



Legal Disclaimer

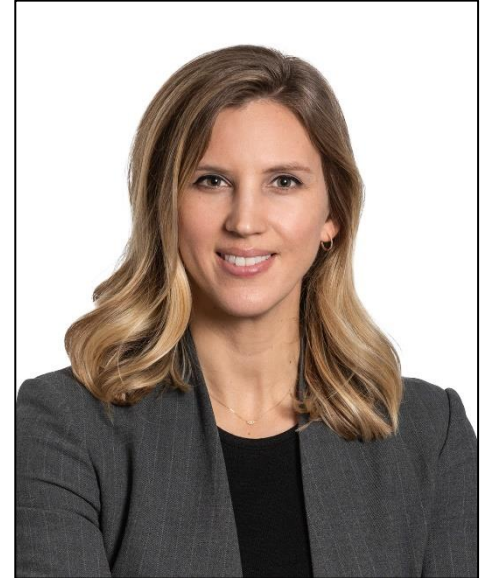
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Panelists



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CTA Compliance in 2025: What's Changed & What's Next

March 20, 2025

Seyfarth Shaw LLP

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What Is the CTA?

- The Corporate Transparency Act of 2020 (the “CTA”) became effective January 1, 2024.
- The stated purpose of the CTA is to:

“Protect the U.S. financial system from illicit use and impeding malign actors from abusing legal entities, like shell companies, to conceal proceeds of corrupt and criminal acts.” - FinCEN

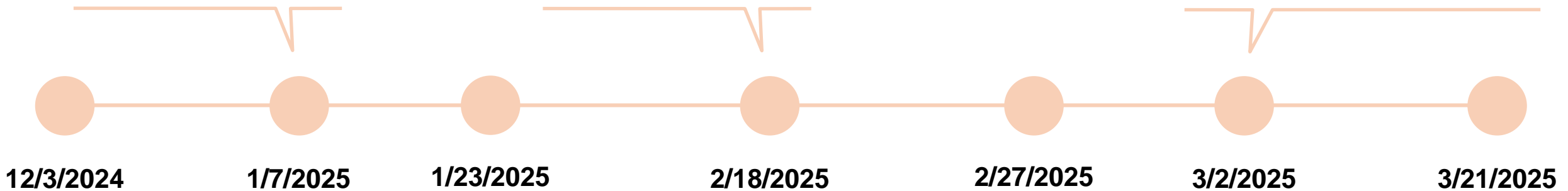
- Simply put, the CTA seeks the disclosure of entity ownership and the prevention of money laundering.
- Filings are made with a federal agency: Financial Crimes Enforcement Network (“FinCEN”).

Timeline of Recent CTA Developments

US District Court for the Eastern District of Texas in the Smith case issues a separate nationwide preliminary injunction **blocking enforcement** of the CTA

After the Court in the Smith case stayed its preliminary CTA injunction, FinCEN reinstates BOI reporting requirements and **extends the filing deadline** to March 21

Treasury **expands relief**, suspending penalties for US entities and proposing to limit BOI reporting to foreign companies



12/3/2024

1/7/2025

1/23/2025

2/18/2025

2/27/2025

3/2/2025

3/21/2025

US District Court for the Eastern District of Texas in the Top Cop Shop case issues a nationwide preliminary injunction which **blocks enforcement** of the CTA

US Supreme Court stays the Top Cop Shop injunction, allowing **enforcement to resume**

FinCEN announces a **temporary pause** on enforcement until an interim final rule is issued, expected no later than March 21

FinCEN is expected to **issue an interim final rule**, establishing new reporting deadlines and potential revisions to BOI requirements

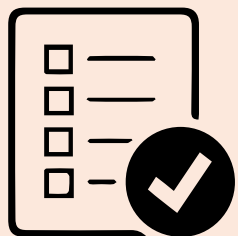
Who is Required to Report?

- “Reporting Companies” – Domestic & Foreign

Unless covered by an exemption, the CTA’s reporting requirements apply to any entity created by, or registered to do business in the United States by, the filing of a document with a Secretary of State (or similar office in the United States).

- Corporations, limited liability companies, limited partnerships, and statutory trusts are generally covered.
- Sole proprietorships, general partnerships, and common law trusts are generally not covered.

Exemptions: Regulated Entities



There are **23** exemptions. In general, they include many entities that already are subject to substantial federal or state regulation under which beneficial ownership already may be known.

If an entity loses an exemption, it has 30 days to make the required filing.

For example, **regulated entities** that may be exempt include: (i) entities that file reports with the SEC, (ii) government authorities, (iii) banks, (iv) credit unions, (v) money services businesses, (vi) investment advisors, (vii) securities brokers and dealers, (viii) insurance companies, (ix) state-licensed insurance producers, (x) pooled investment vehicles, (xi) public utilities, and (xii) accounting firms.

Exemptions: Other Notable Exemptions

- A **large operating company** is an entity that (i) employs more than 20 full time employees in the U.S., (ii) has an operating presence at a physical office in the U.S. that the entity owns or leases, and (iii) has filed federal income tax or information return in the U.S. for the previous year demonstrating more than \$5 Million in gross receipts or sales on IRS form 1120 or other applicable forms, excluding gross receipts or sales from sources outside the U.S.
- **Tax exempt** entities
- **Wholly owned subsidiaries** of certain exempt entities
- An **inactive entity** (narrowly defined)

Required Filings and Due Dates

	All Entities
Filing Deadline for Initial BOIR	The later of (i) March 21, 2025, (ii) 30 days after formation of the entity, and (iii) the extended date announced by FinCEN for entities eligible for disaster relief extensions
“Company Applicant” Information	✓
“Beneficial Ownership” Information	✓

- Filing system is online through FinCEN’s website
- **Updated or Corrected reports:** must be filed within 30 days after a change or discovery of inaccuracy of reportable information
- Deadline for exempt Entities that lose exempt status is 30 days after change in status

Stay Prepared



Questions?

