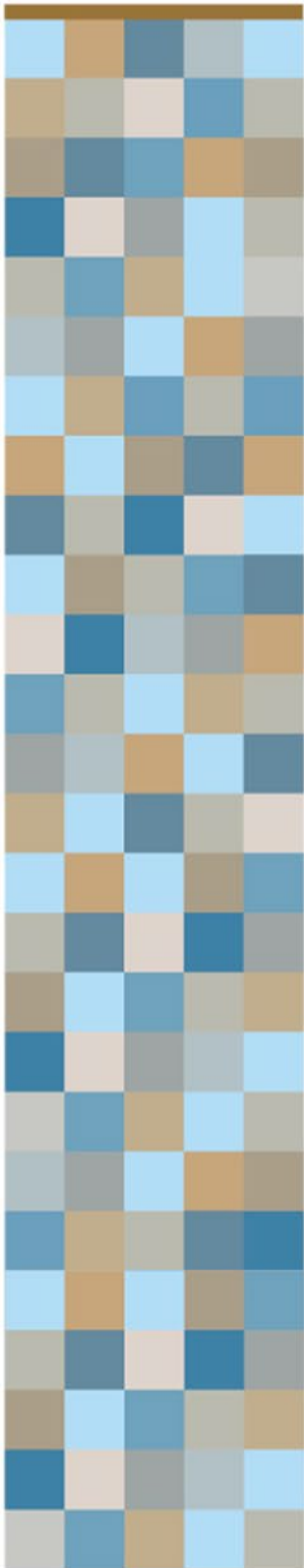


ALERT



December 2024

Corporate Transparency Act Stayed As Federal Court Preliminary Determines Act To Be Unconstitutional

By: MH&H Corporate Practice Group

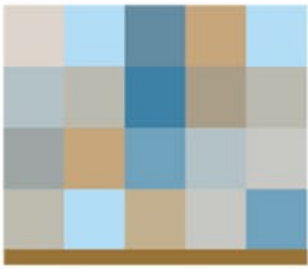
Yesterday, December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a preliminary injunction in favor of the plaintiffs in the case of *Texas Top Cop Shop, Inc. et al. vs. Garland (U.S. Attorney General), et al.* The Court determined that the Corporate Transparency Act (the “CTA”) and the reporting requirements promulgated under the CTA (the “Reporting Rule”) are likely unconstitutional for purposes of granting a preliminary injunction that blocks the U.S. Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) from enforcing the requirements under the CTA, including the Reporting Rule. As such, the Treasury Department has been preliminarily enjoined from enforcing the reporting requirements under the Reporting Rule, including that applicable entities make certain disclosure filings with FinCEN. The Court went further and ruled that its order is a nationwide injunction, applying against enforcement of the CTA and its impending January 1, 2025 filing deadline for all entities (other than exempted entities) formed prior to 2024, and 90 days for non-exempt entities formed in 2024.

This decision follows an Alabama decision from earlier this year that also found the CTA unconstitutional. In the Alabama case, the Treasury Department followed up with a notice that clarified the Alabama court’s order applied only to the specific plaintiffs in that litigation. In *Texas Top Cop Shop*, though, the federal District Court was very clear that its order applies to all entities on a nationwide basis.

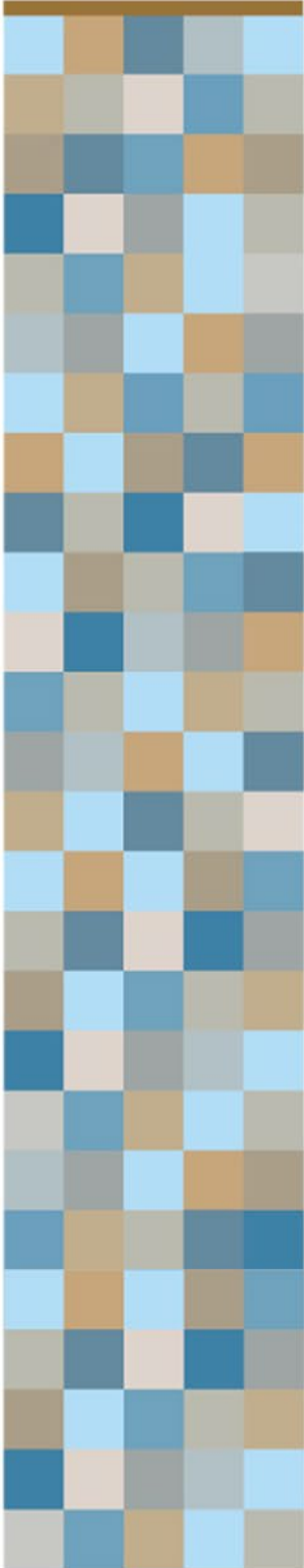
As noted above, the *Texas Top Cop Shop* decision was only a grant of a preliminary injunction, and we urge companies that would, other than as now stayed by the preliminary injunction, be subject to the filing requirements of the CTA and Reporting Rule to pay attention for additional updates and proceedings in the *Texas Top Cop Shop* case and other cases which could modify or change the preliminary injunction.

At Moritt Hock & Hamroff LLP, we will continue to monitor the situation and, if you have any questions, please reach out to your MH&H contact.

Founded in 1980, Moritt Hock & Hamroff is a 90-attorney full service, AV-rated commercial law firm that provides a wide range of legal services to businesses, corporations and individuals worldwide from its offices in New York City, Garden City and Fort Lauderdale. The firm's practice areas include: closely-held/family business practice; commercial foreclosure; commercial lending & finance;



ALERT



condominium & cooperative services; construction; copyrights, trademarks & licensing; corporate, mergers and acquisitions, & securities; creditors' rights, restructuring & bankruptcy; dispute resolution; domicile planning; employment; healthcare; landlord & tenant; lender finance; litigation; marketing, advertising & promotions; not-for-profit; privacy, cybersecurity & technology; real estate; secured lending, equipment & transportation finance; sports law; tax; and trusts & estates.

◆ ◆ ◆ ◆ ◆

This Alert is published solely for the interests of friends and clients of Moritt Hock & Hamroff LLP for informational purposes only and should in no way be relied upon or construed as legal advice.

©2024 Moritt Hock & Hamroff LLP

Attorney Advertising

New York City | Garden City | Fort Lauderdale
www.morithock.com