

FEDERAL COURT GRANTS SUMMARY JUDGMENT AND INJUNCTION IN FAVOR OF PLAINTIFFS WHO CHALLENGED THE CONSTITUTIONALITY OF THE CORPORATE TRANSPARENCY ACT

On March 1, 2024, in *National Small Business United, d/b/a the National Small Business Association, et al. v. Yellen, et al.*, a U.S. District Judge in the Northern District of Alabama, Northeastern Division, ruled that the Corporate Transparency Act (the "CTA") exceeds the Constitution's limits on Congress's power (memorandum opinion [available here](#)). In addition to granting summary judgment in favor of the plaintiffs, the court has enjoined the U.S. Department of the Treasury, including FinCEN, from enforcing the CTA against the plaintiffs.

On March 4, 2024, FinCEN indicated in a news release ([available here](#)) that:

- it will comply with the court's order for as long as it remains in effect; and
- the plaintiffs (Isaac Winkles, reporting companies for which Isaac Winkles is the beneficial owner or applicant, the National Small Business Association, and members of the National Small Business Association as of March 1, 2024) are not required to report beneficial ownership information to FinCEN at this time.

These statements appear to indicate that FinCEN expects in-scope legal entities that are not plaintiffs in this case to continue to comply with applicable CTA reporting requirements. Accordingly, entities that are not plaintiffs in *National Small Business United v. Yellen* should at this time generally continue to gather the information needed to file their beneficial ownership interest reports by the applicable deadline. Details concerning the CTA's reporting requirements and exemptions are provided in our prior briefing ([available here](#)).

It is likely that the U.S. federal government will appeal this ruling and other parties may seek to file similar lawsuits in this or other federal courts. We will closely track any ongoing developments related to the CTA's constitutionality and enforceability and any changes in the underlying legislation.

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