

Dec 30, 2024 | Madison, NJ · New Brunswick, NJ · New York, NY · Stamford, CT

The Corporate Transparency Act - 5th Circuit's Stay is Vacated and National Injunction is Reinstated

Alert

Print-friendly version.

As discussed in our previous client alerts, on December 3, 2024 a Texas federal court issued a nationwide preliminary injunction against enforcement of the Corporate Transparency Act and related regulations (collectively, the “CTA”).^[1] The U.S. government subsequently appealed that preliminary injunction, and a stay of the injunction pending its appeal was granted by the United States Court of Appeals for the Fifth Circuit on December 23, 2024.

In a surprising turn of events, the Fifth Circuit's stay has been vacated and the national injunction is reinstated. In response, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (“**FinCEN**”) announced that “[R]eporting 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.”

If you are feeling a case of whiplash, you are not alone.

Are reporting companies still required to file CTA reports?

Companies that have not yet filed their CTA report may refrain from filing their report at this time, but should remain vigilant as this issue continues to evolve.

Note that this preliminary injunction is not a final decision, and companies could potentially still be required to prepare and file a CTA report if the U.S. Government ultimately prevails on the merits.^[2] Given this possibility, companies should consider whether to take a conservative approach and complete their CTA analyses and preparatory work so that they are prepared to move quickly and file a CTA report if needed.

What if I have legal questions?

Our firm has closely followed the CTA since the regulations were enacted and will continue to monitor it for any updates. If you would like assistance from our law firm, including how the CTA may affect you, please do not hesitate to contact your Windels Marx relationship lawyer or one of the following members of our Corporate and Securities Practice Group: [Charles Damato](#), [Christopher Dean](#), [Benjamin Fink](#), [Jonathan Gray](#), [Gregory Krauss](#), [Jonathan Kret](#), [Michael Moriarty](#), [Robert Rossi](#) or [Robert Schwartz](#).

Disclaimer

Possession of this material does not constitute an attorney/client relationship. This information is provided for your convenience and does not constitute legal advice. It is prepared for the general information of our clients and other interested persons and it may include links to websites other than the Windels Marx website. This information should not be acted upon in any particular situation without first consulting with an attorney and obtaining legal advice based on your facts and circumstances.

[1] See *Texas Top Cop Shop, Inc. v. Garland*, Case No. 4:24-cv-00478 (E.D. Tex.).

[2] Also note that *Texas Top Cop Shop* is only one of several cases that have challenged the CTA pending before courts around the country.
