

CTA Reporting Remains on Pause After Supreme Court Stays Injunction

January 27, 2025

Beneficial ownership reporting under the Corporate Transparency Act (the “CTA”) remains on pause, notwithstanding the U.S. Supreme Court’s recent stay of a December 2024 district court order preliminarily enjoining the CTA’s enforcement.

On January 23, 2025, the Supreme Court granted the federal government’s application to stay a December 3, 2024, nationwide preliminary injunction issued by the U.S. District Court for the Eastern District of Texas in *Texas Top Cop Shop v. McHenry* (formerly, *Texas Top Cop Shop v. Garland*). That district court had enjoined enforcement of beneficial ownership reporting obligations under the CTA, and the Supreme Court’s decision stays this injunction.¹

However, a separate preliminary injunction and nationwide stay of the regulation implementing the CTA was issued on January 7, 2025, by a different federal judge in the Eastern District of Texas; this order, in *Smith v. Treasury*, remains in place.² As a result, reporting obligations under the CTA are currently suspended.

The U.S. Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) updated its website to reflect these developments and to confirm that reporting companies are not required to (but may voluntarily) report beneficial ownership information while the order in *Smith v. Treasury* remains in effect. The government has not yet appealed the *Smith* decision, and FinCEN’s statement does not indicate whether the government intends to do so.

Separately, a three-judge panel of the U.S. Court of Appeals for the Fifth Circuit is scheduled to hear oral arguments on the constitutionality of the CTA in the *Texas Top*

¹ *James R. McHenry, III, Acting Attorney General, et al. v. Texas Top Cop Shop, Inc., et al.*, Docket No. 24A653 (604 U.S. ___, Jan. 23, 2025), available [here](#).
Texas Top Cop Shop, Inc., et al. v. Merrick Garland, et al., No. 4:24-cv-478 (E.D. Tex., Dec. 3, 2024), available [here](#); see also our previous client update, “Is the CTA Dead? U.S. District Court Issues Nationwide Preliminary Injunction,” available [here](#).

² *Samantha Smith and Robert Means v. U.S. Department of the Treasury, et al.*, No. 6:24-cv-336-JDK (E.D. Tex., Jan. 7, 2025) (enjoining the CTA’s enforcement against only the plaintiffs, but staying the CTA’s implementing regulations without limitation pursuant to section 705 of the Administrative Procedure Act), available [here](#).

Cop Shop case on March 25, 2025, and various other cases challenging the CTA are pending. It remains to be seen how vigorously the new Trump administration may defend the CTA.

Other efforts also are being made to overturn the law. Several bills to repeal the CTA have been introduced in the new Congress,³ although it is too early in the legislative process to know if these bills will have sufficient support to be enacted.

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We are continuing to monitor developments and will provide further updates as warranted. Please do not hesitate to contact us with any questions.



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³ See “A bill to repeal the Corporate Transparency Act,” S.100, 119th Cong. (2025), available [here](#); see also “To repeal the Corporate Transparency Act,” H.R.425, 119th Cong. (2025), available [here](#).