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January 24, 2025

Not So Fast: FinCEN Clarifies That the Corporate Transparency Act is Still on Hold

Followers of the Corporate Transparency Act (“CTA”) have been anxiously waiting for the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”) to weigh in on the January 23, 2025, Supreme Court order in *Texas Top Cop Shop, Inc. v. McHenry* (“*Top Cop*”), which stayed a preliminary injunction related to FinCEN’s enforcement of the CTA. On January 24, 2025, FinCEN did so.

As noted in our January 23, 2024 [client alert](#), the preliminary injunction issued in *Top Cop* was not the only nationwide preliminary order issued with respect to the CTA. In particular, on January 7, 2025, the United States District Court for the Eastern District of Texas (the same court, but a different judge, that issued the preliminary injunction in *Top Cop*), in *Smith et al. v. United States Department of Treasury, et al* (“*Smith*”) issued a [nationwide stay](#) with respect to the effective date of the CTA’s reporting rules. Notably, the language of the District Court’s order in *Smith* is slightly different than the language in *Top Cop*, as it did not purport to enter a nationwide preliminary injunction, but rather a nationwide stay of the effective date of the reporting rules.

On the morning of January 24, 2025, FinCEN advised that the Supreme Court’s decision to stay the preliminary injunction in *Top Cop* does not affect the preliminary stay issued in *Smith* and, therefore, CTA filing requirements will not be enforced so long as the stay in *Smith* remains in effect.

What does this mean? It means that any CTA filings are currently voluntary only. How long will that be the case? We do not know. Will FinCEN now seek, and/or the Fifth Circuit Court of Appeals now grant, a stay of the preliminary order in *Smith* in light of the Supreme Court’s decision? Time will tell.

Kutak Rock’s [CTA Client Service Team](#) will continue to provide updates regarding the CTA, including any further actions taken in *Smith*.

