

December 27, 2024

CLIENT ALERT
CTA Reporting Requirements Back on Hold

Dear Clients and Friends:

On December 26, 2024, the merits panel of the Fifth Circuit Court of Appeals vacated the stay of the district court's preliminary injunction enjoining enforcement of the Corporate Transparency Act (the "CTA") and the reporting requirements thereunder that was issued earlier this week by the motions panel of the Fifth Circuit Court of Appeals. This means that the nationwide preliminary injunction issued by the district court on December 3, 2024 is back in effect and, for the time being, Reporting Companies are not required to comply with the Act or file Beneficial Ownership Information Reports ("BOI Reports").

When the motions panel of the Fifth Circuit Court of Appeals stayed the preliminary injunction of the CTA and reinstated the reporting requirements thereunder earlier this week, it also expedited the appeal of the district court ruling. The merits panel of the Fifth Circuit Court of Appeals now has the appeal and decided yesterday that, in order to preserve the status quo while the merits panel considers the substantive constitutional issues, the preliminary injunction enjoining enforcement of the CTA and the reporting requirements thereunder needed to be reinstated. The full order issued by the merits panel of the Fifth Circuit Court of Appeals is available here: <https://www.ca5.uscourts.gov/opinions/unpub/24/24-40792..pdf>.

The appeal of the district court's ruling remains expedited and there is no way to predict how the Fifth Circuit will ultimately rule on the merits of the case. But **for now**, the nationwide preliminary injunction is back in effect. Reporting Companies are not required to file BOI Reports, and FinCEN is once again prohibited from enforcing the CTA or the reporting requirements thereunder unless and until there is further action by the courts or Congress.

Please contact your HH&K Attorney with any questions. We will continue to keep you apprised of any further updates regarding these matters.

This Client Alert is not a substitute for legal guidance regarding program details and how those may be applicable to your business. As always, if we can be of assistance with these programs or any other matters, please do not hesitate to contact your HH&K attorney.

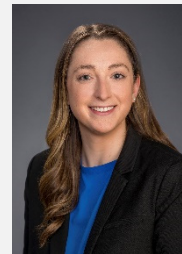
Article written by:



Erica L. Lawson
Partner
80 Exchange Street
Binghamton, NY 13901
Phone: (607) 231-6907
Email: elawson@hhk.com



Thomas A. Conlon, Jr.
Partner
80 Exchange Street
Binghamton, NY 13901
Phone: (607) 231-6744
Email: tconlon@hhk.com



Christina J. Graziadei
Associate Attorney
80 Exchange Street
Binghamton, NY 13901
Phone: (607) 231-6858
Email: cgraziadei@hhk.com

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