

Austin J. Hepworth (UT 13238)
BELIEVE FIRST, LLC
549 W. 6300 S.
Murray, Utah 84123
(801) 550-7620
ahepworth@believe.legal

Jared Haynie
CAMBRIDGE LAW LLC
4610 S. Ulster Street, Suite 150
Denver, Colorado 80237
(303) 488-3338
jared@cambridgelaw.com
Pro Hac Vice Admission Pending

Attorneys for Plaintiffs

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

PHILLIP TAYLOR, an individual; THE PEOPLE RESTORED, LLC, a Utah limited liability company; THE PEOPLE RESTORED FOUNDATION, a Utah non-profit corporation; THE PEOPLE RESTORED, a private member community; RANCHERS CATTLEMEN ACTION LEGAL FUND UNITED STOCKGROWERS OF AMERICA, a Montana non-profit corporation; CROFTER MARKET, LLC, a Utah limited liability company; and UTAH OSR LAND COOPERATIVE, a Utah non-profit corporation,

Plaintiffs,

v.

JANET YELLEN, in her official capacity as the Secretary of the U.S. Department of the Treasury; U.S. DEPARTMENT OF THE TREASURY; ANDREA GACKI, in her

COMPLAINT

Civil No.:

Judge:

official capacity as Director of the Financial Crimes Enforcement Network; FINANCIAL CRIMES ENFORCEMENT NETWORK; and MERRICK GARLAND, Attorney General of the United States,

Defendants.

COME NOW Phillip Taylor, an individual; The People Restored, LLC, a Utah limited liability company; The People Restored Foundation, a Utah non-profit corporation; The People Restored, a private member community; Ranchers Cattlemen Action Legal Fund United Stockgrowers of America, a Montana non-profit corporation; Crofter Market, LLC, a Utah limited liability company; Utah OSR Land Cooperative, a Utah non-profit corporation, (together, “Plaintiffs”), by and through their counsel, and allege as follows:

PRELIMINARY STATEMENT

1. The Corporate Transparency Act, Pub. L. No. 116-283, 134 Stat. 4604, codified at 31 U.S.C. § 5336 (the “CTA” or the “Act”), a federal statute enacted on January 1, 2021, requires millions of individuals who form entities under state law to report “sensitive information,” *id.* § 5336 note (6), to the federal Financial Crimes Enforcement Network (“FinCEN”), ostensibly to help the government crackdown on financial crimes.

2. There are harsh penalties for noncompliance. Every person who is subject to the CTA faces heavy fines or jail time for failing to report the information (or update the information within 30 days of a change). Business owners have never faced compliance obligations of this sort with the federal government for doing nothing more than existing—and many still do not know about the CTA and could run afoul of the law through sheer ignorance or simple negligence.

3. Even those businesses that do know about the CTA still face a significant compliance

burden. Moreover, given the vague and ambiguous language of the law, there is no way for a business to know for sure that it has fully complied with the CTA's requirements.

4. The CTA's reporting requirements will apply to approximately 32.6 million "reporting companies" in 2024 and to an estimated 5 million additional companies per year thereafter, many of which are located in the State of Utah.

5. The primary stated purpose of the CTA is to enhance measures to combat financial crimes, such as money laundering and terrorism financing. A deep irony of these alleged efforts is that those laundering money and financing terrorism are already breaking the law; to state the obvious, another law requiring them to identify themselves to the government is unlikely to achieve its desired result.

6. In addition, the federal government has ventured into a realm that has a long and respected tradition of being solely the realm of the states—i.e., the regulation of business formation and the associated rules of business ownership. At the same time, the federal government is exposing its citizens to the international community by allowing information to be shared with other countries.

7. The Corporate Transparency Act violates the U.S. Constitution, and this Court should enjoin its enforcement against Plaintiffs and those who reside in this Court's jurisdiction.

8. Plaintiffs challenge the Corporate Transparency Act facially and as applied to Plaintiffs.

PARTIES

9. Plaintiff Phillip Taylor is an individual that is required to report as a beneficial owner under the CTA. He runs a variety of businesses and communities in the State of Utah and some that operate in multiple states.

