



Office of the Illinois Attorney General Kwame Raoul



ATTORNEY GENERAL RAOUL LEADS LAWSUIT AGAINST TRUMP ADMINISTRATION RULE THAT GUTS CORPORATE TRANSPARENCY ACT

October 27, 2026

Corporate Transparency Act was Designed to Help Detect Money Laundering, Fraud

Chicago – Attorney General Kwame Raoul and Oregon Attorney General Dan Rayfield co-lead a coalition of 21 attorneys general in a lawsuit to stop the Trump administration from gutting the Corporate Transparency Act, which helps police and prosecutors catch money launderers, fraudsters and tax cheats.

[In their lawsuit](#), Raoul and the attorneys general challenge a new regulation that overturns a legal rule in the Corporate Transparency Act that requires businesses tell the federal government who actually owns and controls the business. Raoul and the coalition explain criminals often stash money in shell companies that are designed to hide from law enforcement and taxing authorities the personal information of those who own or control the business. The U.S. Treasury Department is using its Financial Crimes Enforcement Network (FinCEN) to exempt 99.9% of businesses from the law. FinCEN also announced it will purge all existing ownership data for those exempted businesses by February 2027.

“Yet again, the Trump administration is siding with bad actors and lawlessness over the interest of the American people – this time attempting to gut a bipartisan law intended to protect our country from fraudsters and money launderers,” Raoul said. “The administration’s rule will empower tax cheats while simultaneously depriving law enforcement of essential data used to stop and prevent financial crimes. I will continue to fight these attempts to erode the rule of law in this country.”

Congress passed the Corporate Transparency Act with bipartisan support in 2021 in response to a problem that has long plagued the country’s law enforcement and tax administration: the existence of secret shell corporations. The act created a U.S. Department of Treasury database of business owners, both foreign and domestic, that law enforcement can use to trace dirty money, track down stolen assets, expose financing of terrorism, and uncover bribes and political payoffs.

In the complaint, Raoul and the attorneys general assert that FinCEN’s rules make the Corporate Transparency Act nearly useless. In August 2026, FinCEN issued a rule that blew a massive hole in the act’s carefully designed reporting system by exempting all corporate entities formed in the United States from reporting any ownership information, while also exempting foreign entities from reporting any information about or from U.S. owners. And

without any advanced warning or opportunity for public comment, FinCEN went further and announced it would delete the ownership information already in the database, records that might include evidence of unsolved crimes.

Raoul and the attorneys general argue in their lawsuit that FinCEN:

- Violated the Corporate Transparency Act and Administrative Procedure Act.
- Skipped required legal steps before changing the rule.
- Acted arbitrarily and without a reasonable explanation.
- Failed to properly consult the secretary of Homeland Security and the U.S. attorney general before exempting nearly all businesses.
- Violated the separation of powers and the Take Care Clause of the U.S. Constitution.

Raoul and the coalition are asking the court to declare FinCEN's rule unlawful and require the agency to keep collecting and maintaining the ownership information database for law enforcement.

Joining Raoul and Rayfield in filing the lawsuit are the attorneys general of Arizona, California, Colorado, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Rhode Island, Virginia, Washington and Wisconsin.

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