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Federal Court Blocks Enforcement of Corporate Transparency Act

By Howard Dicker, Adé Heyliger, Christopher Mulligan, Christopher Scully, Timothy Welch, David Wohl and John Bradshaw

On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction against the enforcement of the Corporate Transparency Act (“CTA”) and the Financial Crimes Enforcement Network’s (“FinCEN”) final rule implementing the beneficial ownership information (“BOI”) reporting requirements (“Reporting Requirements”) under the CTA. The Court found that Congress likely exceeded its constitutional authority in adopting the CTA.

The CTA, which became effective on January 1, 2024 (“Effective Date”), requires, among other things, certain U.S. domestic and foreign companies to report BOI to FinCEN. Companies formed during 2024 had 90 days to comply with the Reporting Requirements, while those formed prior to the Effective Date were subject to a January 1, 2025 filing deadline. A previous Weil alert regarding the implementation of the Reporting Requirements can be found [here](#).

What now?

As of this writing, the Reporting Requirements are suspended and no new filings of BOI are required. However, it is likely that in the coming days the U.S. Department of Justice will appeal the District Court’s decision to the Fifth Circuit Court of Appeals, asking the court to immediately stay the injunction pending a full trial on the merits. If the stay is granted, the original Reporting Requirements (including the January 1, 2025 filing deadline) would go back into effect (although in conjunction with the stay the Fifth Circuit could order a delay in compliance dates). Any action by the Fifth Circuit could be further appealed to the United States Supreme Court.

In light of the current uncertainty surrounding both the results and timing of any such appeals, for now companies should continue to be prepared to make BOI filings should the January 1, 2025 (or other) filing deadline be reinstated.

We will continue to monitor developments in this important case.

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If you have questions concerning the contents of this alert, or would like more information, please speak to your regular contact at Weil or to any of the following:

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