

# CORPORATE LAW ALERT

December 4, 2024

By: Russell H. Stern, Esq.

Alexandra C. McCormack, Esq.

# RMF

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## Corporate Law Alert: Temporary Nationwide Injunction on Corporate Transparency Act Enforcement

On December 3, 2024, there was a significant development involving the Corporate Transparency Act (“CTA”). Judge Amos L. Mazzant III of the US District Court for the Eastern District of Texas, in the matter of *Texas Top Cop Shop v. Garland* (E.D. Tex, 2024), ruled that the CTA is likely unconstitutional and issued a preliminary injunction blocking the Department of Treasury’s enforcement of the CTA reporting obligations and rapidly approaching deadline.

The preliminary relief will remain in effect until the conclusion of legal proceedings, at which point the court may enter a permanent injunction. It is expected that the government will appeal the preliminary injunction. The impact of this decision on reporting companies is as follows:

- The stay effectively suspends the requirement for companies nationwide to disclose beneficial ownership information to FinCEN, which was required on or before January 1, 2025.
- At this time, non-exempt reporting companies are not required to file the mandated reports, and no penalties will be imposed for non-compliance during the period of the stay.
- This injunction may be subject to appeal, extension or modification, depending on further legal proceedings and developments.

If your company was preparing to comply with the CTA’s reporting obligations, you may choose to temporarily delay these efforts. However, if you know that your company is a reporting company, you should continue to gather the requisite information in case the stay is lifted or extended. We recommend monitoring the situation closely as the stay could be lifted or extended, which would affect reporting timelines.

Please be reminded that the injunction is only applicable to federal reporting obligations; your company may still be subject to state reporting obligations, such as the New York LLC Transparency Act, which you can learn more about [here](#).

RMF will continue to track developments in this case and provide regular updates. If you have any questions or would like to discuss how this applies to your business, please contact:

**Russell H. Stern, Esq.**

**516.663.6582**

**[rstern@rmfpc.com](mailto:rstern@rmfpc.com)**

**Alexandra C. McCormack, Esq.**

**516.663.6653**

**[amccormack@rmfpc.com](mailto:amccormack@rmfpc.com)**

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