



## **News Flash: St. Johns Wins NCAA Tournament ... Wait, Isn't It April 1?**

**March 27, 2025**

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# U.S. Treasury Department Suspends Enforcement of Corporate Transparency Act Against Domestic Reporting Companies and U.S. Citizens; Foreign Reporting Companies Will Receive Another Reporting Deadline Extension

March 27, 2025



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On March 2, 2025, the U.S. Treasury Department announced it will not enforce any penalties or fines against U.S. citizens, domestic reporting companies, or beneficial owners of domestic reporting companies under the Corporate Transparency Act (CTA).<sup>1</sup> The Treasury Department further announced that it plans to issue a proposed rule that will narrow the scope of the CTA's reporting requirements to apply solely to foreign reporting companies.<sup>2</sup>

The CTA regulations define a “domestic reporting company” as an entity that is “created by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe.”<sup>3</sup> A “foreign reporting company” is defined as an entity that is formed under the law of a foreign country and registered to do business in any State or tribal jurisdiction by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe.<sup>4</sup>

The Treasury Department's March 2 announcement largely eviscerates the CTA, at least for now. Foreign reporting companies are estimated to constitute a small fraction of the entities to which the CTA was intended to apply.<sup>5</sup> The March 2 announcement also supersedes a February 27, 2025 announcement by the Treasury Department's own Financial Crimes Enforcement Network (FinCEN), in which FinCEN stated it will not issue fines or penalties against reporting companies (domestic or foreign) that fail to file or update beneficial ownership information reports by the current deadline of March 21, 2025.<sup>6</sup> FinCEN also announced it intends to issue by March 21, 2025 an interim final rule extending the reporting deadlines.<sup>7</sup> The Treasury Department's March 2 announcement did not specify a timeframe for the issuance of such a rule.

This is likely not the last significant development regarding the CTA, even for domestic reporting companies and U.S. citizens. While the forthcoming proposed rulemaking can be expected to focus on foreign reporting companies, the beneficial owners of such companies may include U.S. citizens. Court proceedings contesting the constitutionality of the CTA are still pending in several courts. Legislation is pending in Congress that would postpone the reporting deadline to January 1, 2026, and the Treasury Department's March 2 announcement may strengthen efforts in Congress to repeal the CTA outright. Moreover, the Treasury Department's position not to enforce the CTA against domestic reporting companies may be challenged in court, or could be reversed by a future presidential administration.

We will continue to monitor developments regarding the CTA as they occur.

<sup>1</sup> Press Release, U.S. Dep't of the Treasury, Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies (Mar. 2, 2025), *available at* <https://home.treasury.gov/news/press-releases/sb0038> (last accessed Mar. 4, 2025).

<sup>2</sup> *Id.*

<sup>3</sup> 31 C.F.R. § 1010.380(c)(1). The term “State” means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other commonwealth, territory, or possession of the United States. *Id.* at (f)(9).

<sup>4</sup> 31 C.F.R. § 1010.380(c)(1).

<sup>5</sup> As of September 2022, FinCEN estimated that foreign entities would constitute 70,933 of the total number of 36,510,573 reporting entities, or less than 0.2%. 87 Fed. Reg. 59,498, 59,565 (Sept. 30, 2022).

<sup>6</sup> *FinCEN Not Issuing Fines or Penalties in Connection with Beneficial Ownership Information Reporting Deadlines*, FinCEN, available at <https://www.fincen.gov/news/news-releases/fincen-not-issuing-fines-or-penalties-connection-beneficial-ownership> (last accessed Mar. 4, 2025).

<sup>7</sup> *Id.*

# Stop! In the Name of Love...Err States' Rights?

March 27, 2025



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A recent decision by the United States District Court for the Northern District of New York (the "Court") concluded that a federal court cannot prevent a state court foreclosure pursuant to the abstention doctrine set out by the Supreme Court of the United States in *Younger v. Harris*, 401 U.S. 37, 43-45 (1971) (the "Younger Doctrine"). The Court also held that a preliminary injunction is prohibited under the Anti-Injunction Act.

