

CTA Enforcement on Hold

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Enforcement of the Corporate Transparency Act (the “CTA”) reporting requirements was once again put on hold over the holidays. On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued an order enjoining the nationwide enforcement of the CTA in *Texas Top Cop Shop vs. Garland*. Following an appeal by the government in the Fifth Circuit, on December 23, 2024 a motions panel granted a stay of the nationwide injunction pending appeal. Consequently, CTA compliance was back in effect with FinCEN granting extended reporting deadlines. On December 26, 2024, however, the Fifth Circuit vacated part of its December 23, 2024 order which once again halted CTA enforcement.

Following the Fifth Circuit’s order, FinCEN appealed to the U.S. Supreme Court asking the court in an emergency application to either (1) stay the preliminary injunction pending resolution of the appeal to the Fifth Circuit, or pending the ultimate resolution of the case in the U.S. Supreme Court or (2) narrow the scope of the injunction so that it applies only to the parties in *Texas Top Cop Shop vs. Garland*. Plaintiffs must submit their response to FinCEN’s motion by January 10, 2025.

Although FinCEN’s reporting platform remains available for companies to voluntarily file beneficial ownership reports, there is no filing deadline or mandate to submit beneficial ownership information to FinCEN. Given the possibility that FinCEN’s requests to the U.S. Supreme Court could be granted, reporting requirements and deadlines for covered entities could be reinstated in short order. Therefore, companies should continue to analyze applicability of the CTA and compile reporting information in the event CTA enforcement is revived on short notice.

Kelley Drye attorneys are closely monitoring developments in this case and others that may impact CTA compliance obligations. Further updates will be provided as the situation evolves.