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CTA Compliance Paused Yet Again – Federal Appeals Court Reinstates Temporary Nationwide Injunction

by Erin Bryan, Nathan Honson, Joseph Lynyak, and Matthew Dickerson

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As we previously reported, on December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction against enforcement of the Corporate Transparency Act ("CTA"). Texas Top Cop Shop v Garland et al., No. 4:24-cv-00478, December 3, 2024 (E.D. Tex.). On December 23, 2024, the motions panel of the United States Court of Appeals for the Fifth Circuit granted the government's emergency motion and stayed the temporary nationwide injunction. Shortly thereafter, FinCEN issued a notice confirming that compliance with the CTA and the FinCEN Regulations was once again effective—but issued new and slightly extended compliance deadlines (for most reporting companies – to January 13, 2025). On December 26, 2024, in order to "preserve the constitutional status quo while the merits panel considers the parties' weighty substantive arguments", the merits panel of the United States Court of Appeals for the Fifth Circuit vacated that decision and reinstated the temporary preliminary injunction. On December 27, 2024, FinCEN swiftly confirmed that beneficial ownership information reports were, once again, not currently required, but that reporting companies may continue to submit reports on a voluntary basis. The continued back and forth between the courts (and even within the same court) demonstrates the legal and political tensions (and accompanying confusion) that reporting companies are facing as they continue to grapple with their obligations under the CTA. While this latest development may be welcome relief for many, reporting companies should continue to be prepared to file their BOI Reports on short notice - particularly as the case in issue, Texas Top Cop Shop v Garland et al., is on expedited appeal. We will continue to monitor developments, and will be available to assist in compliance efforts.

Related People

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