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April 18, 2024

Corporate Transparency Act Could Survive 11th Circ. Several Ways



The Corporate Transparency Act is an extensive new anti-money laundering law that went into effect Jan. 1. It requires the disclosure to the U.S. Department of the Treasury's Financial Crimes Enforcement Network of detailed information regarding owners, officers, and control persons by most entities formed or registered to do business in the United States.

The CTA represents the most significant revision to the U.S.' antimoney laundering compliance framework in nearly two decades. The law seeks to address the concern that entities in the United States may be anonymously formed and used to achieve a number of nefarious aims, such as obscuring the conduct of criminal enterprises, hiding the proceeds of corruption and evading U.S. economic sanctions.

The CTA has been subject to criticism in relation to the significant new compliance burdens it places on business, as well as the privacy implications of FinCEN collecting personal information regarding individuals associated with reporting companies. One prominent critic, the National Small Business Association, a business advocacy organization, recently succeeded in its legal challenge to the CTA.

On March 1, the U.S. District Court for the Northern District of Alabama held in *National Small Business United v. Janet Yellen* that the CTA was unconstitutional because it exceeded Congress' enumerated powers. The Alabama district court entered an injunction halting enforcement of the CTA as to the plaintiffs in that matter — the NSBA and one of its individual members, business owner Isaac Winkles.

Unsurprisingly, on March 11, the government appealed the ruling to the U.S. Court of Appeals for the Eleventh Circuit, which appears to have granted expedited treatment to the appeal.

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