10. Phillip Taylor would like to form a limited liability company in Utah for some cattle

operations that are intended to take place solely in Utah (and it is intended, among other things, that the meat will be sold exclusively in local communities in Utah)—but he has not formed the company due to the requirements of the CTA. If he is able to timely form the company without the interference of the CTA, the name of the company will be Riverbed Regenerative Herds, LLC.

11. Plaintiff The People Restored, LLC is a Utah limited liability company that transacts business in multiple states. The People Restored, LLC exists to provide various management services for private communities. The People Restored, LLC seeks relief for itself.

12. Plaintiff The People Restored Foundation is a Utah non-profit entity, and it has applied to the IRS for recognition as a 501(c)(3) entity. The application is currently pending. It has provided services mostly in Utah, but may expand to other states in the future. The People Restored Foundation works to help build and strengthen local communities and to help protect constitutional rights for these local communities. The People Restored Foundation seeks relief for itself and its donors.

13. Plaintiff The People Restored is a private member community of individuals and businesses who associate together via a shared member agreement and governance structure. The People Restored represents the interests of its member businesses and individuals who are subject or may become subject to the CTA. Members are in eleven states currently. Many members operate and conduct business only in one state or local area. The People Restored seeks relief for its members.

14. Plaintiff Ranchers Cattlemen Action Legal Fund United Stockgrowers of America (“R-CALF”) is a nonprofit, membership-based organization headquartered in Montana. R-CALF is the largest cattle industry trade organization in the United States whose voting members are comprised exclusively of independent, domestic cattle producers. Its voting members are located in 41 states.

R-CALF's voting members include cow-calf operators, cattle backgrounders, and feedlot operators. Voting members pay dues and have equal voting rights in electing R-CALF's directors and setting R-CALF's policies. R-CALF's voting members also include sheep producers who also raise cattle.

15. R-CALF's mission focuses on ensuring the continued viability of independent, domestic cattle and sheep producers. On behalf of its members, R-CALF engages in regular advocacy and education efforts to advance its mission. R-CALF focuses on educating ranchers and consumers about positions that will increase the profitability of independent, domestic ranchers. R-CALF seeks relief for itself and its members.

16. Plaintiff Crofter Market, LLC is a Utah limited liability company that operates an app for food producers to sell food products in their local communities. This helps promote and strengthen food security by removing food networks from being reliant on interstate or international commerce and providing the ability for each local community to be self-sufficient with food. Most of Crofter Market's food producers operate in Utah. Crofter Market, LLC seeks relief for itself and its members

17. Plaintiff Utah OSR Land Cooperative is a Utah non-profit corporation that has purchased approximately 1,300 acres of land in Utah. Members who meet specific criteria of independence and self-sufficiency may select a two acre lot on which to build a homestead. Each lot comes with the right to use approximately five acre feet of water. Utah OSR Land Cooperative supports a local, rural, and private community in Utah, and its operations are currently entirely intrastate. Utah OSR Land Cooperative seeks relief for itself and its members.

18. Defendant Janet Yellen is the Secretary of the U.S. Department of the Treasury and is

named as a party in her official capacity.

19. Defendant U.S. Department of the Treasury is an executive-branch department of the federal government responsible for the administration and enforcement of the CTA and its implementing regulations, through FinCEN.

20. Defendant Andrea Gacki is the Director of FinCEN and is named as a party in her official capacity.

21. Defendant Financial Crimes Enforcement Network is a bureau of a federal agency tasked with administration and enforcement of the CTA and its implementing regulations.

22. Defendant Merrick Garland is the Attorney General of the United States and is sued in his official capacity as the chief law enforcement officer of the United States. He is responsible for the uniform administration and enforcement of federal criminal law in the United States, including the offenses created by the CTA.

JURISDICTION AND VENUE

23. Jurisdiction is proper pursuant to 28 U.S.C. §1331 because this action arises under the Constitution and laws of the United States and the Court has jurisdiction to render declaratory relief because an “actual controversy” exists between the parties within the meaning of 28 U.S.C. §2201(a).

24. Venue is proper pursuant to 28 U.S.C. §1391(e)(3) as no real property is involved, the Plaintiffs do business in Utah and this District, and the Defendants are agencies or officers of the United States sued in their official capacities.

