

## Federal District Court Enjoins Enforcement of Corporate Transparency Act Beneficial Ownership Information Reporting Requirements Nationwide

December 5, 2024

On Tuesday, December 3, 2024, the US District Court for the Eastern District of Texas issued an order in favor of the plaintiffs in *Texas Cop Shop, Inc. et al. v. Garland et al.*, granting the plaintiffs' motion for preliminary injunction against enforcement of the beneficial ownership information (BOI) reporting requirements established by the Corporate Transparency Act (CTA).

The court's order blocks the US Department of the Treasury and the Financial Crimes Enforcement Network (FinCEN) from enforcing the CTA and the BOI reporting requirements established by rule pending further order of the court. Importantly, unlike a district court order [issued by a federal court in Alabama earlier in 2024](#), the *Texas Cop Shop* order applies nationwide, to all reporting companies, and not just to the plaintiffs in the case.

Pursuant to the CTA and the BOI reporting rule, unless exempt, any company formed in the US, or any foreign company that registers to do business in the US, by filing a document with a secretary of state or similar office is a covered "reporting company" that must submit information to FinCEN about the company and its beneficial owners (as defined by the CTA and by rule). Many companies formed or registered in the US in 2024 had already been subject to the CTA because of the 90-day reporting requirement for companies formed or registered in 2024.

However, for companies formed or registered in the US on or before December 31, 2023, the rule requires initial reports to be filed no later than January 1, 2025, as discussed further in [this September 2024 Cooley alert](#). Therefore, but for the court's order, many companies would have needed to submit their filings in the next few weeks if they had not done so already.

The government filed a notice of appeal of the court's decision on December 6, 2024, and the ultimate outcome of the litigation remains to be seen. Nevertheless, pending any further developments, companies subject to the January 1, 2025, deadline are not required to file their initial BOI reports at this time. Similarly, companies that have already filed initial BOI reports are not, at this time, required to file updated reports reflecting changes to previously reported information. That said, the court's order is a preliminary injunction based on a finding that the CTA and the reporting rule are "*likely* unconstitutional" (emphasis in original), and the ultimate outcome of the litigation remains to be seen. If the order is lifted, reporting companies may once again be required to file and/or update reports.

Covered entities should continue to monitor for updates or additional guidance.

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