

CLIENT ALERT

Fifth Circuit Vacates Its Own Stay Order and Reinstates Preliminary Injunction, Meaning Enforcement of the Corporate Transparency Act Is Once Again Blocked Nationwide

DECEMBER 27, 2024

On December 3, 2024, Judge Amos Mazzant of the U.S. District Court for the Eastern District of Texas issued an order in *Texas Top Cop Shop, Inc. v. Garland* that preliminarily (i) enjoined the Financial Crimes Enforcement Network (FinCEN) from enforcing the Corporate Transparency Act (CTA) and its beneficial ownership information reporting rule (BOI Reporting Rule) and (ii) enjoined FinCEN's January 1, 2025 filing deadline for reporting companies created or registered to do business in the United States before 2024.

On December 23, 2024, a three-judge panel of the U.S. Court of Appeals for the Fifth Circuit (the Fifth Circuit) issued an order (the Stay Order) staying—i.e., halting—the preliminary injunction, and FinCEN extended the BOI Reporting Rule compliance date for most reporting companies from January 1, 2025, to January 13, 2025.

On December 26, 2024—in the latest surprise coming out of the Fifth Circuit and just a few days after issuance of the Stay Order—the clerk of the Fifth Circuit, acting at the direction of the court, entered a two-page order (the Vacate Order) vacating (i.e., setting aside) the court's Stay Order “in order to preserve the constitutional status quo while the merits panel considers the parties' weighty substantive arguments.”

WHAT NOW?

The immediate effect of yesterday's Vacate Order is that Judge Mazzant's preliminary injunction blocking enforcement of the CTA and BOI Reporting Rule is alive and well again—for now. As of the publication of this Client Alert, reporting companies nationwide are not required to file any BOI reports with FinCEN.

On December 27, 2024, FinCEN published a notice confirming that reporting companies do not need to file BOI reports with FinCEN while the preliminary injunction is in effect, stating:

In light of a recent federal court order, reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force. However, reporting companies may continue to voluntarily submit beneficial ownership information reports.

We expect further CTA/BOI Reporting Rule developments in the months ahead. The Fifth Circuit has set February 28, 2025, as the date for the U.S. government's reply brief to be filed in respect of its appeal of Judge Mazzant's

preliminary injunction, suggesting that the earliest decision on the merits from the Fifth Circuit would be in March 2025—but probably later in the spring.

Stay tuned, and please reach out to any of the [Winston CTA Task Force attorneys](#) with questions.

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