

NIESAR & VESTAL LLP

Law Alert

December 3, 2024

Texas Federal Court Issues Nationwide Preliminary CTA Injunction

We have previously published several law alerts regarding the Corporate Transparency Act's (CTA) beneficial ownership information (BOI) reporting obligations, the most recent one being the [alert issued on October 28, 2024](#). As explained in that law alert, reporting companies created before January 1, 2024 have until January 1, 2025 to file an initial BOI report under the CTA.

On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a [nationwide preliminary injunction](#), blocking the U.S. Department of Treasury from enforcing the CTA's BOI reporting requirements.

The lawsuit argued that the CTA is unconstitutional in that it exceeds Congress's authority over the states, improperly compels speech, contradicts the right of anonymous association guaranteed by the First Amendment, and violates the Fourth Amendment by forcing the disclosure of private information.

The U.S. District Court for the Eastern District of Texas concluded that the plaintiffs have satisfied all prerequisites for a preliminary injunction. The Court indicated that the CTA, 31 U.S.C. § 5336 is enjoined, and that enforcement of the Reporting Rule, 31 C.F.R. 1010.380 is also enjoined. Moreover, the Court specified that the compliance deadline is stayed. Neither may be enforced, and reporting companies need not comply with the CTA's January 1, 2025 reporting deadline pending further order of the Court.

We will continue to monitor the implications of this litigation on the obligations of entities under the CTA and follow up with additional guidance if this injunction is lifted and/or if there are any further developments regarding this issue.

If you have questions arising out of the CTA and/or of the aforementioned preliminary injunction, please feel free to contact Carolina Aricu (caricu@nvlawllp.com), Gerald Niesar (gniesar@nvlawllp.com) or Oscar Escobar (oescobar@nvlawllp.com).

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