A *pro se* plaintiff, Susan Keir, filed a civil rights complaint asserting that the defendants were collecting unconstitutional taxes and attempting a non-judicial foreclosure of Keir's private property.<sup>[1]</sup> Keir simultaneously filed a motion for preliminary injunction (the "PI Motion") seeking to enjoin the Ulster County defendant from proceeding with foreclosure in county court.<sup>[2]</sup>

The PI Motion provides that Keir purchased approximately 15 acres of land in Wallkill, Ulster County, New York in 1993. Around 1994, Keir's property was reclassified to rural residential, which Keir claimed was so that unconstitutional taxes could be placed on the property under the threat of foreclosure if Keir did not pay.<sup>[3]</sup> Keir begrudgingly paid such taxes until 2022, when Keir sent a cease and desist letter to the Ulster County Department of Finance along with a Freedom of Information Act ("FOIA") request inquiring about the constitutionality of the tax. In 2024, Keir sent another cease and desist letter to the Ulster County Department of Finance with an additional FOIA request inquiring about the constitutionality of the tax.<sup>[4]</sup>

The Younger Doctrine prohibits the enjoining or otherwise interfering with ongoing state proceedings.<sup>[5]</sup> The Court reasoned that because foreclosure actions concern the disposition of real property, implicate important state interests and state proceedings provide plaintiffs with a sufficient forum to plead their case, the Younger Doctrine is applicable in attempts to enjoin state court foreclosure proceedings. Thus, the Court found that Keir's PI Motion was barred by the Younger Doctrine because it sought to enjoin the foreclosure of her private property.<sup>[6]</sup>

The Court further rationalized that pursuant to the Anti-Injunction Act, a district court may only grant an injunction of any state court proceedings in three limited circumstances: (i) if expressly authorized by Act of Congress; (ii) where necessary to aid its jurisdiction; or (iii) to protect or effectuate its judgments.<sup>[7]</sup> In particular, courts have continuously held that the Anti-Injunction Act prevents a federal court from enjoining state court eviction proceedings. The Court ultimately concluded that because Keir's PI Motion did not fall within one of the three specific exceptions, the PI Motion was also prohibited by the Anti-Injunction Act.<sup>[8]</sup>

The purpose of a preliminary injunction is to prevent harm until a full trial can determine the merits of a case. Thus, the party seeking a preliminary injunction has the burden of proof. Here, the PI Motion did not meet that burden.

<sup>[1]</sup> *Keir v. Schoeberl, et al.*, 1:25-cv-056 (N.D.N.Y. 2025).

<sup>[2]</sup> *Keir v. Schoeberl*, at 1.

<sup>[3]</sup> *Id.* at 2.

<sup>[4]</sup> *Id.*

<sup>[5]</sup> *Keir v. Schoeberl*, at 3.

<sup>[6]</sup> *Id.* at 4.

<sup>[7]</sup> *Id.* at 5.

<sup>[8]</sup> *Keir v. Schoeberl*, at 5.

# FinCEN Releases New Corporate Transparency Act Rule Exempting U.S. Entities and U.S. Beneficial Owners

March 27, 2025



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On March 21, 2025, the Financial Crimes Enforcement Network (“FinCEN”) released a new interim final rule that exempts U.S. entities and U.S. beneficial owners from the reporting requirements of the Corporate Transparency Act (“CTA”).<sup>1</sup> Under the interim final rule, which was published in the Federal Register on March 26, 2025, only foreign reporting companies, their non-U.S. beneficial owners, and company applicants are subject to the CTA’s reporting requirements.<sup>2</sup>

FinCEN’s new interim final rule redefines the term “reporting company” to include only entities that are both “formed under the law of a foreign country” and “[r]egistered to do business in any State or tribal jurisdiction by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe.”<sup>3</sup> A “State” is defined as “any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other commonwealth, territory, or possession of the United States.”<sup>4</sup> The new rule also specifically exempts “domestic entities,” which include each “corporation, limited liability company, or other entity” that is “[c]reated by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe.”<sup>5</sup>

Foreign reporting companies are not required to report beneficial ownership information (“BOI”) for any U.S. persons who are beneficial owners, and U.S. persons are exempt from the requirement to provide BOI “with respect to any reporting company for which they are a beneficial owner.”<sup>6</sup> Foreign reporting companies with only U.S. beneficial owners are exempt from the requirement to report beneficial owners, but continue to be required to submit BOI reports to FinCEN that include information, such as the entity’s full legal name, tax identification number, and company applicants.<sup>7</sup>

