

**Alert | Financial Regulatory & Compliance**



December 2024

## CTA Update: Nationwide Preliminary Injunction Against CTA Reinstated

### Go-To Guide:

- On Dec. 26, 2024, the nationwide preliminary injunction that a Texas district court issued in *Texas Top Cop Shop, Inc. v. Garland* against enforcement of the Corporate Transparency Act (CTA) and its beneficial ownership information (BOI) reporting rule was reinstated by the Fifth Circuit.
- In response, FinCEN confirmed that reporting companies are not currently required to file BOI reports and are not subject to liability if they fail to do so while the order remains in force.
- Given the rapidly changing landscape, reporting companies should continue to closely monitor CTA developments so they can be prepared to file BOI reports if the injunction is once again stayed, lifted, or otherwise made ineffective.

The status of the CTA has shifted multiple times since Dec. 3, 2024, when a Texas district court in *Texas Top Cop Shop, Inc. v. Garland* preliminarily enjoined the CTA and its BOI reporting rule (Reporting Rule) on a nationwide basis. As we previously reported, FinCEN appealed that ruling, and on Dec. 23, 2024, a motions panel of the Fifth Circuit stayed the injunction, allowing the CTA to go back into effect.

Three days following the stay, on Dec. 26, 2024, a different panel of the Fifth Circuit—the merits panel that will ultimately decide the appeal—issued an order to vacate the motion panel’s stay (Vacatur Order). The Vacatur Order reverses course and effectively **reinstates the nationwide preliminary**

***injunction against the CTA and the Reporting Rule.*** The merits panel explained that it took this action “in order to preserve the constitutional status quo while the merits panel considers the parties’ weighty substantive arguments.”

In response to the Vacatur Order, FinCEN updated its website on Dec. 27, 2024, noting:

*In light of [the Vacatur Order], reporting companies are not currently required to file [BOI] with FinCEN and are not subject to liability if they fail to do so while the [Vacatur Order] remains in force. However, reporting companies may continue to voluntarily submit [BOI] reports.*

As a result of the Vacatur Order, no filings under the CTA are currently required by law, including the initial BOI reports that reporting companies formed or registered prior to 2024 would otherwise have been required to file by Jan. 13, 2025, pursuant to an extension that FinCEN granted.

The Fifth Circuit has scheduled arguments on the merits of FinCEN’s expedited appeal for March 25, 2025. This means that a decision on the merits of the appeal will likely not be issued until at least April 2025. While the CTA remains enjoined, reporting companies and affected individuals should continue to closely monitor CTA developments and consider what steps they need to take to be prepared to file their BOI reports in short order if the injunction is once again stayed, lifted, or otherwise made ineffective.

For additional information regarding the CTA and its reporting requirements, visit GT’s [CTA Task Force](#) page.

## Authors

This GT Alert was prepared by:

- [Kyle R. Freeny](#) | +1 202.331.3118 | [freenyk@gtlaw.com](mailto:freenyk@gtlaw.com)
- [Marina Olman-Pal](#) | +1 305.579.0779 | [Marina.Olman@gtlaw.com](mailto:Marina.Olman@gtlaw.com)
- [Hilary R. Sledge-Sarnor](#) | +1 310.586.7825 | [Hilary.SledgeSarnor@gtlaw.com](mailto:Hilary.SledgeSarnor@gtlaw.com)
- [Tiffanie Monplaisir](#) | +1 305.579.0682 | [Tiffanie.Monplaisir@gtlaw.com](mailto:Tiffanie.Monplaisir@gtlaw.com)

Albany. Amsterdam. Atlanta. Austin. Berlin<sup>†</sup>. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. Houston. Kingdom of Saudi Arabia<sup>∗</sup>. Las Vegas. London<sup>∗</sup>. Long Island. Los Angeles. Mexico City<sup>∗</sup>. Miami. Milan<sup>∗</sup>. Minneapolis. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Sacramento. Salt Lake City. San Diego. San Francisco. São Paulo<sup>›</sup>. Seoul<sup>∞</sup>. Shanghai. Silicon Valley. Singapore<sup>°</sup>. Tallahassee. Tampa. Tel Aviv<sup>^</sup>. Tokyo<sup>∗</sup>. United Arab Emirates<sup>◁</sup>. Warsaw<sup>˘</sup>. Washington, D.C. West Palm Beach. Westchester County.

*This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer’s legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. †Greenberg Traurig’s Berlin office is operated by Greenberg Traurig Germany, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ∗Operates as a separate UK registered legal entity. °Greenberg Traurig operates in the Kingdom of Saudi Arabia through Greenberg Traurig Khalid Al-Thebity Law Firm, a professional limited liability company, licensed to practice law by the Ministry of Justice. +Greenberg Traurig’s Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. »Greenberg Traurig’s Milan office is operated by Greenberg Traurig Santa Maria, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ›Greenberg Traurig’s São Paulo office is operated by Greenberg Traurig Brazil Consultores em Direito Estrangeiro – Direito Estadunidense, incorporated in Brazil as a foreign legal consulting firm. Attorneys in the São Paulo office do not practice Brazilian law. ∞Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. †Greenberg Traurig’s Singapore office is operated by Greenberg Traurig Singapore LLP which is licensed as a*

*foreign law practice in Singapore. ^Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ¢Greenberg Traurig's Tokyo Office is operated by GT Tokyo Horitsu Jimusho and Greenberg Traurig Gaikokuhojimubengoshi Jimusho, affiliates of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ‹Greenberg Traurig's United Arab Emirates office is operated by Greenberg Traurig Limited. ~Greenberg Traurig's Warsaw office is operated by GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2024 Greenberg Traurig, LLP. All rights reserved.*