

AG Brown sues to block the federal administration's gutting of the Corporate Transparency Act

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Attorney General Nick Brown has joined a coalition of 20 states in a lawsuit to stop the federal administration from gutting a law that helps banking regulators and law enforcement investigate shell companies and crack down on financial crime.

The law, the Corporate Transparency Act, requires corporations and limited liability companies to disclose to the federal government who actually owns and controls them. That matters because criminals often hide their money in shell companies—entities that exist on paper to obscure a company's ownership. Now the United States Treasury Department's Financial Crimes Enforcement Network, known as FinCEN, has exempted 99.9% of corporations from the law, making it nearly useless.

"The administration is sending a loud message to financial criminals that the federal government doesn't care what they do," Brown said. "Our office will fight this unlawful attempt to let corporations hide assets, dodge taxes, and evade scrutiny."

Congress passed the Corporate Transparency Act with bipartisan support in 2021. It created a Treasury database of owners of corporate entities that law enforcement can use to trace dirty money, track down stolen assets, and uncover bribes and political payoffs.

In August 2026, the Trump administration issued a rule exempting nearly every corporation from reporting. Then FinCEN went further, announcing it would delete the ownership information already in the database, records that likely include evidence of unsolved crimes. The states argue that would break multiple federal laws.

The lawsuit says 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.

If the states win, the court would throw out FinCEN's rule and require the agency to keep collecting and maintaining the ownership database for law enforcement.

The case, *State of Oregon v. Bessent*, is being filed today in U.S. District Court in Eugene.

The case is led by Oregon Attorney General Dan Rayfield and Illinois Attorney General Kwame Raoul. In addition to Brown, the attorneys general of Arizona, California, Colorado, Delaware, Washington, DC, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Rhode Island, Virginia, and Wisconsin joined the lawsuit.

[Read the complaint \(https://agportal-s3bucket.s3.us-west-2.amazonaws.com/Federal%20Litigation/FinCEN%20Rule%20Complaint%201%2010.27.26.pdf?VersionId=UKbuEgGtwyt4coMzB0BW0XKchO3D5KTD\).](https://agportal-s3bucket.s3.us-west-2.amazonaws.com/Federal%20Litigation/FinCEN%20Rule%20Complaint%201%2010.27.26.pdf?VersionId=UKbuEgGtwyt4coMzB0BW0XKchO3D5KTD)

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