

# Supreme Court clears way for corporate transparency law to take effect

*The act aims to stop fraud and money laundering by requiring most U.S. businesses to disclose which owners control more than 25 percent of the stock or equity.*

**By Justin Jouvenal**  
**Washington Post**

The Supreme Court cleared the way Thursday for a major corporate transparency law that requires millions of business to make new ownership disclosures in an effort to combat financial crimes.

The high court lifted a block on the enforcement of the Corporate Transparency Act while a federal Circuit Court of Appeals based in New Orleans weighs the law's constitutionality.

The act, which passed in 2021, requires most U.S. businesses to disclose which of its owners control more than 25 percent of the stock or hold a similar stake in equity. The law aims to expose bad actors who create shell companies to disguise their identities while carrying out money laundering, tax fraud, drug trafficking or the financing of terrorism. It would affect more than 32 million businesses.

Four businesses and others sued to block the law in federal court in Texas, claiming Congress had exceeded its powers and the act violated the constitutional rights of the businesses.

"The Act threatens cherished privacy and associational interests in those entities, upsets the careful balance between state and federal actors, and imposes chilling criminal consequences for millions of presumptively innocent people," the challengers wrote in a filing with the high court.

A federal judge issued a preliminary injunction barring the Treasury Department from implementing the law, finding the businesses were likely to succeed on the merits of the case. After additional legal wrangling, that ruling was upheld by the U.S.

Court of Appeals for the 5th Circuit. The federal government then asked the Supreme Court to lift the injunction.

Elizabeth B. Prelogar, who represented the Treasury Department when she was solicitor general during the Biden administration, wrote in court filings that it was crucial the law took effect.

The injunction “impedes efforts to prevent financial crime and protect national security, undermines the United States’ ability to press other countries to improve their own anti-money laundering regimes, and severely disrupts the ongoing implementation of the Act,” the filing said.

The Supreme Court did not give a reason it was lifting the injunction. Justice Neil M. Gorsuch wrote a separate opinion that concurred with the ruling, while only Justice Ketanji Brown Jackson noted a dissent.