

Justice Department Files Appeal in CTA Enforceability Case

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As discussed in [our previous client advisory](#), earlier this month, the U.S. District Court for the Northern District of Alabama entered a final declaratory judgment concluding that the Corporate Transparency Act (“CTA” or the “Act”) exceeds Constitutional limits on Congressional power. Accordingly, the Court enjoined the Treasury Department and the Financial Crimes Enforcement Network (“FinCEN”) from enforcing the Act’s “Beneficial Ownership Information” (“BOI”) disclosure requirements against the plaintiffs. On March 11, the Justice Department, on behalf of the Treasury Department and FinCEN, filed a [Notice of Appeal](#) in the U.S. Court of Appeals for the Eleventh Circuit.

Perhaps the biggest question left unanswered by the district court’s decision was whether FinCEN may enforce the CTA against non-parties to the lawsuit. In a [press release](#) published contemporaneously with the Notice of Appeal, FinCEN stated that only the plaintiff and its members were subject to the injunction. “Other than the particular individuals and entities subject to the court’s injunction.” FinCEN writes, “reporting companies are still required to comply with the law and file beneficial ownership reports as provided in FinCEN’s regulations.”

Parties to the suit include Isaac Winkles, reporting companies for which Isaac Winkles is the beneficial owner or applicant, the National Small Business Association (“NSBA”), and all members of the NSBA as of March 1, 2024, the day the U.S. District Court rendered its decision. The NSBA is a nonprofit trade group representing over 65,000 entities. Notably, this decision does not impact reporting companies created or registered in 2024. A new reporting company must file its BOI report 90 calendar days after receiving actual or public notice that its creation or registration is effective.

For more information, please reach out to [Jeffrey Hunter](#), [Matthew Luzadder](#), [Wendy Clarke](#) or [Aaron Rosenfeld](#).