

Update on BOI Reporting Rules: Supreme Court Lifts Injunction on Corporate Transparency Act but Enforcement Remains Paused

Insights

01.24.25

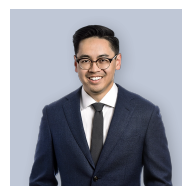
For months, ongoing legal challenges have left many business owners wondering whether they need to file Beneficial Ownership Information (“BOI”) reports pursuant to the [Corporate Transparency Act](#) (the “CTA”). In *Texas Top Cop Shop*, the most prominent case of these challenges, a judge in the Eastern District of Texas granted the National Federation of Independent Business’s request for a preliminary injunction, prohibiting the Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) from enforcing the CTA’s reporting requirements. On appeal, the Fifth Circuit initially granted the government’s request to stay the injunction, but reversed course a few days later on December 26, 2024, again blocking enforcement. On January 23, 2025, the U.S. Supreme Court granted a stay of the *Texas Top Cop Shop* injunction of the CTA (*James R. McHenry, et al. v. Texas Top Cop Shop, et al.*, 604 U.S. ____ (2025)). The Supreme Court’s order removes one legal barrier to the federal government’s implementation of the CTA (and its requirement to file a BOI report). However, another barrier remains.

On January 7, 2025, in *Smith v. United States Department of the Treasury*, another judge in the Eastern District of Texas granted a different group of plaintiffs’ request for a preliminary injunction and stay, enjoining FinCEN from enforcing the CTA with respect to the plaintiffs and staying the effective date of the CTA’s reporting requirements while the lawsuit continues. [\[1\]](#) When the Supreme Court granted the stay in *Texas Top Cop Shop* it did not address the new injunction and stay granted in *Smith v. United States Department of the Treasury*. On January 24, 2025, FinCEN issued an alert clarifying that because of the *Smith* order, reporting companies are not currently required to file beneficial ownership information with FinCEN despite the Supreme Court’s action in *Texas Top Cop Shop*. Despite the current enforcement pause, we continue to recommend that health care providers gather all necessary information and be prepared to file BOI reports in a timely manner if and when FinCEN’s enforcement of the CTA resumes.

REMINDER OF BOI REPORT REQUIREMENTS

Under the CTA’s reporting rules, health care providers who qualify as reporting companies [\[2\]](#) must file a beneficial ownership information report. This includes filing detailed information about “beneficial owners” of the business. “Beneficial owners” are individuals who either directly or

PROFESSIONAL



MICHAEL SHIMADA
Associate
San Francisco



ANELIESE CASTRO
Associate
Los Angeles



KARL A. SCHMITZ
Partner
Los Angeles

indirectly: (1) exercise “substantial control” over the company, or (2) own or control at least 25% of the company’s ownership interests. The deadline for existing entities to submit this beneficial ownership information was initially set for January 13, 2025, but has been delayed due to the ongoing litigation discussed above.

CONCLUSION

The Supreme Court’s decision in *Texas Top Cop Shop*, and the injunction and stay granted in *Smith v. United States Department of the Treasury*, has renewed uncertainty for FinCEN’s enforcement of the BOI reporting requirements. Health care providers should stay tuned for further updates because much remains uncertain: Oral argument in *Texas Top Cop Shop* is scheduled before the Fifth Circuit on March 25, 2024, the *Smith* case will likely face an appeal, and it remains unclear how the new presidential administration will affect enforcement priorities, including with respect to the CTA. We will continue to monitor and update you with any developments. In the interim, health care providers should review their ownership structures with the CTA requirements in mind and remain prepared to timely submit BOI reports if and when FinCEN enforcement of the CTA resumes.

[1] *Smith v. United States Department of the Treasury*, Case No. 6:24-cv-336-JDK, 2025 WL 41924 (Jan. 7, 2025).

[2] For additional information on who qualifies as a “reporting company,” see our prior alert, [What You Need to Know About the Corporate Transparency Act](#).

RELATED CAPABILITIES

[Business Transactions](#)

[Financing](#)

[Mergers and Acquisitions](#)

[Compliance](#)

[Provider and Supplier Operations](#)