

Corporate Transparency Act Update – Federal Court Issues Nationwide Injunction

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On December 3, 2024, a Texas federal court in *Texas Top Cop Shop, Inc., et al. v. Merrick Garland* issued a nationwide preliminary injunction prohibiting the enforcement of the Corporate Transparency Act (“CTA”). The preliminary injunction provides that neither the CTA nor FinCEN’s implementing final rule may be enforced. The court reasoned that a nationwide injunction was appropriate due to the likelihood of the CTA and final rule being unconstitutional. As a result, for now, reporting companies are not required to file beneficial ownership reports.

The Government is expected to appeal the *Texas Top Cop Shop* preliminary injunction to the U.S. Court of Appeals for the Fifth Circuit. The Government may also seek an immediate stay of the preliminary injunction, or request the court narrow the nationwide application of the injunction to apply only to the litigants in the *Texas Top Cop Shop* case.

While this injunction provides temporary relief from CTA compliance, the ultimate fate of the CTA remains uncertain. We will continue to closely monitor the *Texas Top Cop Shop* litigation and other CTA-related developments and provide future periodic updates. Please do not hesitate to contact any member of Vedder Price’s CTA Working Group with questions.

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