

**The Treasury Department's Enforcement Proposals
Penalty Structure for Listed and Unlisted Reportable Transactions**

| | Listed Transactions (strict liability) | Unlisted Reportable Transactions |
|--|---|--|
| Corporations | <p><u>Failure to disclose:</u> \$200,000 SEC reporting</p> <p><u>Accuracy-related penalty:</u> Additional 5% of underpayment Deemed negligence/disregard of rules No reasonable cause SEC reporting</p> | <p><u>Failure to disclose:</u> \$50,000</p> <p><u>Accuracy-related penalty:</u> No reasonable cause (strict liability if lose and have substantial understatement)</p> |
| Partnerships, S Corporations, and Trusts | <p><u>Failure to disclose:</u> \$200,000</p> | <p><u>Failure to disclose:</u> \$50,000</p> |
| Individuals | <p><u>Failure to disclose:</u> \$100,000</p> <p><u>Accuracy-related penalty:</u> Additional 5% of underpayment Deemed negligence/disregard of rules No reasonable cause</p> | <p><u>Failure to disclose:</u> \$10,000</p> <p><u>Accuracy-related penalty:</u> No reasonable cause (strict liability if lose and have substantial understatement)</p> |
| Promoters | <p><u>Failure to register:</u> Greater of 50% of fees or \$200,000 (increased to 75% if intentional)</p> <p><u>Failure to produce investor list:</u> \$10,000 per day past 20 business days</p> | <p><u>Failure to register:</u> \$50,000</p> <p><u>Failure to produce investor list:</u> \$10,000 per day past 20 business days</p> |