

December 13, 2024

Legal Update

(Injunction - BOI Report)

On December 11, 2023, Reichard & Escalera LLC published a Legal Update ([BOI Legal Update 11 Dec 2023](#)) discussing the final rule on September 30, 2022 (the "Final Rule") issued by the Financial Crimes Enforcement Network ("FinCEN") implementing Section 6403 of the Corporate Transparency Act ("CTA"), which requires certain corporations, limited liability companies and other entities that are either created or registered to do business in the United States by filing a formation document with a secretary of state or similar office under the law of a State, including Puerto Rico ("Reporting Companies"), to file reports before FinCEN containing beneficial ownership information and company applicant information ("BOI Reports").

On November 30, 2023, FinCEN issued an amendment to the Final Rule extending the filing date for Reporting Companies. Reporting Companies created or registered to do business in 2024 must file their BOI Reports within 90 calendar days of formation or registration, while Reporting Companies in existence before January 1, 2024 must file their BOI Reports no later than January 1, 2025. Reporting Companies created or registered on or after January 1, 2025 would have 30 calendar days to file.

However, on December 3, 2024, the U.S. District Court for the Eastern District of Texas in case Texas Top Cop Shop, Inc., et al. v. Garland, et al., No. 4:24-cv-00478 (E.D. Tex.), issued a Memorandum Opinion and Order granting a nationwide preliminary injunction suspending enforcement of the CTA, including the statute and regulations implementing the beneficial ownership information reporting requirements, and staying all deadlines to comply with the CTA's reporting requirements. Immediately thereafter, the U.S. Department of Justice, on behalf of FinCEN, appealed the injunction to the U.S. Court of Appeals for the Fifth Circuit.

In the interim, on December 7, 2024, FinCEN confirmed that Reporting Companies are not currently required to file their BOI Reports with FinCEN and will not be fined if they fail to do so, for as long as the nationwide injunction remains in effect. Notwithstanding, Reporting Companies may continue to voluntarily submit BOI Reports with FinCEN during such time. At Reichard & Escalera we will keep you informed as the court proceedings move forward.

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