GENERAL ALLEGATIONS

25. The CTA was enacted by Congress on January 1, 2021, as part of the omnibus National

Defense Authorization Act for Fiscal Year 2021.

26. The CTA went into effect January 1, 2024.

27. The government's stated purpose for the CTA was its concern about money laundering, terrorism funding, and other illicit financial activities.

28. Rather than put money or time into law enforcement or detective work, the government chose instead to place a significant part of the burden of finding alleged criminals on law-abiding small business owners.

29. The CTA requires "reporting companies" to provide to FinCEN—the government agency tasked with collecting the data—information regarding each "beneficial owner" and "applicant" in the "reporting company," and those subject to the CTA will need to maintain copies of the information to prove compliance.

30. A "reporting company" is defined as a "corporation, limited liability company, or similar entity that is (i) created by the filing of a document with a secretary of state or a similar office under the law of a State or Indian Tribe; or (ii) formed under the law of a foreign country and registered to do business in the United States by the filing of a document with a secretary of state or a similar office under the laws of a State or Indian Tribe." 31 U.S.C. §5336(a)(11)(A).

31. Interestingly, a "reporting company" does not include businesses with a physical presence in the U.S. that make over \$5,000,000 per year and that have over 20 employees. 31 U.S.C. § 5336(a)(11)(B).

32. The CTA excludes other certain types of entities as well, such as, for example, public companies, insurance companies, banks, broker dealers, and money-transmitting businesses. *Id.*

33. Although the Act uses the word "owner," the term "beneficial owner" is defined to include

far more individuals than just an “owner.” A “beneficial owner” is “an individual who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise” (i) “exercises substantial control over the entity” or (ii) “owns or controls not less than 25 percent of the ownership interests of the entity.” *Id.* § 5336(a)(3)(A).

34. An “applicant” is defined as any individual who files an application to form a reporting company or “registers or files an application to register” a non-U.S. company to do business in the United States. *Id.* § 5336(a)(2).

35. Individuals and companies tasked with complying must determine who a “beneficial owner” is in their company. This often requires a full legal review of “any contract, arrangement, understanding, relationship, or otherwise” that allows a party to “exercise[] substantial control over the entity.” *Id.* § 5336(a)(3)(A).

36. Persons subject to creditor agreements, voting agreements, options to purchase, partnership agreements between entities, trustees, and beneficiaries of trusts that have certain voting powers may all (among others) fall under the definition of a “beneficial owner” depending on the extent of control they may be allowed to exercise over a company.

37. As a practical matter, there is no way for many “reporting companies” to accurately sort through all of the possibilities to determine who is a “beneficial owner” without the assistance of legal counsel.

38. Paying legal counsel to review a company’s contracts and agreements to identify a potential “beneficial owner” represents a high cost and burden for many small businesses—and that is true of Plaintiffs and their members.

39. As small businesses, many of the Plaintiffs’ members do not have formal contracts or

agreements in place, as such are too costly to obtain through formal legal representation. Instead, many of them as small businesses rely on email communications, handshakes, text messages, and the general trust of people honoring their word.

40. This means that it would take an attorney a fair amount of billable time to review emails, text messages, verbal communications, and so forth to determine if certain individuals exercise “substantial control” over the entity, whether “directly or indirectly.”

41. For the Plaintiffs and many of their members, it is a significant financial burden—and in some cases simply is not feasible due to financial constraints—to pay an attorney for a full review to ensure compliance.

42. However, due to the vagueness of the terms and definitions used in the Act, not even all attorneys agree on what is required for compliance.

43. For example, the CTA states that a business must report the “individual[s] who...indirectly, through any...relationship...or otherwise...exercises substantial control” over the business. *Id.* § 5336(a)(3)(A).

44. This definition might include a spouse, legal counsel that directs certain courses of action, a friend that provides support and advice, and many other possibilities depending on the circumstances.

45. The terms “indirectly,” “or otherwise,” and “substantial control” (among others) create a nearly impossible standard to define cleanly (and thus to comply with confidently), as there is no practical way for a business to establish a mechanism to ascertain all “indirect” sources of “substantial” influence or “control” that is derived from every “arrangement, understanding, relationship, or otherwise.”

46. As married individuals often exert some level of influence on those to whom they are married, this provision that requires reporting all of those with indirect influence would require business owners to monitor and understand what every manager discusses with their spouse and would intrude significantly on the highly protected domain of marriage.

