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Business Signals – Client Alert

*An alert about the legal implications of issues affecting businesses
and business owners in the Central Gulf Coast region.*

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**CLIENT ALERT: CORPORATE TRANSPARENCY ACT (“CTA”) SUSPENDED,
AND THEN IMMEDIATELY UNSUSPENDED! THE CTA IS STILL ALIVE!**

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As noted in our prior client alerts, 2024 is the year that all companies are required to comply with what is called the Corporate Transparency Act, which requires each company to list out all of their beneficial owners and file a report with FinCEN, which is a branch of the Department of Treasury. The corporate lawyers at Armbrecht Jackson LLP have been busy filing reports on behalf of clients, but we have also been monitoring case challenges to the Act. Some other courts have already declared the Act unconstitutional, but refused to enter injunctions that would stop FinCEN from enforcing the Act, meaning that companies have still been required to comply, at least until the cases work their way through the appellate court.

However, on December 3, 2024, the U.S. District Court, in the case of Texas Top Cop Shop, Inc. v. Merrick Garland, et al., entered an Order granting a request for a preliminary injunction by the Plaintiffs and enjoining the government from enforcing the Corporate Transparency Act. The opinion itself is 82 pages long and effectively finds that the Plaintiffs had met their burden showing a likelihood of success on the merits of their claim that the Corporate Transparency Act was unconstitutional. Unlike in prior cases litigating the Act (where the courts had limited its holding to just the Plaintiffs at issue), in this case the Court issued a nationwide injunction for enforcement of the CTA against any person or company that was required to file the reports.

The case was immediately appealed to the Fifth Circuit Court of Appeals. In response to an emergency motion by the Government, the Fifth Circuit has stayed enforcement of the District Court’s opinion, **meaning that the deadlines for the CTA are back in effect**, and companies will be still required to file their reports this year!

It is still possible that the Act will ultimately be declared unconstitutional as it makes its way through the appeals process. However, given today’s Fifth Circuit’s decision, unless reversed again, all small businesses are once again required to comply with the CTA by filing their reports no later than **December 31, 2024**. If you have not yet done so, please contact your attorney or CPA to discuss filing the report as soon as possible. We will continue to monitor these cases as they develop and will continue to post Client Alerts.

QUESTIONS OR CONCERNS? Please feel free to contact the author as follows:

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