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Corporate Transparency Act Update

There has been a significant legal development with respect to the Corporate Transparency Act (“CTA”). On October 28, 2024, we issued a Client Alert summarizing the reporting requirements under the CTA, including an important deadline of January 1, 2025, for the companies that the CTA applied to complete their reporting obligations or be subject to significant civil and criminal penalties.

However, on December 3, 2024, in the case of *Texas Top Cop Shop, Inc. v. Merrick Garland* (Eastern District of Texas), United States District Judge Amos Mazzant issued a preliminary injunction enjoining compliance with the CTA. This preliminary ruling is enforceable nationwide and affects all aspects of the CTA, including the reporting requirements and compliance deadline pending further order of the Court. In the decision, Judge Mazzant notably determined that the CTA is likely unconstitutional as an impermissible exercise of Congress’s legislative power.

Given this decision, a company that has not yet reported its beneficial ownership to FinCEN under the CTA is currently not required to do so. However, Judge Mazzant’s decision will likely be appealed, and if reversed, companies may need to act quickly to complete the necessary reporting.

We will continue to monitor this matter and keep you informed of any subsequent legislative or administrative action involving the CTA, as it is entirely possible that the Trump Administration and the Republican-led Congress may pursue further amendments or modifications of this law.

The information provided in this Client Alert does not, nor is it intended to, constitute legal advice. Readers should not take or refrain from taking any action based on any information contained in this Client Alert without first seeking legal advice.

As always, we are pleased to share insights and updates related to legal issues of interest with clients and friends of the Firm. Our records reflect that the recipient of this message is not a European Union “Data Subject” as defined by the General Data Protection Regulation (GDPR), enacted on May 25, 2018. If you are or consider yourself to be a Data Subject under the EU’s GDPR, kindly email Megan Seybuck at mseybuck@pecklaw.com right away. The GDPR requires that all European Union Data Subjects provide explicit consent in order to continue to receive our communications.