

Dec 5, 2024 | Madison, NJ · New Brunswick, NJ · New York, NY · Stamford, CT

The Corporate Transparency Act - Texas Federal Court Blocks Enforcement of CTA

Bylined

As discussed in [our previous client alert](#), the Corporate Transparency Act and related regulations (collectively, the “CTA”) require entities (unless exempt) to file reports with the federal government disclosing personal information as to the individuals who are its “beneficial owners” or who have “substantial control” over it, and most companies are subject to a January 1, 2025 reporting deadline.

However, in a critical ruling issued on Tuesday, a Texas federal court issued a nationwide preliminary injunction against enforcement of the CTA.^[1]

What Did this Texas Federal Court Do?

After determining that the CTA is “likely unconstitutional,” U.S. District Judge Amos L. Mazzant enjoined the U.S. Government from enforcing the CTA and held that all reporting companies need not comply with the CTA’s January 1, 2025 reporting deadline, pending further order of the Court. Unlike the Alabama federal court CTA decision earlier this year,^[2] this Texas federal court did not limit the relief to the plaintiffs in the specific case, but rather issued a nationwide injunction.

Are Companies Still Required to File CTA Reports?

Companies that have not yet filed their CTA report may refrain from filing their report at this time, but should remain vigilant as this issue continues to evolve.

Note that this preliminary injunction is not a final decision, and companies could potentially still be required to prepare and file a CTA report if the preliminary injunction is overturned on appeal, or if the U.S. Government ultimately prevails on the merits. Given this possibility, companies should consider whether to take a conservative approach and complete their CTA analyses and preparatory work so that they are prepared to move quickly and file a CTA report if needed.

What if I have Legal Questions?

Our firm has closely followed the CTA since the regulations were enacted and will continue to monitor it for any updates. If you would like assistance from our law firm, including how the CTA may affect you, please do not hesitate to contact your Windels Marx relationship lawyer or one of the following members of our Corporate and Securities Practice Group: [Charles Damato](#), [Christopher Dean](#), [Benjamin Fink](#), [Jonathan Gray](#), [Gregory Krauss](#), [Jonathan Kret](#), [Michael Moriarty](#), [Robert Rossi](#) or [Robert Schwartz](#).

[1] See *Texas Top Cop Shop, Inc. v. Garland*, Case No. 4:24-cv-00478 (E.D. Tex.).

[2] See *National Small Business United v. Yellen*, No. 5:22-cv-01448 (N.D. Ala.).