Notably, the new rule does not exempt U.S. persons from the requirement for reporting companies to provide the identifying information of company applicants. Thus, U.S. persons who are involved in a non-U.S. entity’s filing of a registration to do business in a U.S. state or tribal jurisdiction may still be required to provide their name, address, and a unique identifying number from an identification document, such as a driver’s license.<sup>8</sup>

The deadline for a foreign reporting company to file an initial BOI report, or to update or correct a previously filed BOI report, is April 25, 2025 or 30 days after the reporting company’s first registration to do business in the United States, whichever comes later.<sup>9</sup>

This is likely not the last significant development regarding the CTA, even for domestic reporting companies and U.S. citizens. FinCEN is accepting comments on the interim final rule through May 27, 2025. While the interim final rule focuses on foreign reporting companies, a U.S. citizen who is a company applicant for a foreign reporting company must still provide identifying information on the entity’s BOI report. Court proceedings contesting the constitutionality of the CTA are still pending in several courts, and the Fifth Circuit has requested briefing from the parties in one of the cases in light of the new rule.<sup>10</sup> Legislation is pending in Congress that would postpone the reporting deadline to January 1, 2026.<sup>11</sup> And the Treasury Department’s March 2 announcement and FinCEN’s corresponding new rule may strengthen efforts in Congress to repeal the CTA outright. Moreover, the Treasury Department’s decision not to enforce the CTA against domestic reporting companies could be challenged in court, or could be reversed by a future presidential administration.

We will continue to monitor developments regarding the CTA as they occur.

Appendix available [here](#).

**1** *FinCEN Removes Beneficial Ownership Reporting Requirements for U.S. Companies and U.S. Persons, Sets New Deadlines for Foreign Companies*, FinCEN, available at <https://fincen.gov/news/news-releases/fincen-removes-beneficial-ownership-reporting-requirements-us-companies-and-us> (last accessed Mar. 26, 2025).

**2** Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, 90 Fed. Reg. 13688 (Mar. 26, 2025) [hereinafter Interim Final Rule], available at <https://www.federalregister.gov/documents/2025/03/26/2025-05199/beneficial-ownership-information-reporting-requirement-revision-and-deadline-extension> (last accessed Mar. 26, 2025). Appended to this publication is a redlined version of FinCEN's announced changes to 31 C.F.R. § 1010.380. All citations to this redlined document are referred to as "Redlined 31 C.F.R. § 1010.380."

**3** Redlined 31 C.F.R. § 1010.380(c)(1)(ii).

**4** *Id.* at (f)(9).

**5** *Id.* at (c)(2)(xxiv).

**6** *Id.* at (d)(4)(i) and (ii).

**7** *Id.* at (d)(4)(i); *see also* Interim Final Rule, *supra* note 2, at 13690.

**8** *See* Redlined 31 C.F.R. § 1010.380(e)(2) and (3).

**9** Interim Final Rule, *supra* note 2, at 13690.

**10** Court Directive, *Texas Top Cop Shop, Inc. v. Bondi*, No. 24-40792 (5th Cir. Mar. 24, 2025), ECF No. 344.

**11** The U.S. House of Representatives passed the *Protect Small Businesses from Excessive Paperwork Act of 2025* (H.R. 736) unanimously on February 10, 2025. A companion bill, S.505, is still pending in the U.S. Senate.

## Real Estate Team Welcomes Matthew Peters

March 27, 2025

Cadwalader's Real Estate team is thrilled to welcome **Matthew Peters** as a new special counsel in our London office.

Matt, who joined Cadwalader on March 17 from another leading global firm, focuses on corporate real estate and real estate private equity, including corporate and investment property acquisitions and disposals, joint ventures, and corporate restructurings and reorganizations, particularly with regard to hotel portfolios, hotel and residential and logistics sites, with a focus on developments.

Learn more about Matt [here](#).

## Steven Herman Earns 2025 JD Supra Readers' Choice Award

March 27, 2025

For the fourth year in a row, Cadwalader senior counsel [Steven Herman](#) was recognized with a 2025 Readers' Choice Award as selected by *JD Supra*, a daily provider of legal intelligence to more than a half-million readers.

Steve won a Top Author award in the Real Estate category. According to their [official announcement](#), *JD Supra* highlighted 344 authors selected from over 70,000 contributors for "the visibility and engagement their thought leadership earned among readers."