CLIENT ALERTS & INSIGHTS

On Again, Off Again - CTA Preliminary Injunction Stayed by Supreme Court

JANUARY 24, 2025

Authors: Marisa T. Darden, Robert J. Kolansky, Jennifer L. Stapleton, Connie A. Porter

On January 23, 2025, the Supreme Court stayed an injunction blocking enforcement of the Corporate Transparency Act's ("CTA") beneficial ownership information ("BOI") requirement. McHenry v. Texas Top Cop Shop, Inc., 604 U.S.__(2025). This ruling paves the way for the federal government to potentially enforce the BOI reporting requirements that had been set to go into effect at the beginning of this month.

The Supreme Court's ruling comes as the latest in a line of an on-again-off-again injunctions, which we previously reported on. In early December, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction blocking the U.S. Department of Treasury from enforcing the CTA's BOI reporting requirements. Texas Top Cop Shop v Garland et al., 4:24-cv-00478 (Dec. 3, 2024). Then on December 23, 2024, a motions panel of the Fifth Circuit Court of Appeals stayed the preliminary injunction, restoring the reporting requirements. Then, the Fifth Circuit reinstated the injunction, and now the Supreme Court has nixed it again.

However, per an alert from FinCen, companies are not currently required to report their BOI as a separate federal injunction from a different federal judge in Texas remains in effect. Smith v. U.S. Dept. of the Treasury, No. 6:24-cv-336-JDK (E.D. Texas, Jan. 7, 2025). Reporting companies will not be subject to liability for not filing while the Smith injunction stands.

The future of the CTA is uncertain, and reporting entities should work with experienced counsel to navigate this ever-shifting landscape. If you have questions regarding the CTA or the impact of the Texas Top Cop Shop decision, the White Collar and Corporate & Securities Practice Groups at Benesch are here to help.

Marisa T. Darden at mdarden@beneschlaw.com or 216.363.4440.

Robert J. Kolansky at rkolansky@beneschlaw.com or 216.363.4575.

Jennifer L. Stapleton at jstapleton@beneschlaw.com or 216.363.4428.

Connie A. Porter at cporter@beneschlaw.com or 216.363.4433.