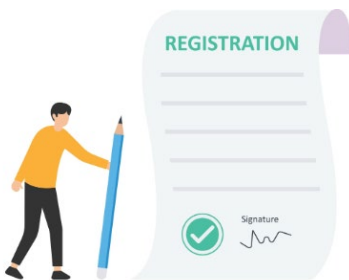


## Company Law Update — Federal Rules for Reporting Beneficial Ownership of Entities Stayed Again

12.30.2024 by [Simon Gerson](#)



On December 26, 2024 (just days after December 23<sup>rd</sup> when a **three-judge panel** of the Fifth Circuit Court of Appeals had reinstated the application of the beneficial reporting requirements under the Federal Corporate Transparency Act (the CTA)), at the direction of the **entire** Fifth Circuit Court of Appeals, the Clerk of the Court entered an order **reinstating the preliminary injunction staying enforcement of the CTA pending the appeal**, noting that an expedited appeal had been ordered.

FinCen issued a statement following the December 26<sup>th</sup> preliminary injunction reinstatement, that the Government believed that “consistent with the conclusions of the U.S. District Courts for the Eastern District of Virginia and the District of Oregon—that the CTA is constitutional.”

FinCen noted that, although currently not required to file by reason of the recent reinstatement of the preliminary injunction, voluntary submissions of beneficial ownership information reports will continue to be accepted.

Despite the expedited appeal, it is not clear when a decision of the merits of the application of the CTA will be issued. In view of the limited extension provided by FinCen following the brief lifting of the preliminary injunction, it is unclear how much additional time reporting companies will be given to make the required filing should the Government be successful on appeal.

Therefore, at the very least, reporting companies should gather the required filing information identified in our initial reporting (see [here](#)) to be able to promptly file.

However, we suggest that reporting companies consider voluntary submission while the appeal is pending to avoid possible penalties should a reporting company fail to file within any reporting window that FinCen may establish following a successful appeal.

Please contact: [Simon Gerson](#) (212) 790-9206 or [Robert J. Giordanella](#) (212) 790-9234 for assistance. ATTORNEY ADVERTISING

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Simon has more than 30 years of experience counseling and attending to the varied commercial and corporate needs of established privately-held businesses and their principals.

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Bob concentrates on succession planning and estate and trust administration.

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