47. In addition, most businesses operate with many contracts, arrangements, understandings, and relationships in place, and, even if it were possible in some cases to identify them all, the burden to accurately identify and review these falls squarely on small businesses—and in some cases, the burden would be overwhelming.

48. The Plaintiffs represent many individuals, businesses, and communities that strive to be self-reliant and provide alternative options to the world of large corporations where one business controls a significant amount of an industry.

49. It is not uncommon for the Plaintiffs and their members to need privacy regarding their groups and business pursuits, as many operate in industries or niches that are not favored by government or society in all respects, even though their work is legal.

50. For example, Plaintiffs have members who:

- a. Teach self-defense to women who have suffered various forms of abuse. Privacy is highly important with their work to protect the women involved.¹
- b. Produce and sell raw milk. This activity is allowed in Utah but is often a target of the FDA and other forces that seek to stop such businesses from providing their services.

¹ This business has an active business registration but is not performing services for the time being due to health-related reasons. It is still subject to the CTA—even without operations for the time being—due to its active registration.

- c. Provide a gold-backed form of exchange for individuals that want to rely on gold as a measure of exchange as provided in the Constitution.
- d. Provide digital security and web development services, including to customers that are political in nature and that may challenge the prevailing political cultures or norms.
- e. Provide firearms training and gun ranges for shooting practice.
- f. Provide various forms of alternative health services.

51. Plaintiffs also represent groups that are required to have licensing to provide their services, and separate licensing is required from each state that they wish to provide services within.

52. The requirements of the CTA pose a significant risks to the Plaintiffs that others will not want to associate with them in ways that they may be considered a “beneficial owner,” as they may not want to be associated with Plaintiffs or their members if others know of the association.

53. This chilling effect on association will harm their association interests and their ability to form critical relationships that are often needed for a small business to succeed.

54. Utah provides for a variety of business formation and governance options.

55. Business owners may file an entity online, by mailing in an application, or by visiting the Division of Corporations in person and handing them a paper application.

56. Some of Plaintiffs and their members were formed by in person delivery of a paper application.

57. In an effort to identify a few bad actors, the CTA requires compliance from a significant and diverse variety of businesses, even ones where compliance may be impossible. For example, this is an impossible process for an entity such as a “decentralized autonomous organization” or

“DAO”—i.e., a form of organization recently created by statute in Utah. A DAO faces unique difficulties in identifying its “beneficial owners” as it has none, but it would still be required to report at least one.

58. A DAO is described as follows:

A Limited Liability Decentralized Autonomous Organization (LLD or DAO), is a concept that refers to an organization that operates through smart contracts and blockchain technology, without the need for a centralized authority or intermediaries. **It is designed to be autonomous, transparent, and governed by the consensus of its participants.**

In a traditional organization, decisions are typically made by a central governing body, such as a board of directors or a group of managers. In contrast, a DAO operates based on predefined rules and algorithms encoded in smart contracts, which are self-executing agreements with the terms of the agreement directly written into code.

Utah Division of Corporations and Commercial Code, Decentralized Autonomous Organization (DAO), <https://corporations.utah.gov/business-entities/dao/> (last visited July 29, 2024) (emphasis added). (A printout of this web page is attached as **Exhibit 1**.)

59. In other words, the CTA intrudes into many realms that were previously protected by state regulations and various constitutional rights, including the right to associate and be involved in political matters, the right to have private associations and relationships, the simple right to create and operate entities or groups without fear of harassment or reprisal for being a “beneficial owner” in such group, and the right even to form and operate entity types that do not fit in anyway the compliance requirements of the CTA (such as a DAO).

60. The burden of compliance is heightened by the extreme penalties imposed for non-compliance—fines of up to \$500 per day and up to two years’ imprisonment for “willfully” not complying.

61. In addition, a “reporting company” must obtain and keep track of any changes to the sensitive data of any of the “beneficial owners” or “applicants.” For each of the covered *individuals*, the reporting company must provide to FinCEN their full legal name, date of birth, current residential or business street address, and “unique identifying number from an acceptable identification document,” such as an unexpired passport or state-issued identification card or driver’s license, or FinCEN-issued identifier number. 31 U.S.C. § 5336(b)(2)(A).

