

Insights

CTA Update: Start/Stop Along the Twisty Road

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Compliance with the Corporate Transparency Act apparently can wait a bit longer. On December 26, 2024, a panel of the Fifth Circuit Court of Appeals vacated the order of another panel of that same Court issued just a few days earlier that stayed an injunction on enforcement of the CTA. Head spinning with all of these rapid changes? You are not alone.

To recap:

- A nationwide preliminary injunction was issued on December 3, 2024, by the U.S. District Court for the Eastern District of Texas in the case of *Texas Top Cop Shop, Inc., et al. v. Merrick Garland, Attorney General of the United States* (Case No. 4:24-cv-478).
- The Department of Justice (DOJ) responded by filing an appeal with the Fifth Circuit Court of Appeals on December 5, 2024, followed by an emergency motion seeking a stay of the preliminary injunction.
- The “motions panel” of the Fifth Circuit Court of Appeals revived the CTA by granting the emergency motion for a stay on December 23, 2024.
- FinCEN then provided an extended compliance deadline of January 13, 2025.
- AND NOW: As of December 26, 2024—three days after the injunction was stayed—the Fifth Circuit’s “merits panel” vacated the stay and reinstated the nationwide injunction.

So, at the present time, the January 13, 2025, deadline is moot, and reporting companies are not required to file beneficial ownership information (BOI) reports for the time being at least. “In order to preserve the constitutional status quo” while the Fifth Circuit weighs substantive arguments, the stay of the district court’s preliminary injunction has been VACATED. *Texas Top Cop Shop, Inc. v. Garland*, No. 24-40792 (5th Cir. Dec. 26, 2024).

Reporting companies must continue to monitor updates as the appeal and hearings on the merits of the case remain on an expedited track, though a briefing schedule has yet to be published. However, based on FinCEN’s alert issued this afternoon, reporting companies have the option to voluntarily submit BOI reports.

Krieg DeVault will continue monitoring the CTA landscape with attention to ongoing litigation in the Fifth Circuit Court of Appeals and will provide alerts as developments occur.

If you have any questions regarding the CTA or obligations to comply with the BOI reporting requirements, please contact Robert A. Greising, Travis D. Lovett, Jacob W. O’Donnell, Thomas M. Abrams, or any member

of our Business, Acquisitions and Securities Practice.

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