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Corporate Transparency Law Challenged Again, This Time in Maine

By Caleb Harshberger

- **COURT:** US District Court District of Maine (Portland)
- **TRACK DOCKET:** 2:24-cv-00081-LEW

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A Maine resident is suing the Treasury Department, arguing that the Corporate Transparency Act and its beneficial ownership requirements are unconstitutional.

Cumberland, Maine resident William Boyle owns 90% of the membership interests of Loon Island, LLC and King Pines, LLC, two limited liability companies that own real estate in the state and “engage in exclusively intrastate commerce,” according to the complaint filed March 15 in US District Court for the District of Maine.

As of Jan. 1, companies created before this year are required to report their beneficial ownership—the identities and other information about the people who control the business—under the CTA. Companies that started after Jan. 1 have 90 days from their formation to report the information.

Treasury estimates about 32 million businesses are required to file the information, with about 5 million new businesses a year joining that list.

The suit is one of the first since US District Court for the Northern District of Alabama Judge Liles Burke ruled March 1 that the law requiring businesses to report their “beneficial ownership” to Treasury is unconstitutional. Burke’s ruling came in a suit brought by the National Small Business Association against Treasury.

That ruling applies only to the NSBA and its members, but attorneys, including the NSBA’s representative, expected it to be followed by additional challenges from businesses looking to avoid the reporting requirement and see the law shelved.

The Justice Department appealed Burke’s ruling to the Eleventh Circuit on March 11, in what could be a lengthy appeal process.

The Treasury Department in a statement emphasized that the Alabama ruling only applied to the plaintiff in that case and the millions of other businesses that don’t fall under it should continue operating as required under the law.

Boyle’s complaint argues the law exceeds the federal government’s power to regulate interstate commerce and asks the court to declare the CTA unconstitutional and to enjoin the government from trying to enforce the law against the plaintiff.

“Plaintiff Boyle objects to being forced to comply with the Act as an unconstitutional encroachment on the sovereignty of the State of Maine to regulate entity formation,” the complaint reads.

Daniel L. Rosenthal, Lee H. Bals, and K. Blair Johnson of Marcus Clegg represent the plaintiff.

The case is Boyle v. Yellen , D. Me., No. 2:24-cv-00081, case filed 3/15/24 .

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