

Supreme Court Stays Injunction, but Enforcement of the Corporate Transparency Act Remains on Hold

January 24, 2025

As reported in our recent series of Client Alerts,¹

- On December 3, 2024, the U.S. District Court for the Eastern District of Texas (the “District Court”) issued a nationwide preliminary injunction that temporarily blocked enforcement of the Corporate Transparency Act (“CTA”) and the U.S. Department of the Treasury’s Financial Crimes Enforcement Network’s (“FinCEN”) related beneficial ownership information (“BOI”) reporting rules.
- On December 23, 2024, the Fifth Circuit Court of Appeals (the “Court of Appeals”) granted the government’s motion to stay the District Court’s preliminary injunction pending its appeal of that injunction order. As a result of the Court of Appeal’s ruling, FinCEN extended the reporting deadline to January 13, 2025.
- On December 26, 2024, in a subsequent ruling, the Court of Appeals reversed itself and vacated its prior order which had granted a stay of the preliminary injunction, leaving the nationwide preliminary injunction in place.
- On December 31, 2024, the government petitioned the Supreme Court of the United States (the “Supreme Court”) to lift the injunction or, alternatively, to narrow the injunction to only apply to the plaintiffs in the case.

Update as of January 24, 2025

On January 23, 2025, the Supreme Court granted a stay of the District Court’s nationwide injunction pending any further appeals.

However, a different judge in the same District Court recently issued an order in a separate case (*Smith v. U.S. Department of Treasury*) which enjoined FinCEN from enforcing the CTA against the plaintiffs in the case and, notably, stayed the effective date of the BOI reporting rules. Any question as to the scope and continued effectiveness of this ruling in light of the Supreme Court’s order were quickly put to rest by FinCEN, which issued the following statement on January 24, 2025:

On January 23, 2025, the Supreme Court granted the government’s motion to stay a nationwide injunction issued by a federal judge in Texas (*Texas Top Cop Shop, Inc. v. McHenry*—formerly, *Texas Top Cop Shop v. Garland*). As a separate nationwide order issued by a different federal judge in Texas (*Smith v. U.S. Department of the Treasury*) still remains in place, reporting companies are not currently required to file beneficial ownership information with FinCEN despite the Supreme Court’s action in *Texas Top Cop Shop*. Reporting companies also are not subject to liability if they fail to file this information while the *Smith* order remains in force. However, reporting companies may continue to voluntarily submit beneficial ownership information reports.

For now, it appears the CTA continues to not be enforceable. We will continue to monitor developments in this rapidly changing area and will continue to provide updates.

For More Information

We are available at any time to answer questions, discuss scenarios, and provide guidance. If you would like further information concerning the matters discussed in this article, please contact a member of the Corporate and Securities Department or visit us online at chapman.com.

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- 1 See the following Client Alerts for a history of recent developments regarding enforcement of the Corporate Transparency Act:
- December 9, 2024: "[Corporate Transparency Act Enforcement Temporarily Blocked by Court](#)"
 - December 13, 2024: "[FinCEN Seeks Stay of Corporate Transparency Act Preliminary Injunction](#)"
 - December 17, 2024: "[Government Files an Emergency Motion with the 5th Circuit Court of Appeals to Stay Corporate Transparency Act Preliminary Injunction](#)"
 - December 23, 2024: "[Fifth Circuit Court of Appeals Grants Stay Pending Appeal as to the Preliminary Injunction of the Corporate Transparency Act, and FinCEN Extends CTA Reporting Deadline to January 13, 2025](#)"
 - December 27, 2024: "[Nationwide Preliminary Injunction on Corporate Transparency Act is Back](#)"

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