



MEMORANDUM

TO: Clients and Friends of TroyGould PC

FROM: TroyGould PC

DATE: December 27, 2024

RE: **FURTHER UPDATE:** Corporate Transparency Act - Fifth Circuit Reinstates Preliminary Suspension of Deadline Pending Merits Ruling

Latest Developments

On December 26, 2024, the Fifth Circuit Court of Appeals vacated its earlier stay of the preliminary injunction against the Corporate Transparency Act (CTA). This action reinstated the injunction and temporarily prohibited enforcement of the CTA. See the order [here](#). On December 27, 2024, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an alert announcing that reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force. However, reporting companies may continue to voluntarily submit beneficial ownership information reports. See the FINCEN alert [here](#).¹

Background

On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction suspending enforcement of the CTA. This ruling temporarily prohibited FinCEN from enforcing the CTA pending resolution of the underlying litigation. The federal government appealed this decision on December 5, 2024, and requested that the injunction be stayed pending appeal.

On December 23, 2024, the Fifth Circuit stayed the preliminary injunction, holding that the government was likely to prevail on the merits of the appeal. This stay reinstated the original January 1, 2025, filing deadline, which FinCEN extended to January 13, 2025, to provide additional time for compliance. However, the December 26 ruling reversed this stay, further complicating the compliance timeline.

What Should Businesses Do?

- **Prepare for Potential Reinstatement of Filing Deadlines:** Entities that have not yet filed should be ready to file, possibly on short notice. If the preliminary injunction is stayed or overturned, the January 13, 2025 deadline may be reinstated, or a new deadline could be imposed with limited notice.
- **Consider Filing Voluntarily:**
 - Entities may choose to file voluntarily to avoid ongoing monitoring of the litigation and potential website traffic surges if a deadline is reinstated.
 - Filing voluntarily may also mitigate potential inquiries or requirements from financial institutions regarding CTA compliance as part of their anti-money laundering programs.
- **Understand the Implications of Filing:** Entities that file, either voluntarily or under a reinstated deadline, will not have any continuing obligations regarding their filing if the law is later found unconstitutional or rescinded.

¹ See TroyGould's previous updates on the CTA [here](#), [here](#) and [here](#).

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- **Monitor Financial Institution Requirements:** Even in the absence of an enforced filing deadline, financial institutions may inquire whether entities have filed under the CTA and may require filing as part of their compliance programs.
- **Stay Informed:** Given the expedited timeline for a ruling on the preliminary injunction, continue to stay updated with the latest rulings and FinCEN's guidance.

Conclusion

We understand that the current uncertainty regarding the CTA presents challenges for compliance planning. Our firm is closely monitoring the situation and will keep you informed of any material developments. In the meantime, we encourage you to prepare for the possibility of a reinstated deadline and to consider voluntary filing as a proactive compliance measure. If you have any questions or require assistance, please do not hesitate to reach out to our team.

***Important Disclaimers:** This update is provided for informational purposes only and does not constitute legal advice. For more detailed information regarding this ruling, please contact your TroyGould attorney.*