

Preliminary Injunction Blocking Enforcement of the Corporate Transparency Act

Legal Alert

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We **previously discussed** a ruling by a federal District Court in Alabama finding that the Corporate Transparency Act (“CTA”) was unconstitutional, with the holding limited to the plaintiffs in the case. For general background information about the CTA’s reporting requirements, please see our previous **Legal Alert**. Most notably, the deadline for entities formed before January 1, 2024 to file beneficial ownership reports with the Financial Crimes Enforcement Network (“FinCEN”) was December 31, 2024.

On December 3, 2024, a federal District Court in Texas issued a nationwide preliminary injunction temporarily blocking enforcement of the CTA against all entities, regardless of whether they are involved in the case. See *Texas Top Cop Shop v. Garland et al.* (E.D. Tex., No. 4:24-cv-00478).

The preliminary injunction only delays enforcement of the CTA until a court issues a final ruling on the merits of the constitutionality of the CTA or an appeals court overturns the injunction. FinCEN has appealed the injunction to the U.S. Court of Appeals for the Fifth Circuit, but has announced that it will respect the stay of enforcement while its appeal is pending.

What This Means for Businesses

- As of the date of this Legal Alert, no beneficial ownership reports are obligated to be filed for either existing entities or newly formed entities until further instructed by court order.
- Given the temporary nature of the injunction, entities should be aware that if the injunction is lifted, reporting could be required within a short window of time. Therefore, entities that have not yet filed beneficial ownership reports should remain prepared to do so upon court order lifting the injunction.

Flaster Greenberg will continue monitoring developments regarding the CTA. If you have any questions about the CTA, the injunction, and how they affect you or your organization, please contact your attorney at Flaster Greenberg, one of the members of our firm’s CTA Task Force (**Jonathan Ellis, Mariel Giletto, Anthony Gruzdis, Matthew Meltzer, David Neufeld**), or any attorney in the **Business & Corporate Department**, to discuss how we can help determine whether the CTA applies to you or your organization and, if necessary, comply with the CTA.

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