

CLIENT ALERTS

On Hold AGAIN: Fifth Circuit Vacates Stay of Corporate Transparency Act Injunction

Client Alert

12.27.2024

In yet another turn on the tortuous route to implementation of the Corporate Transparency Act (“CTA”), on December 26, 2024, the Fifth Circuit Court of Appeals vacated a stay entered three days earlier by one of its appeal panels.^[1] As detailed in our December 23 Client Alert, the panel had stayed an injunction against enforcement of the CTA that was entered by a Texas District Court on December 3.^[2] The December 23 stay had reinstated the CTA filing requirements, but as a result of the December 26 order, enforcement of the CTA is once again temporarily on hold. Therefore, submission of beneficial ownership information reports (“BOIR”) to the Financial Crimes Enforcement Network (“FinCEN”) is currently voluntary.

The December 26 order notes that consideration of the full appeal of the December 3 injunction has been expedited, but states that the December 23 stay is vacated “in order to preserve the constitutional status quo while the merits panel considers the parties’ weighty substantive arguments.”^[3]

In response to the December 23 stay order, FinCEN had extended the reporting deadline for BOIRs of reporting companies in existence prior to January 1, 2024. That deadline originally was January 1, 2025, but was extended by FinCEN to January 13, 2025. Deadlines for certain other reporting companies were also extended. As of the time of this Client Alert, FinCEN has not yet provided a statement regarding the December 26 order vacating the stay.

What To Do Now?

Reporting companies may delay filing BOIRs until further clarity is provided by the Fifth Circuit, the Supreme Court, or FinCEN. The extended reporting deadline of January 13, 2025, is not currently enforceable. However, things have been changing quickly, and

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we recommend that reporting companies remain prepared to submit their BOIRs should the Courts reinstate enforcement of the CTA and the January 13 reporting deadline (or some other deadline). We are ready to assist any client who prefers to file their BOIRs.

Please contact any author of this Client Alert with any questions or concerns that you may have regarding your reporting company's obligations under the CTA.

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[1] *Tex. Top Cop Shop, Inc. v. Garland*, No. 24-40792, 2024 U.S. App. LEXIS 32702, at *1-2 (5th Cir. Dec. 26, 2024).

[2] *Tex. Top Cop Shop, Inc. v. Garland*, No. 24-40792, 2024 U.S. App. LEXIS 32565, at *9 (5th Cir. Dec. 23, 2024) (per curiam).

[3] *Tex. Top Cop Shop*, 2024 U.S. App. LEXIS 32702, at *1.