

CTA remains enjoined pursuant to separate nationwide injunction, despite recent SCOTUS decision

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While the Supreme Court granted the government's motion to stay the nationwide injunction issued in *Texas Top Cop Shop, Inc. v. McHenry*, reporting companies are still not required to submit BOI reports due to a nationwide injunction issued in *Smith v. U.S. Department of the Treasury*.

On January 23, 2025, the Supreme Court granted the government's motion to stay a nationwide injunction on enforcement of the Corporate Transparency Act (CTA) that was issued by the U.S. District Court of the Eastern District of Texas in *Texas Top Cop Shop, Inc. v. Garland*. However, on January 7, 2025, another judge in the Eastern District of Texas issued a separate nationwide injunction of the CTA and the Beneficial Ownership Information Reporting Rule (BOI Reporting Rule) in *Smith v. U.S. Department of the Treasury*.

The Financial Crimes Enforcement Network (FinCEN) issued an [alert](#) on January 24, 2025, acknowledging the separate nationwide injunction and, most importantly, confirming that **reporting companies are not currently required to file beneficial ownership information with FinCEN** despite the Supreme Court's action in *Texas Top Cop Shop*.

The Department of Justice has not yet appealed the nationwide injunction issued in *Smith v. U.S. Department of the Treasury* and it remains to be seen whether the District Court in *Smith* and/or the Fifth Circuit will vacate the injunction. Given the dynamic environment, it is advisable for reporting companies to continue to assess their beneficial ownership reporting obligations (and collect information as necessary) in order to be in a position to file if and when required.

Additionally, it is not clear whether the Trump Administration will continue to support the government's position in the *Texas Top Cop Shop* and *Smith* cases and/or revisit the BOI Reporting Rule over the coming months. Bills have also been introduced in the House and the Senate that would repeal the CTA, although it is not known whether there is sufficient support for enactment.¹ We recommend that reporting companies continue to monitor for further developments over the coming months.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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¹ For example, on January 15, 2025, the [Repealing Big Brother Overreach Act](#) was reintroduced in the Senate, with a [companion bill](#) also reintroduced in the House of Representatives.