**CLIENT ALERT: FIFTH CIRCUIT FLIP-FLOPS ON ENFORCEMENT OF   
THE CORPORATE TRANSPARENCY ACT**

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On December 23, 2024, a motions panel of the U.S. Court of Appeals for the Fifth Circuit lifted the preliminary injunction previously issued by the U.S. District Court for the Eastern District of Texas in *Texas Top Cop Shop, Inc. v. Garland*, effectively reinstating enforceability of the Corporate Transparency Act (“CTA”). Three days later, on December 26, 2024, a separate Fifth Circuit merits panel issued an order vacating the motions panel’s decision and reinstituting the Texas court’s suspension on CTA enforcement. The merits panel indicated that its order was designed “to preserve the constitutional status quo while the merits panel considers the parties’ weighty substantive arguments.” *Tex. Top Cop Shop, Inc. v. Garland*, No. 24-40792, 2024 U.S. App. LEXIS 32702, \*4 (5th Cir. Dec. 26, 2024).

The appeal of the Texas court’s injunction will proceed on an expedited basis, with briefing due to be completed by February 28, 2025 and oral argument scheduled for March 25, 2025. In the meantime, the U.S. Department of the Treasury has indicated that reporting companies are not currently required to file beneficial ownership information (“BOI”) reports, and will not be subject to liability if they fail to do so while the injunction remains in force. Reporting companies may continue to voluntarily submit BOI reports while the Fifth Circuit appeal is pending.

**What This Means for Reporting Companies**

In light of the Fifth Circuit’s most recent order, companies that would normally have been subject to the CTA are once again granted a reprieve from their reporting obligations. However, the government may still seek an emergency stay of the district court’s order from the Supreme Court, or seek *en banc* review of the Fifth Circuit merit panel’s order reinstating the injunction. Reporting companies should therefore continue to monitor this situation closely, and should consult with their CTA advisors to ensure that adequate preparations are made to meet their filing requirements should the injunction be lifted once again.

If you have any questions regarding CTA compliance or require assistance in meeting reporting obligations, please contact Brian W. Bisignani, Chair of the Firm’s Financial Restructuring Practice Group ([bbisignani@postschell.com](mailto:bbisignani@postschell.com)), Ryan W. Morris ([rmorris@postschell.com](mailto:rmorris@postschell.com)) of the Firm’s Business Law department, or the lawyer at the Firm with whom you regularly consult.

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