62. If there are any changes to the reported data—such as if a “beneficial owner” or “applicant” moves their personal residence or gets a new driver’s license—the *entity* must provide updated information to FinCEN.

63. This burden of maintaining up-to-date information on all “beneficial owners” has not been widely discussed in public discourse; most citizens are likely fully unaware of the new requirement and how it will affect them.

64. Up until now, companies often do not know if a manager moves, renews a driver’s license, or otherwise changes reportable information. But with the advent of the CTA, companies will now have to start to actively track the private lives of all “beneficial owners” and “applicants” in order to stay compliant with the law.

65. At a minimum, this newly mandated tracking of personal information will result in intrusions into the lives and private matters of executives, managers, members, shareholders, and their families.

66. Further, companies often part ways with their “applicant,” and the sheer burden of trying to keep an “applicant” providing accurate and up-to-date information to the company is quite high, especially when the relationship ends.

67. Additionally, if owners of a company get involved in a significant dispute and refuse to speak to each other, the company and its manager could be liable for not being able to obtain necessary private data from an individual in the dispute. It is not uncommon for owners to be at odds with each other even though they own the same business.

68. In other words, Plaintiffs and their members now bear the risk of fines and imprisonment, or defending against such, for the inactions of others and for circumstances beyond their control.

69. Plaintiffs and their members are now required to closely monitor, track, and record information about their managers and executives, including the amount of “indirect” control a spouse or significant other has on such manager or executive.

70. It is a denial of due process to fine or imprison a person or company due to the inactions of others.

71. It is a denial of due process to conscript law-abiding citizens and require that they closely monitor, track, and report on those with whom they work.

72. Just as the government has the burden to prove guilt in a court of law, so too the government—not the citizenry—should bear the burden of enforcing its laws.

73. Ordinary citizens should not be conscripted against their will for government service, at the pain of potential fines and imprisonment.

74. The fundamental nature of the CTA is a foundational shift in the relationship of government and its citizens. If the government can conscript citizens to police others, to collect private data, and to bear the burden of gathering evidence so that the government can more effectively pursue lawbreakers, it is hard to see what the government may *not* do in the name of fighting crime (or some other worthy cause). The Constitution prohibits the government from going down this path.

75. The Constitution establishes a clear delineation between citizens and government. The executive branch—not the citizenry—is charged with enforcement of the law. It is not the affirmative duty of citizens to report on their neighbors or those with whom they do business.

76. While the government may have an interest in enforcing laws against money laundering and terrorist financing, its interest does not justify fundamentally altering the relationship of citizen and government in violation of the Constitution.

77. Business ownership has long been within the full purview of the states. Ownership of an entity created in one state is not interstate commerce. The ownership exists solely in that state.

78. For businesses that operate in multiple states, they comply with each state’s laws by registering as a foreign entity in each particular state. Each state determines what information is or is not required of owners.

79. States have had independent authority to charter corporations for more than two centuries. Tradition alone dictates that this is a power reserved solely to the states, but precedent and a basic review of company ownership also supports this.

80. For example, at the Constitutional Convention, James Madison introduced a proposal to give Congress the authority “to grant charters of incorporation where the interest of the U.S. might require & the legislative provisions of individual States may be incompetent.” 2 *The Records of the Federal Convention of 1787*, at 615 (Max Farrand, ed., 1911). This proposal was defeated by a vote of 3 in favor and 8 against. *Id.* at 616.

81. The Supreme Court addressed the question of federal control of incorporation of entities in 1819 when it stated that the federal government lacked the authority to dictate to the states how they should charter companies. *See Trustees of Dartmouth College v. Woodward*, 17 U.S. (4

Wheat.) 518 (1819).

82. This precedent has been respected for more than two centuries, and it is a fundamental bulwark of how business and society operate in America.

83. Corporate ownership was left to the states as the formation and ownership of a company is a matter that occurs entirely within a state. While the government often claims that virtually everything business related falls under interstate commerce, the truth is that a significant number of businesses exist solely within one state.

