



MEMORANDUM

TO: Clients and Friends of TroyGould PC

FROM: TroyGould PC

DATE: December 5, 2024

RE: Update: Nationwide Suspension of BOI Reporting Under the Corporate Transparency Act

This memorandum serves as an update to our prior communication dated November 21, 2024, regarding compliance with the Corporate Transparency Act (CTA). On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a preliminary injunction suspending Beneficial Ownership Information (BOI) reporting requirements under the CTA. This nationwide injunction temporarily halts the obligation to file BOI reports with the Financial Crimes Enforcement Network (FinCEN).

Below is an overview of this development and its implications for businesses.

Nationwide Injunction Halts BOI Reporting Requirements

The court's ruling, effective nationwide, comes just weeks before the January 1, 2025, compliance deadline. The injunction applies to an estimated 32.6 million reporting companies and temporarily blocks FinCEN from enforcing the BOI reporting requirements. The court concluded that the CTA's provisions are likely unconstitutional and that Congress exceeded its authority in enacting the law.

No Immediate Action Required

As a result of this ruling, businesses are not currently required to submit BOI reports. While compliance efforts can be paused, it is crucial to stay informed in case the injunction is lifted.

Case Background

This injunction arises from *Texas Top Cop Shop, Inc., et al. v. Garland*. The plaintiffs challenged the constitutionality of the CTA's BOI reporting requirements, asserting that they infringe upon constitutional principles. The court agreed, issuing a nationwide injunction that prevents FinCEN from enforcing the reporting requirements.

Potential for Appeal

The Department of the Treasury and FinCEN may appeal the decision. If the injunction is overturned, businesses may need to resume compliance efforts quickly to meet any reinstated deadlines.

What Should Businesses Do Now?

Pause Filing Efforts: Businesses are not required to file BOI reports until further notice.

Stay Informed: Monitor developments in this case closely to ensure timely compliance if the injunction is lifted.

Seek Legal Guidance: For questions regarding your reporting obligations, contact your regular point of contact at TroyGould.

Important Disclaimers: This update is provided for informational purposes only and does not constitute legal advice. For more detailed information regarding this ruling, please refer to your TroyGould attorney.