

# CLIENT ALERT

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## **FINCEN RESPONSE TO ORDER ENTERED ENJOINING CORPORATE TRANSPARENCY ACT**

*by Mark R. High and Jon D. Cohen*

As we previously reported [here](#), on March 1, 2024, a United States District Court in Alabama entered an injunction against the United States, “permanently” enjoining the enforcement of the Corporate Transparency Act (the “CTA”). (See [Nat’l Small Business United et. al., v. Janet Yellen, et al.](#), Case No. 5:22-cv-1448 (N.D. Ala. 2024)). The CTA, which was adopted in 2021 and was effective as of January 1, 2024, is aimed at combatting international money laundering. It requires millions of companies to report information about their Beneficial Owners, i.e., those who ultimately own or control a company, to the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of the Treasury. Dickinson Wright has previously summarized the CTA in a Client Alert, available [here](#).

On March 4, 2024, [FinCEN issued a Notice regarding the case](#). In it, FinCEN acknowledged that it would not be enforcing the CTA against the plaintiffs in the case, Isaac Winkles and National Small Business United, as well as the members of National Small Business United (“NSBU”) existing as of March 1, 2024. Unstated but apparent is that FinCEN believes the CTA remains in effect for everyone else.

The next step may be that FinCEN appeals to the Alabama ruling. Or maybe this Notice indicates that FinCEN will accept this ruling, narrowly tailored as it is, and move on. We will see how that fares, especially in light of the multiple copycat suits that are sure to follow.

For now, companies should continue to monitor this topic. Companies existing before December 31, 2023, can stand back, with their filing deadline currently set at December 31, 2024. The CTA’s initial 90-day filing deadline for companies formed in 2024, however, is fast approaching, with companies formed on January 1, 2024, having a deadline at the end of March. There are severe penalties possible for non-compliant Reporting Companies. We expect new companies that are formed by persons other than Mr. Winkles or NSBU members to continue to observe those deadlines.

Dickinson Wright will continue to follow this matter closely and provide additional updates as more information becomes available.

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