

Insights

CTA Update: Back in Business, For Now

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The Corporate Transparency Act (CTA) comes back for more. On December 23, 2024, the Fifth Circuit Court of Appeals issued a stay of the preliminary injunction issued at the beginning of December that blocked enforcement of the CTA. Next steps cannot be fully predicted in this judicial battleground regarding the CTA, but reporting companies should prepare to make their filings as matters now stand.

On December 3, 2024, in the case of *Texas Top Cop Shop, Inc., et al. v. Merrick Garland, Attorney General of the United States* (Case No. 4:24-cv-478), the U.S. District Court for the Eastern District of Texas issued a preliminary injunction against enforcement of the CTA. The Department of Justice (DOJ) responded quickly on December 5, 2024, by filing an appeal of the Court's decision with the Fifth Circuit Court of Appeals. Our most recent update [found here] focused on the DOJ doubling down on its argument by filing an emergency motion seeking a stay of the Court's preliminary injunction pending appeal.

And now, on December 23, 2024, just nine days before the original required filing date of January 1, 2025, the Fifth Circuit Court of Appeals put the CTA back in business by granting the DOJ's emergency motion for a temporary stay of the District Court's preliminary injunction. Reporting companies are once again required to file beneficial ownership information (BOI) reports with FinCEN.

Given the altered timeline due to battles in the courts, FinCEN has extended reporting deadlines for CTA compliance. Per FinCEN's update [found here], reporting companies created or registered prior to January 1, 2024 have until January 13, 2025 to file their initial BOI reports. Reporting companies created or registered in the United States on or after September 4, 2024 with a filing deadline between December 3, 2024 and December 23, 2024 will also have until January 13, 2025 to file their initial BOI reports. Reporting companies created or registered in the United States between December 3, 2024 and December 23, 2024 have an additional 21 days from their original deadline to file their BOI reports. Additionally, reporting companies that qualify for disaster relief may have extended deadlines that land beyond January 13, 2025, and should abide by whichever deadline falls later. Finally, reporting companies that are created or registered in the United States on or after January 1, 2025 have 30 days to file their initial BOI reports with FinCEN after receiving actual or public notice that their creation or registration is

effective.

So, what will happen next in these "CTA chronicles"? It is too soon to speculate on a final decision, or whether an appeal to the U.S. Supreme Court is on the horizon. Right now, reporting companies should take heed of the deadline extensions provided by FinCEN and act accordingly to comply with the CTA's requirements.

Krieg DeVault will continue to monitor this matter and the CTA landscape generally and will issue further alerts on developments as they occur.

If you have any questions regarding the CTA or obligations to comply with the BOI reporting requirements, please contact Robert A. Greising, Travis D. Lovett, Jacob W. O'Donnell, Thomas M. Abrams, or any member of our Business, Acquisitions and Securities Practice.

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