

Nationwide Preliminary Injunction Halts Enforcement of the Corporate Transparency Act

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On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction in the case of *Texas Top Cop Shop, Inc., et al. v. Garland, et al.*, No. 4:24-cv-00478 (E.D. Tex.) suspending the government’s enforcement of the Corporate Transparency Act (“CTA”). Specifically, the order:

1. Enjoins the CTA, including enforcement of its beneficial ownership information reporting requirements and implementing regulations.
2. Stays all deadlines to comply with the CTA’s reporting requirements, including the January 1, 2025 deadline for reporting companies organized prior to January 1, 2024.

Government’s Response and Appeal

On December 5, 2024, the Department of Justice, on behalf of the Department of the Treasury, filed a Notice of Appeal with the U.S. Court of Appeals for the Fifth Circuit. The government maintains—consistent with the conclusions of the U.S. District Courts for the Eastern District of Virginia and the District of Oregon in other cases—that the CTA is constitutional.

Implications for Reporting Companies

While the *Texas Top Cop Shop* court order remains in force, the Financial Crimes Enforcement Network (“FinCEN”) has stated that reporting companies are not required to file beneficial ownership information (“BOI”) reports with FinCEN and are not subject to liability if they fail to do so on or before the applicable deadline. Nevertheless, FinCEN stated that reporting companies may voluntarily submit BOI reports.

Continued Uncertainty

Given the ongoing nature of this litigation and the uncertain future of the CTA’s enforcement, it is advisable for reporting companies to continue organizing all relevant information if the BOI report filing is ultimately required.



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