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NCLA Amicus Brief Asks Fifth Circuit to Uphold Block on Unconstitutional Corporate Transparency Act

Texas Top Cop Shop, Inc., et al. v. Merrick Garland, Attorney General of the United States, et al.

Washington, DC (December 18, 2024) – Today, the New Civil Liberties Alliance filed an *amicus curiae* [brief](#) in *Texas Top Cop Shop v. Garland* urging the U.S. Court of Appeals for the Fifth Circuit to reject the government’s request to stay a preliminary injunction against enforcement of the Corporate Transparency Act (CTA). The government cannot be allowed to maintain this unconstitutional statute, which stretches beyond Congress’s proper authority to regulate Americans.

The CTA mandates that organizations that have filed for incorporation under state law submit detailed reports which include sensitive information to the Department of the Treasury. Americans would be civilly or criminally punished if they fail to comply, whether by omitting information or even accidentally submitting false information. These requirements apply to non-profit and certain for-profit organizations alike, and do not involve commercial transactions or any other type of economic activity.

The government is unlikely to succeed on the merits of its claim that the CTA falls within Congress’ regulatory power under the Constitution’s Commerce Clause. Coming into existence by filing incorporation paperwork is not economic activity because it does not involve producing, consuming, or exchanging any good or service for which there is a national market. The government argues that most organizations that incorporate will engage in economic activity in the future. But the Supreme Court has made clear the government cannot justify regulation under the Commerce Clause based on economic activity that has not yet taken place.

NCLA released the following statement:

“According to the federal government, it may regulate the creation and continued existence of corporate persons because most will engage in commerce after being created. But everyone alive also engages in commerce after being born. That does not license the federal government to regulate based on your birth and continued existence.”
— **Sheng Li, Litigation Counsel, NCLA**

For more information visit the *amicus* page [here](#).

ABOUT NCLA

[NCLA](#) is a nonpartisan, nonprofit civil rights group founded by prominent legal scholar [Philip Hamburger](#) to protect constitutional freedoms from violations by the Administrative State. NCLA’s public-interest litigation and other pro bono advocacy strive to tame the unlawful power of state and federal agencies and to foster a new civil liberties movement that will help restore Americans’ fundamental rights.

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