

Beneficial Ownership Information Reporting Rules Blocked by Federal Judge

Cross References

- *Texas Top Cop Shop, Inc. v. Merrick Garland, Attorney General of the United States*, U.S. District Court for the Eastern District of Texas, December 3, 2024.

A Federal District Court Judge for the Eastern District of Texas has issued a preliminary nationwide injunction on the beneficial ownership information (BOI) reporting rules under the Corporate Transparency Act (CTA) that would have required 32.6 million existing small businesses to report their beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN).

The judge stated the CTA is likely unconstitutional as outside of Congress's power, and that the injunction should apply nationwide. The judge wrote in part:

"Therefore, the CTA, 31 U.S.C. §5336 is hereby enjoined. Enforcement of the Reporting Rule, 31 C.R.R. 1010.380 is also hereby enjoined, and the compliance deadline is stayed under §705 of the APA. Neither may be enforced, and reporting companies need not comply with the CTA's January 1, 2025, BOI reporting deadline pending further order of the Court."