

Court Bars FinCEN from Enforcing BOI Rules

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A federal district court in Texas issued a preliminary injunction temporarily barring the federal government from enforcing the *Corporate Transparency Act* (CTA) and its beneficial ownership information reporting (BOI) requirements. The plaintiffs in the lawsuit claimed Congress exceeded its authority under the U.S. Constitution and the judge for the U.S. District Court for the Eastern District of Texas agreed. The judge enjoined the federal government from enforcing the provisions of the CTA after finding the plaintiffs were likely to succeed in trial based on the merits of their claims.

Under the court order, neither the CTA nor the implementing rules adopted by Treasury's Financial Crimes Enforcement Network (FinCEN) may be enforced and reporting companies are not required to comply with the Jan. 1 deadline for filing BOI reports. The preliminary injunction is not a final decision on the case, and it is likely the government will appeal the injunction. FinCEN has yet to issue any guidance addressing the ruling.

Based on the decision, it appears that FinCEN can't penalize entities that do not file BOI reports. However, questions related to the constitutionality of the CTA and BOI reporting are still being litigated and they are unlikely to be resolved soon.

Please check with FINCEN directly at www.fincen.gov or your State Agency for additional information.