

MEMORANDUM TO CLIENTS AND FRIENDS

FROM JEANETTE M. LOMBARDI

DECEMBER 6, 2024

Dear Clients and Friends,

In January 2024, I alerted you to the new federal legislation, the Corporate Transparency Act (CTA), which became effective as of Jan. 1, 2024. This new federal legislation might not affect you at all if you do not have an interest in a business entity. Now I write to alert you to a new development regarding the CTA its requirements for filing of beneficial ownership information with the Financial Crimes Enforcement Network (FinCEN). FinCEN is a bureau within the U.S. Department of the Treasury.

The CTA has been subject to litigation and **this week a nationwide preliminary injunction was issued against the enforcement of the CTA.** We expect the DOJ to appeal (although it has not yet), but in the meantime, the federal government will be unable to enforce the CTA. Bond has reviewed and discussed this injunction internally and based upon the firm's determination, I wanted to alert you that:

- the enforcement of the CTA has been preliminarily enjoined;
- as a result, while the injunction is pending, there is no requirement to file a beneficial ownership report, and the federal government cannot pursue penalties against them for failing to do so;
- it is likely that the government will appeal and may seek to have a higher court stay the injunction, but that has not yet occurred, and we cannot predict the timing or outcome of any such appeal or motion to stay the injunction;
- if the injunction is vacated, we do not know the length of the grace period that will be granted to allow entities to comply with the CTA;
- as of right now, the website for uploading beneficial ownership reports appears to be accepting new reports if entities decide to voluntarily submit their owners' personal information to a federal database, however, we are not recommending they do so; and
- we are recommending that clients, particularly those with complex ownership structures, gather the data needed to comply with the CTA so that it can be filed easily if the injunction is vacated.

As always, please do not hesitate to contact me with any questions or concerns or if you need assistance with the CTA reporting, as we have a team of attorneys at Bond who are ready and available to assist you in this area. Wishing you a Happy Holiday Season!



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