

Publications

December 27, 2024 • Updates

CTA Subject to Nationwide Injunction (Again)

While the Fifth Circuit Court of Appeals considers the constitutionality of the Corporate Transparency Act (CTA) (in *Texas Top Cop Shop, Inc. v. Garland*, No. 24-40792, 2024 WL 5203138), it has reinstated the nationwide injunction of the CTA.

Previously during the period when the CTA was subject to a nationwide injunction, FinCEN indicated that filings could continue to be made on a voluntary basis. Similarly, once the previous injunction was lifted, FinCEN extended filing deadlines by an amount of time comparable to the length of the injunction that was in effect. While FinCEN has not provided a reaction to this new order, market participants can reasonably expect similar responses from FinCEN in this case as to the previous injunction.

The Fifth Circuit Court of Appeals is considering the case on an expedited basis. Based on the current schedule, the parties' briefs are to be filed in February and oral argument is scheduled for March 25. In its December 26 order, the court offered:

"in order to preserve the constitutional status quo while the merits panel considers the parties' weighty substantive arguments, that part of the motions-panel order granting the Government's motion to stay the district court's preliminary injunction enjoining enforcement of the CTA and the Reporting Rule is VACATED."

For now, the CTA is subject to a nationwide injunction. We encourage reporting companies to continue their compliance efforts so as to be in a position to file should the injunction be lifted and to watch closely for updates from either courts or FinCEN – as there will be additional developments.

Related People

- Bert Stemmler
- Philip G. Feigen
- Mark A. Olthoff