

Anti-Money Laundering

December 24, 2025

Almost Two Years After Signing, Governor Hochul Vetoes NY LLC Transparency Act Amendments

By [Robert A. Johnston Jr.](#), [Paula A. Ladd](#), and [Samantha Sigelakis-Minski](#)

On December 19, New York Governor Kathy Hochul vetoed [Senate Bill 8432](#) (SB8432), which was introduced to modify the existing New York Limited Liability Company Transparency Act (NYLLCTA).¹ With the veto in place, when the NYLLCTA takes effect on January 1, 2026, only non-U.S. entities will be required to report, given the fact that the NYLLCTA incorporates by reference the definitions in the federal Corporate Transparency Act (CTA), which was modified earlier this year to apply only to non-U.S. companies.² Therefore, U.S. LLCs and foreign LLCs wholly owned by U.S. persons no longer have a reporting obligation under the NYLLCTA. If SB8432 had passed, the New York legislature would have had the opportunity to redefine certain terms in the NYLLCTA to keep U.S. entities in scope for reporting.

Background

The NYLLCTA was originally signed into law in 2024 to target individuals that create LLCs to commit money laundering offenses like tax evasion, facilitation of organized crime, corruption, and other forms of financial crimes.³ When enacted, the NYLLCTA wholly adopted defined terms from the CTA, including the definition of "beneficial owner" and "reporting company."⁴ The NYLLCTA also allowed entities to file a copy of its CTA filing in lieu of a new filing, and allowed exempt entities to use the 23 exemptions from the CTA.

In March 2025, due to change in enforcement priorities with the new federal administration, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) introduced an interim final rule changing the definition of "reporting company" in the CTA.⁵ The practical application of this change was to remove U.S. companies from reporting altogether, along with foreign companies that are wholly owned by U.S. individuals. The rationale for the change emphasized that U.S. companies and persons were less of a national security threat than foreign nationals.

To close the loophole left by the CTA's interim final rule, the New York State Senate introduced SB8432 in June. However, SB8432 would only have allowed New York State government to change the definitions of key terms in the NYLLCTA incorporated from the CTA, but did not suggest any alternative applicable definitions. Since the NYLLCTA is scheduled to take effect in January 2026, this would have left New York lawmakers with little to no time to adopt new defined terms in time for compliance.

Future of the NYLLCTA

Governor Hochul's veto of the proposed amendments so close to the end of year means that the New York State Senate does not have recourse to revise SB8432 or otherwise modify the NYLLCTA. The rationale for the veto was to keep New York State in conformity with federal regulations and to not burden New York businesses, residents, and entities wanting to do business in New York with an additional compliance burden beyond what the CTA regulates.

Given that the CTA's current defined terms are still incorporated by reference, starting on January 1, 2026, the NYLLCTA will only apply to foreign limited liability companies that are not wholly owned by U.S. citizens and have a filing to do business in New York. It is anticipated that entities will avoid this reporting obligation by either (1) deregistering in New York, (2) creating a U.S.-domiciled subsidiary, or (3) transferring ownership of such entities to U.S. persons. While there has not been any data populated on the reporting entities, it is unlikely to be a large number.

Our Thoughts:

What was not addressed in either SB8432 or the governor's veto was how foreign companies in-scope for the NYLLCTA are meant to make the requisite beneficial ownership reports, since New York State has not issued a report form or launched a platform for reporting on its website. There is not even a centralized e-mail or traditional mailing address indicated anywhere in the NYLLCTA for these in-scope companies to manually send reports or copies of their CTA report. We predict additional issues arising out of this uncertainty on how to comply with the NYLLCTA as 2026 progresses.

Governor Hochul's veto of SB8432 was not expected by lawmakers, given her enthusiastic response to NYLLCTA as originally drafted. However, businesses in New York can now breathe easier knowing that there will be no reporting obligation in the term.

If you are unsure whether the NYLLCTA is applicable to you or wish to otherwise discuss its implications, feel free to contact one of the listed authors of this client alert, or collectively at LSAMTeam@lowenstein.com.

¹ New York LLC Transparency Act (S.995/A.3484).

² 31 U.S.C. § 5336.

³ *Senate Bill S8439B Summary*, New York State Senate, <https://www.nysenate.gov/legislation/bills/2021/S8439>.

⁴ "Beneficial Owner," like in the CTA, is defined as any individual who, directly or indirectly, either exercises substantial control over such reporting company or owns or controls 25% or more of the ownership interest of such reporting company. See LLC Transparency Act, N.Y. S.995 (2023); see also 31 U.S.C. Section 5336(a)(11)(B).

⁵ Our prior client alert on the interim final rule can be found [here](#). See also "FinCEN Removes Beneficial Ownership Reporting Requirements for U.S. Companies and U.S. Persons, Sets New Deadlines for Foreign Companies," Mar. 21, 2025, available [here](#). For the full text of the interim final rule, see "Beneficial Ownership Information Reporting Requirement Revision and Deadline," March 21, 2025, available [here](#).

Contacts

Please contact the listed attorneys for further information on the matters discussed herein.

ROBERT A. JOHNSTON JR.
Partner
T: 202.753.3790
johnston@lowenstein.com

PAULA A. LADD
Senior Counsel
T: +1 646.414.6975
pladd@lowenstein.com

SAMANTHA SIGELAKIS-MINSKI
Associate
T: +1 646.414.6934
ssigelakisminski@lowenstein.com

NEW YORK

PALO ALTO

NEW JERSEY

UTAH

WASHINGTON, D.C.

This Alert has been prepared by Lowenstein Sandler LLP to provide information on recent legal developments of interest to our readers. It is not intended to provide legal advice for a specific situation or to create an attorney-client relationship. Lowenstein Sandler assumes no responsibility to update the Alert based upon events subsequent to the date of its publication, such as new legislation, regulations and judicial decisions. You should consult with counsel to determine applicable legal requirements in a specific fact situation. Attorney Advertising.