

Key Legal Developments on Enforcement of the Corporate Transparency Act

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Firm Alert

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In recent weeks, significant developments have unfolded regarding the implementation of the Corporate Transparency Act (CTA) and its beneficial ownership information (BOI) reporting requirements to the Financial Crimes Enforcement Network (FinCEN), which remain subject to a nationwide injunction.

As discussed in our previous [Alert](#), on December 3, 2024, the U.S. District Court for the Eastern District of Texas granted a nationwide preliminary injunction in *Texas Top Cop Shop, Inc., et al. v. Garland, et al.*, temporarily halting enforcement of the CTA and its BOI reporting requirements, including the January 1, 2025, filing deadline. The U.S. Department of Justice (DOJ) appealed, requesting a stay of the injunction or, alternatively, a narrowing of the injunction to apply only to the named plaintiffs and members of the National Federation of Independent Business.

In a flurry of year-end decisions, a panel of the Fifth Circuit Court of Appeals granted DOJ's emergency motion on December 23, 2024, lifting the injunction. Three days later, a separate Fifth Circuit panel reversed the earlier decision, vacating the stay and reinstating the nationwide injunction. As a result, FinCEN again updated its [guidance](#), stating that reporting companies may voluntarily submit BOI filings but are not required to do so during the pendency of the injunction.

On December 31, 2024, DOJ filed an emergency "Application for a Stay of the Injunction" with the U.S. Supreme Court, seeking to stay the injunction pending the Fifth Circuit's review of the matter. Alternatively, DOJ invited the Court to "treat this application as a petition for a writ of certiorari before judgment presenting the question whether the district court erred in entering preliminary relief on a universal basis."

The ongoing legal challenges have left the status of the BOI reporting requirement in flux. For the time being, unless the Supreme Court intervenes, the nationwide injunction is likely to remain in place through at least March 25, 2025, the scheduled date for oral arguments before the Fifth Circuit. Businesses that have not yet complied with the reporting requirements should remain alert to any changes. If the injunction is lifted, or if the Supreme Court grants a stay, reporting companies may be required to submit their beneficial ownership information promptly, subject to any deadline extensions provided by FinCEN. In the meantime, voluntary submissions of BOI reports to FinCEN are still accepted, but companies should be prepared to meet any new deadlines should the situation change. The next few months could prove critical for the future of the CTA and its enforcement.

Babst Calland will continue to closely monitor developments on this matter. Please reach out to fincenassist@babstcalland.com or your Babst Calland client relationship lawyer if you have any questions.

