general and needs to act appropriately, and not from a strictly law-enforcement perspective which (as we have heard) would significantly and adversely impact the 99.9% of honest Coloradoans and others forming entities in Colorado.

Sincerely yours,

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