

Brian Shaw and David Doyle co-authored a Law360 article addressing the need for clearer guidance on the Corporate Transparency Act (CTA), enacted by Congress in 2021. The CTA mandates that businesses report information about their beneficial owners to combat financial crimes such as money laundering and tax fraud. Non-compliance with CTA filing requirements can result in civil and criminal fines and penalties.

With over 20 exceptions to the CTA, there is ambiguity regarding whether Chapter 7 and 11 trustees must comply with its reporting obligations. Last month, the Financial Crimes Enforcement Network (FinCEN) indicated that a Chapter 7 trustee is not considered a senior officer of a reporting company and thus is not liable under the CTA. However, further clarification is needed on what qualifies a trustee as a senior officer. The article also calls for additional guidance for other fiduciaries overseeing bankruptcies.

In a recent bankruptcy case, the bankruptcy administrator argued to FinCEN that the Chapter 7 trustee should not be required to report on the debtor's behalf, emphasizing the trustee's role as an independent third party. FinCEN agreed that the Chapter 7 trustee was not required to report, but clarified that this decision was not based on the trustee's third-party status. Instead, FinCEN explained that holding the title of "Chapter 7 trustee" does not automatically categorize one as a senior officer.

Several gray areas remain that require more detailed guidance from FinCEN to ensure accurate compliance with the CTA.

[Click here to read the full article.](#)



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