

# Candal

Advisors Group

2024

## Legal Newsletter

**Corporate Transparency Act (“CTA”)**





**NOTICE  
REGARDING  
NATIONAL SMALL  
BUSINESS UNITED  
V. YELLEN, NO.  
5:22-CV-01448 (N.D.  
ALA.)**

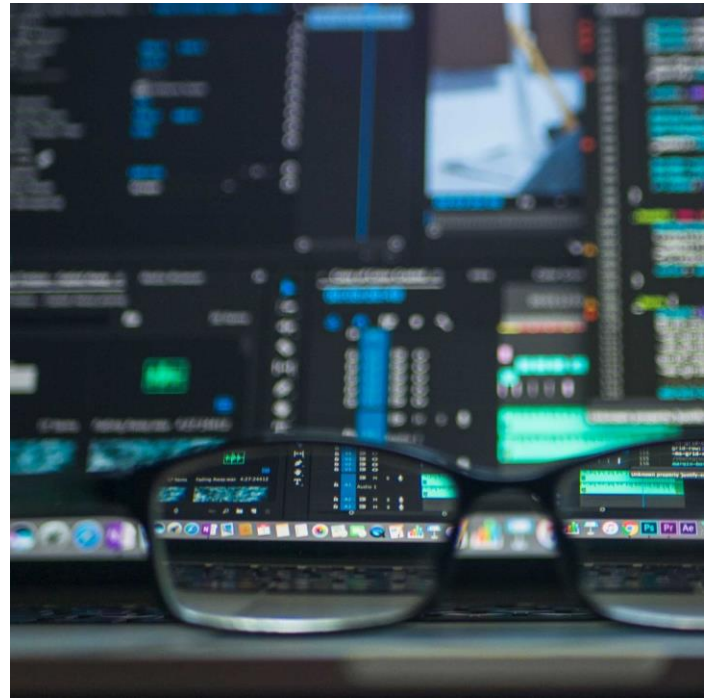
On March 1, 2024, in the case, *National Business United v. Yellen*, a federal district court in the Northern District of Alabama entered a final declaratory judgment concluding that the Corporate Transparency Act (“CTA”) exceeds the Constitution's limit on Congress's power and enjoining the Department of the Treasury and the Financial Crimes Enforcement Network (“FinCEN”) from enforcing the CTA against the plaintiffs.

Initially, the plaintiffs stated that the CTA's mandatory reporting requirements exceed the Constitution's limits on the legislative power, so this act of the Congress lacks constitutionality and, consequently, violates the First, Fourth, Fifth, Ninth, and Tenth Amendments of the Constitution as personal information must be disclosed to the FinCEN through State-registered entities, or risk monetary fines or years in prison in case of failure to comply with the requirements of the CTA. Nonetheless, the court did not rule on violating the Amendments, as it only found it necessary to address the lack of Congress's power.

It is important to note that the legal proceedings are ongoing. On March 11, 2024, the Department of Justice filed a Notice of Appeal on behalf of the Department of the

Treasury. This means that while the litigation is ongoing, FinCEN will continue to implement the CTA as required by Congress, and will also comply with the court's order for as long as it remains in effect.

As a result, other than the plaintiff, i.e., Isaac Winkles, reporting companies for which Isaac Winkles is the beneficial owner or applicant, the NSBA, and members of the NSBA, reporting companies are still required to comply with the law and file beneficial ownership reports as provided in FinCEN's regulations.



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