



Alert: Ongoing Litigation – *Smith, et al. v. U.S. Department of the Treasury, et al.*, 6:24-cv-00336 (E.D. Tex.) & Voluntary Submissions

In light of a recent federal court order, reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force. However, reporting companies may continue to voluntarily submit beneficial ownership information reports.

On January 7, 2025, in the case of *Smith, et al. v. U.S. Department of the Treasury, et al.*, 6:24-cv-00336 (E.D. Tex.), the U.S. District Court for the Eastern District of Texas, Tyler Division, issued an order enjoining the government from enforcing the CTA against the plaintiffs and staying FinCEN’s regulations implementing the CTA’s reporting requirements (31 C.F.R. § 1010.380). On February 5, 2025, the Department of Justice—on behalf of the Department of the Treasury (Treasury)—filed a notice of appeal of the district court’s order and, in parallel, has sought to stay that order as the appeal proceeds.

If the district court’s order is stayed, thereby allowing FinCEN’s Reporting Rule to come back into effect, FinCEN intends to extend the reporting deadline for all reporting companies 30 days from the date the stay is granted. Further, in keeping with Treasury’s commitment to reducing regulatory burden on businesses, FinCEN, during that 30-day period, will assess its options to modify further deadlines or reporting requirements for lower-risk entities, including many U.S. small businesses, while prioritizing reporting for those entities that pose the most significant national security risks.

In the meantime, FinCEN is complying with—and will continue to comply with—the district court’s order for as long as it remains in effect. As a result, FinCEN is not currently enforcing the CTA against the plaintiffs in that action—Samantha Smith and Robert Means—and their related entities, and FinCEN is also not currently enforcing the requirements of 31 C.F.R. § 1010.380 against any individual or entity. Reporting companies are, therefore, not currently required to file beneficial ownership information with FinCEN. Reporting companies may continue to voluntarily submit beneficial ownership information reports, free of charge, using FinCEN’s E-Filing system. More information is available at fincen.gov/boi.