84. When a company is formed, there is no interstate commerce. It happens entirely within the domain of a state. State corporate law has long applied to ownership disputes. Pursuant to the well-established framework of the “internal affairs” doctrine, items of internal functioning, such as ownership, are entirely the domain of the state where the entity was formed. “It thus is an accepted part of the business landscape in this country for States to create corporations, to prescribe their powers, and to define the rights that are acquired by purchasing their shares.” *CTS Corp. v. Dynamics Corp. of Am.*, 481 U.S. 69, 91 (1987).

85. Despite this longstanding division of powers, the CTA was passed to establish “a clear, Federal standard for incorporation practices.” 31 U.S.C. § 5336 note (5)(A). This move was a shocking encroachment on centuries of tradition, case precedent, and constitutional limitations that included not only an encroachment on states’ rights, but, in effect, the wholesale conscription of intelligence gatherers for the U.S. government.

86. In fact, these newly enlisted de facto agents of the government, according to FinCEN, include, in 2024 alone, approximately 32.6 million existing entities, plus roughly five million additional corporate entities created or registered under state law every year from 2025 to 2035, as

well as foreign companies registered to do business in the United States. Beneficial Ownership Information Reporting Requirements for Financial Crimes Enforcement Network (FinCEN), 87 Fed. Reg. at 59549 (2022). These numbers do *not* include the additional sheer number of *individuals* who will be affected by this new law, given that a company may have a significant number of “beneficial owners.”

87. Accordingly, the provisions of the CTA that burden citizens with the duty to gather and provide information to the government and that authorize the use of this information (in the United States and abroad) for law enforcement purposes without court involvement should be declared unconstitutional.

88. The provisions of the CTA that violate the commerce clause should be declared unconstitutional.

89. The provisions of the CTA that violate any other provisions of the Constitution should be declared unconstitutional.

90. Plaintiffs bring the following claims on behalf of themselves and (as indicated above) on behalf of their respective members, facially and as applied.

91. Plaintiffs have not complied with the CTA; that is, Plaintiffs have not reported to the government the information mandated by the CTA.

FIRST CLAIM FOR RELIEF
Unconstitutional Privacy Violations and Unconstitutional Search and Seizure
(U.S. Constitution Amendments IV, V, and IX)

92. Plaintiffs hereby reallege and incorporate by reference each of the Complaint’s allegations in the preceding paragraphs as if fully set forth herein.

93. In general, law-abiding citizens are protected by the Fourth Amendment from searches and

seizures that are not authorized by a court and accompanied by a warrant supported by probable cause. “The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated....” U.S. Const. Amend. IV.

94. Restricting the government’s ability to search homes and businesses is a fundamental bulwark of the balance required to maintain a state of liberty. (And many small businesses are operated from the owners’ homes, as is the case with some of Plaintiffs’ members.)

95. If the government can demand that any business and any “beneficial owner” simply hand over their “papers and effects,” such as driver’s licenses and information about ownership, management, and control—without a warrant and without probable cause, and without involving the courts—then the Fourth Amendment is meaningless.

96. Additionally, there is a growing recognition of the importance of a right to privacy, a right that prevents the government from intruding on fundamental personal decisions, decisions that include the ability of a family to decide who manages their family limited partnership, the decisions of a family in setting forth which beneficiaries in a trust that owns a family company can vote on certain matters, and decisions of a local business to conduct its own internal affairs.

97. It is important for individuals to be able to associate on matters of importance, and to be able to do so privately to protect themselves and their business against retribution or harassment. Indeed, this is a fundamental right.

98. In case law, a due process right to privacy has been found to exist with birth control decisions made by adults in relationships.

99. Family relationships are fundamental and important relationships, and the CTA requires a serious intrusion into these relationships as businesses have to disclose who may have “indirect”

substantial control of a business.

100. As many family relationships may exert influence or control over an individual and their decisions, it is not possible for a business to fully know who can indirectly influence decisions or control the company without knowing the private relationships of all “substantial owners.”

101. The right of privacy protects family and other important relationships from legal intrusion.

102. For example, spouses have long had a legal privilege to not disclose certain communications. The CTA, however, does away with this legal privilege by forcing a “substantial owner,” under pain of jail time and fines, to disclose all such relationships and the extent of their influence on a company.

103. The right of privacy already found to exist in caselaw should prevent the government from coming into the bedroom and requiring disclosure of partners in a relationship.

