

## Anti-Money Laundering

March 4, 2025

### **FinCEN Announces No Fines or Penalties Under the CTA Pending New Rulemaking, New Narrowed Enforcement Scope**

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As discussed in our prior [client alert](#), following the February 18 decision by the U.S. District Court for the Eastern District of Texas in *Smith v. U.S. Dep't of Treasury* to stay a nationwide injunction it previously entered pending an appeal to the Fifth Circuit, compliance with the Corporate Transparency Act's (CTA) beneficial ownership information (BOI) reporting requirements became—once again—compulsory.<sup>1</sup> Shortly thereafter, the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), which is tasked with enforcing the CTA, announced that it has extended the BOI reporting requirement deadline for most companies to March 21.

In the same announcement, FinCEN previewed that it “intends to initiate a process this year to revise the beneficial ownership information reporting rule to reduce [the] burden for lower-risk entities, including many U.S. small businesses.”<sup>2</sup>

On Thursday, February 27, FinCEN issued a subsequent notice stating the following:

1. It will “not issue any fines or penalties or take any other enforcement actions against any companies based on any failure to file or update beneficial ownership information (BOI) reports pursuant to the CTA by the current deadlines,” i.e., of March 21 or later, until the forthcoming interim rule becomes effective and new due dates are promulgated.
2. It will “issue an interim final rule that extends BOI reporting deadlines” no later than March 21, 2025.
3. It will “solicit public comment on potential revisions to existing BOI reporting requirements.”<sup>3</sup>

On Sunday, March 2, FinCEN further announced that “with respect to the CTA, not only will it not enforce any penalties or fines associated with the beneficial ownership information reporting rule under the existing regulatory deadlines, but **it will further not enforce any penalties or fines against U.S. citizens or domestic reporting companies or their beneficial owners after the forthcoming rule changes take effect either.**”<sup>4</sup> Notably, even domestic reporting companies that are owned by foreign beneficial owners will not have to report under the current guidance. In the notice, FinCEN advised it would be issuing a proposed rule that would “narrow the scope of the rule to **foreign reporting companies only.**”<sup>5</sup>

In granting a reprieve of the application of the CTA to domestic reporting companies, FinCEN appears to be responding to industry criticism that the CTA imposes undue burdens on business and that better CTA compliance guidance should be issued. However, last week's announcement and the forthcoming new rules will not be the final word on the CTA. As discussed in our prior client alerts, there is ongoing litigation challenging the constitutionality of the CTA.<sup>6</sup> In addition, legislation was unanimously passed by the House<sup>7</sup> and is pending in the Senate<sup>8</sup> to extend the CTA's BOI reporting deadline to January 1, 2026. Lastly, even if the current administration suspends enforcement of the CTA as to U.S. citizens, domestic reporting companies, and the beneficial owners of domestic reporting companies, so long as the CTA remains a law on the books, a future administration could choose to reinvigorate it.

As has been the case over the past few months for all things CTA, stay tuned.

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<sup>1</sup> *Smith v. U.S. Dep't of Treasury*, 6:24-cv-00336 (E.D. Tex. Feb. 18, 2025).

<sup>2</sup> FinCEN, FIN-2025-CTA1, “FinCEN Extends Beneficial Ownership Information Reporting Deadline by 30 Days; Announces Intention to Revise Reporting Rule,” Feb. 18, 2025, [available here](#).

<sup>3</sup> FinCEN, “FinCEN Not Issuing Fines or Penalties in Connection with Beneficial Ownership Information Reporting Deadlines,” Feb. 27, 2025, [available here](#).

<sup>4</sup> U.S. Dep't of Treasury, “Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies,” Mar. 2, 2025, [available here](#).

<sup>5</sup> *Id.*

<sup>6</sup> See, e.g., “Déjà Vu All Over Again: Fifth Circuit Vacates Its Own Stay; CTA Compliance Is Now Optional Once Again (for Now),” Dec. 27, 2024, [available here](#); “Lump of Coal in the CTA Stocking: Texas Federal Court of Appeals Stays Injunction Against Corporate Transparency Act,” Dec. 24, 2024, [available here](#); and “Texas Federal District Court Rules Corporate Transparency Act Likely Unconstitutional, Issues Nationwide Preliminary Injunction,” Dec. 4, 2024; [available here](#).

<sup>7</sup> The Protect Small Business from Excessive Paperwork Act of 2025, H.R. 736, [available here](#).

<sup>8</sup> United States Senate Committee on Banking, Housing, and Urban Affairs, “Scott Leads Effort to Ease Burdens on Small Business,” Feb. 12, 2025, [available here](#).

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