

ISSUE ALERTS

SUPREME COURT STAYS INJUNCTION IN ONE CASE, BUT CTA COMPLIANCE REMAINS TEMPORARILY ON HOLD PENDING OTHER APPEAL

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In the latest development surrounding the Corporate Transparency Act (“CTA”), on Jan. 23, 2025, the United States Supreme Court stayed a nationwide injunction previously issued by a Texas federal court in *Texas Top Cop Shop, Inc. v. McHenry* (Case No. 4:24-cv-478, E.D. Tex., formerly *Texas Top Cop Shop v. Garland*).

Ordinarily, the Supreme Court’s decision would have reinstated the CTA’s nationwide beneficial ownership information (“BOI”) reporting requirements. However, due to a separate ruling on Jan. 7, 2025, by the U.S. District Court for the Eastern District of Texas in *Smith v. U.S. Department of Treasury* (Case No. 6:24-cv-336-JDK, E.D. Tex.), reporting obligations remain suspended. The Financial Crimes Enforcement Network (“FinCEN”) has confirmed that reporting companies will not be subject to penalties under the CTA while the *Smith* decision is appealed. Nonetheless, FinCEN continues to accept voluntary submissions of BOI reports.

The Supreme Court’s handling of the *Texas Top Cop Shop* injunction suggests that the *Smith* decision may be overturned on appeal. If the stay is lifted, FinCEN will likely establish a new compliance deadline for reporting companies, as it did in late December, but the length of any extension remains uncertain. Given the ongoing uncertainty regarding the CTA’s legal status, reporting companies should be prepared to meet their BOI reporting obligations on short notice.

FOR MORE INFORMATION

If you have questions or want more information regarding the Corporate Transparency Act, contact your legal counsel. If you do not have regular counsel for such matters, Foulston Siefkin LLP would welcome the opportunity to work with you to meet your specific needs. For more information, contact Bill Matthews at 316.291.9556 or bmatthews@foulston.com. For more information on the firm, please visit our website at www.foulston.com.

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