

Update on Beneficial Ownership Reporting Requirements: Impact of Recent Court Ruling

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As outlined on our December 26th Alert, on December 23, 2024, a panel of the U.S. Court of Appeals for the Fifth Circuit granted a stay of the district court's preliminary injunction in *Texas Top Cop Shop, Inc. v. Garland*, pending the Department of the Treasury's ongoing appeal of the district court's order. In response, FinCEN promptly issued an alert notifying the public of this ruling and extended reporting deadlines to provide reporting companies additional time to comply with beneficial ownership reporting requirements.

However, on December 26, 2024, a different panel of the Fifth Circuit vacated the December 23, 2024, stay order. As a result, the district court's injunction in *Texas Top Cop Shop, Inc. v. Garland* is now in effect, and reporting companies are not currently required to file beneficial ownership information with FinCEN.

In light of this federal court order, reporting companies are not subject to liability for failing to file beneficial ownership information while the injunction remains in force. Nonetheless, companies may continue to voluntarily submit such information to FinCEN.

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