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Client Alert: FinCEN's Formal Position on the Corporate Transparency Act Nationwide Injunction

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On December 9, the Financial Crimes Enforcement Network (FinCEN) released its official position on the preliminary injunction of the Corporate Transparency Act (CTA), issued on December 3, 2024, by the U.S. District Court of the Eastern District of Texas. For more information on this injunction, please read our firm's earlier client alert on this topic.

In its notice, FinCEN summarizes the effects of the injunction issued by Judge Amos L. Mazzant in the case of *Texas Cop Shop, Inc., et al. v. Garland*, noting that "several district courts have denied requests to enjoin the CTA, ruling in favor of the Department of Treasury" and its appeal of the injunction issued on December 5, 2024. Importantly, FinCEN asserts that "[t]he government continues to believe—consistent with the conclusions of the U.S. District Courts for the Eastern District of Virginia and the District of Oregon—that the CTA is constitutional." Despite this assertion, FinCEN also states that it will comply with the injunction as long as it remains in effect, reiterating that reporting companies do not need to file their beneficial ownership information with FinCEN while the preliminary injunction is in place and "will not be subject to liability if they fail to do so."

FinCEN concludes by noting that "reporting companies may continue to voluntarily submit beneficial ownership information reports." Throughout the notice, FinCEN does not distinguish between entities formed before or after 12.31.2023 but instead references all "reporting companies."

Shumaker's corporate attorneys will continue to help clients who wish to voluntarily file their beneficial ownership information with FinCEN and will continue to monitor developments on this issue.