

December 12, 2024

**Enforcement of Beneficial Ownership Information (BOI)
Filings are Enjoined by U.S. District Court for the
Eastern District of Texas**

The Corporate Transparency Act of 2021 (the “CTA”) created filing requirements to govern the disclosure of beneficial ownership information, referred to as “BOI”, for entities required to file such information.

These filing requirements, as set forth below, have now been enjoined nationwide by the United States District Court for the Eastern District of Texas. Accordingly, the fast-approaching filing deadlines need not be complied with pending the appeal of this injunction.

The stated purpose of the CTA is to establish a national registry for such BOI data to combat money laundering, terrorist activity financing, and, of course, tax evasion. To accomplish this, specific business entities are required to file reports detailing their owners, officers, and other defined control persons with the U.S. Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”).

The intent is to establish a national registry for such BOI data. This applies, with exceptions, to most corporations, limited liability companies, partnerships, and any type of entity established under state law which is required to file a report with such states. The CTA provides for civil penalties of up to \$500 per day that a violation continues.

Most existing entities which are required to file faced a statutory deadline of December 31, 2024, which deadline has now been stayed by the Texas Court injunction. This decision, by U.S. District Court Judge Mazzant, dated December 3, 2024, is in the case *Texas Top Cop Shop, Inc. v. Garland*, No. 4:24-cv-478, document 30 (E.D. Texas), which, if you are interested, can be found at <https://www.cir-usa.org/wp-content/uploads/2024/05/cta-v-garland-district-court-opinion-preliminary-injunction.pdf>.

The BOI form is available in PDF format online and, for most entities, is fairly simple to fill out. To find out if you are required to file in the event the injunction is lifted, please check the provisions of the CTA which can be found online. Your accountant should be able to assist you as necessary.

The government has appealed this decision and injunction. In addition, there have been other cases challenging the BOI filing requirements with mixed results. As a result, there will undoubtedly be further court proceedings to come.

FinCEN is still accepting filings, although, as a result of the injunction, no enforcement action can be taken by them.