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Fifth Circuit Lifts Stay of Injunction of CTA

12.26.24 04.26.26

On December 26, 2024, the Fifth Circuit Court of Appeals vacated its stay of the preliminary injunction of the Corporate Transparency Act ("CTA"), 31 U.S.C. § 5336. This decision reinstates the injunction nationwide, meaning companies are currently not required to file beneficial ownership information.

Earlier, on December 23, the Fifth Circuit had stayed the injunction, reasoning that the government will likely succeed in defending CTA's constitutionality under Congress's broad authority under the Commerce Clause. However, to "preserve the constitutional status quo" while the case is under review, the Fifth Circuit's merits panel reversed course on December 26, reinstating the injunction.

Following this decision, the Financial Crimes Enforcement Network (FinCEN) issued an alert stating that reporting companies are not required to file beneficial ownership information at this time but may do so voluntarily.

Looking Forward

If companies so choose, they can withhold filing their beneficial ownership information, but continue preparations, so that if or when the injunction is stayed or appealed, they will be able to timely file. If companies prefer to file anyway, they should still be able to file.

The attorneys at Foster Garvey will continue to monitor and provide updates as the reporting deadline approaches. If you have questions about CTA's requirements or need guidance on your corporation's compliance program, please contact Foster Garvey's [Business and Corporate Finance](#) team.

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