

December 4, 2024

***TEXAS FEDERAL COURT ISSUES NATIONWIDE PRELIMINARY INJUNCTION
AGAINST ENFORCEMENT OF CORPORATE TRANSPARENCY ACT***

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On December 3, 2024, a federal district court in the Eastern District of Texas issued a nationwide preliminary injunction against the enforcement of the Corporate Transparency Act (CTA). In *Texas Cop Shop v. Garland et al.*, the court found that CTA is “likely unconstitutional” as outside of Congress’s power and enjoined the Department of the Treasury and the Financial Crimes Enforcement Network (FinCEN) from enforcing the CTA against any reporting company. The court expressly stated that reporting companies need not comply with the CTA’s January 1, 2025, beneficial ownership interest reporting deadline, pending further order of the court. While you may continue to see notices from vendors encouraging compliance with the CTA, at this time there is no obligation for companies to file a beneficial ownership interest report with FinCEN.

We will continue to monitor this case and others related to the CTA.

Please reach out to your contact at Schenck, Price, Smith & King, LLP for information regarding the CTA.

DISCLAIMER: This Alert is designed to keep you aware of recent developments in the law. It is not intended to be legal advice, which can only be given after the attorney understands the facts of a particular matter and the goals of the client.

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