

# Client Alert

Government Matters & Regulation

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## The U.S. Court of Appeals for the Fifth Circuit Grants the Government's Emergency Motion for a Stay of the District Court's decision; CTA Requirements Remain in Effect but Deadlines are Extended

On December 23, 2024, the United States Court of Appeals for the Fifth Circuit granted the U.S. government's motion for a stay of a preliminary (nationwide) injunction of the Corporate Transparency Act ("CTA") pending appeal.<sup>1</sup> Earlier this month, the U.S. District Court for the Eastern District of Texas issued a decision imposing a "nationwide" preliminary injunction against the enforcement of the CTA and its implementing regulations. Please see our previous client alert [here](#). In light of the Fifth Circuit's decision, FinCEN [issued a statement](#) on the same day, extending the filing deadline for reporting companies. For instance, those reporting companies that would have to report beneficial ownership ("BOI") information by January 1, 2025, are now required to report by January 13, 2025. On December 24, 2024, Plaintiffs-Appellee filed an emergency petition for rehearing en banc, seeking to vacate the Fifth's Circuit decision and deny the government's stay motion. They also requested the Court to expedite its consideration of the rehearing petition and issue a ruling no later than January 6, 2025. For now, and at least until then, the CTA requirements remain in effect, and the CTA reporting deadlines are extended. Below we set forth additional guidance and deadlines.

The Fifth Circuit found that the U.S. government met the legal standards warranting a stay, finding, among other things, that "a last-minute nationwide preliminary injunction would undermine our [U.S.

government's] ability to push other countries to reform their anti-money laundering and counterterrorism regimes and to address the most fundamental gap in our own regime.”

The CTA took effect January 1, 2024, and imposed several reporting requirements, including establishing January 1, 2025, as the deadline for non-exempt companies, i.e., reporting companies, created, or registered to conduct business in the United States before January 1, 2024, to report BOI to FinCEN. As a result of the preliminary injunction, this deadline, and compliance with the CTA, was suspended by FinCEN on December 9, 2024, “while the preliminary injunction remains in effect.”

This decision from the Fifth Circuit restores compliance with, as well as enforcement of, the CTA (at least until a decision is rendered on the merits of the appeal). In its statement, FinCEN acknowledges “that reporting companies may need additional time to comply given the period when the preliminary injunction had been in effect.”

Consequently, FinCEN extended the reporting deadline to file initial BOI reports as follows:<sup>2</sup>

- To January 13, 2025, for (a) reporting companies created or registered prior to January 1, 2024, and (b) reporting companies created or registered in the United States on or after September 4, 2024, that had a filing deadline between December 3, 2024, and December 23, 2024.
- Reporting companies created or registered in the United States between December 3 and 23, 2024, would have an additional 21 days from their original filing deadline to file their initial BOI reports with FinCEN.
- Reporting companies that qualify for disaster relief may have extended deadlines falling beyond January 13, 2025, should abide by whichever deadline falls later.
- 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.

## CONCLUSION

Reporting companies should comply with the CTA in accordance with the deadlines set forth above (if not earlier). The Plaintiffs-Appellee asked the Court to expedite consideration of their rehearing petition and issue a ruling no later than January 6, 2025. But, for now, the CTA requirements remain in effect, and the deadlines are extended as set forth above. King & Spalding continues to closely monitor developments that may impact CTA compliance and enforceability, and will continue to issue updated alerts as necessary.

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This alert provides a general summary of recent legal developments. It is not intended to be and should not be relied upon as legal advice. In some jurisdictions, this may be considered "Attorney Advertising."

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<sup>1</sup> See decision [here](#)

<sup>2</sup> In its [statement](#), FinCEN also reiterated that Plaintiffs that brought suit in the *National Small Business United v. Yellen*, No. 5:22-cv-01448 (N.D. Ala.), which is currently on appeal with the United States Court of Appeals for the 11<sup>th</sup> Circuit, are not currently required to report their BOI to FinCEN at this time. For further information on this case, see our previous client alert [here](#).