Client Alert: CTA Update – Texas Case – Appeal Filed; FinCEN Position

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Since our last Client Alert, published on December 6 (found below), the Government has appealed the decision in *Texas Top Cop Shop* to the Fifth Circuit. As of now, the nationwide injunction issued in *Texas Top Cop Shop* remains in effect. Additionally, FinCEN has issued a public statement that "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." FinCEN has not provided any public statement regarding a grace period should the stay be lifted prior to the filing deadline.

Accordingly, Morse continues to recommend that reporting companies voluntarily file Beneficial Ownership Information Reports with FinCEN.

For further information about the CTA, deadlines for reporting requirements, and recent updates, please contact us with any questions. **Please note that Morse does not provide advice on the application of these laws to an entity unless expressly engaged to do so.**

December 6th Client Alert:

On December 3, 2024, in *Texas Top Cop Shop, Inc. v. Garland*, the U.S. District Court for the Eastern District of Texas issued a preliminary nationwide injunction barring enforcement of the Corporate Transparency Act (CTA). Prior to this, two other federal district courts upheld the CTA, while one federal district court limited its injunction to the named plaintiffs only. These prior decisions are currently being appealed to the 4th, 9th, and 11th Circuits. We anticipate that the government will appeal the decision in *Top Cop*.

Given the substantial uncertainty surrounding the ultimate outcome of these cases, we recommend that reporting companies continue to make timely filings of their Beneficial Ownership Information Reports. For further information about the CTA, deadlines for reporting requirements, and recent updates, please contact us with any questions. **Please note that Morse does not provide advice on the application of these laws to an entity unless expressly engaged to do so.**

For more information, please contact Dan Wilcox.