



U.S. DISTRICT COURT IN THE EASTERN DISTRICT OF TEXAS ISSUES NATIONWIDE PRELIMINARY INJUNCTION AGAINST ENFORCEMENT OF THE CORPORATE TRANSPARENCY ACT

December 4, 2024

Cummings & Lockwood LLC previously issued client alerts with respect to compliance with the Corporate Transparency Act (the “CTA”). The CTA requires all entities, including preexisting entities, with limited exceptions, to file a report with the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of the Treasury identifying certain of the entities' beneficial owners.

On December 3, in the case of *Texas Top Cop Shop, Inc. et al. vs. Garland (U.S. Attorney General) et al.*, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction against the federal government enforcing the CTA and a stay of the reporting obligations under the CTA. A copy of the decision can be found below.

For now, it appears that compliance is on hold. However, given this is a preliminary injunction, there are clear splits in the federal districts courts, an appeal is pending in the 11th Circuit from a much narrower injunction issued on similar facts, and FinCEN has not yet issued a response, we encourage clients to continue monitoring developments, as this court decision is likely not to be the last word on the viability of the CTA.

If you have any questions, please contact your Cummings & Lockwood attorney. For a copy of earlier alerts regarding the Corporate Transparency Act, please visit Cummings & Lockwood's website at www.cl-law.com under NEWS & INSIGHTS.

CTA Injunction.pdf