104. So too the right of privacy and the fundamental nature of due process should prevent the government from coming into the sacred hallowed halls of family and the small business owners who are working hard to provide for themselves and conduct their own business and require disclosure of all associations that exercise “indirect” control.

105. Further, no state, to the knowledge of the Plaintiffs, has yet required such a broad and far-reaching disclosure as business ownership and its attendant rights have been state issues for centuries now, and the states have long respected that there are many valid, non-criminal reasons to keep relationships private or anonymous.

106. Plaintiffs and their members are subject to search and seizure of important and sensitive information, without probable cause and without a warrant.

107. This information may be used against them or their beneficial owners for law enforcement purposes, including in other countries, even without court involvement or review.

108. Most of the Plaintiffs and their members do not have the time or financial resources or ability to fully track and provide all required information to the government.

109. The Plaintiffs and their members assert that there is no constitutional basis to subject them to such a sweeping form of search and seizure.

110. Wherefore, Plaintiffs respectfully request that the Court: 1) declare the CTA to be unconstitutional as it violates the Fourth, Fifth and Ninth Amendments; 2) enjoin the Defendants and any other agency or employee acting on behalf of the United States from enforcing the Act against Plaintiffs or any others similarly situated, and to take any action necessary to remedy constitutional violations that arose from any actual or attempted enforcement of the CTA; and 3) award Plaintiffs their costs and attorney's fees and grant any other relief the Court may deem just and proper.

SECOND CLAIM FOR RELIEF
Violation of Commerce Clause and the Ninth and Tenth Amendments
(U.S. Constitution Article I and Amendments IX and X)

111. Plaintiffs hereby reallege and incorporate by reference each of the Complaint's allegations in the preceding paragraphs as if fully set forth herein.

112. Congress is limited to the powers granted to it by the Constitution.

113. While Congress has been granted the power to regulate interstate commerce, the mere fact of ownership of a company is not interstate commerce.

114. The regulation of business ownership, management, and the like are part of the "internal affairs" that have been the province of state laws since America's founding.

115. James Madison's proposed regulation (that was rejected) to allow Congress the ability to regulate incorporation highlights that this power remained with the states, not Congress.

116. Further, the Ninth and Tenth Amendments reinforce that powers not granted to Congress are reserved to the states.

117. The CTA regulates a dizzying array of businesses, including, without limitation, the following:

- a. A not for profit corporation formed in Utah to hold title to residential property that is located solely in Utah, such as Utah OSR Land Cooperative and other Plaintiffs' members who act as real estate holding companies (some of the other Plaintiffs' members are for profit);
- b. A not-for-profit corporation that collects food from a local community to distribute food to the homeless in the same local community;
- c. A construction business that provides services only in a single county or state;
- d. A professional corporation, such as a law firm or orthopedic practice, that is licensed to provide services only in one state;
- e. An entity formed in 2024 that has not yet conducted any business whatsoever; and
- f. Side businesses operated by individuals where the business produces only a few hundred or thousand dollars each year.

118. The businesses in the example above are not engaged in interstate commerce, yet they are subject to the CTA.

119. In enacting the CTA, Congress exceeded its constitutional authority. Simply put, Congress does not have the constitutional authority or power to regulate business ownership.

120. Business ownership has been a state issue for over two centuries. Indeed, it remains a purely state issue *even if* the business transacts in interstate commerce.

121. Business ownership exists within a state. It is not a matter of interstate commerce, or a matter that the federal government has the constitutional authority to regulate.

122. Plaintiffs and their members include many businesses that do not engage in interstate commerce. All of Plaintiffs and their members fully assert that their *business ownership* is not interstate commerce, even if some of the businesses engage in interstate commerce.

123. For the Plaintiffs and their members, business ownership and business operations are two separate matters—and are treated as separate matters by the laws of the states in which they operate.

124. Wherefore, Plaintiffs respectfully request that the Court: 1) declare the CTA to be unconstitutional as it exceeds Congress’s authority under Article 1 and violates the Ninth and Tenth Amendments; 2) enjoin the Defendants and any other agency or employee acting on behalf of the United States from enforcing the Act against Plaintiffs or any others similarly situated, and to take any action necessary to remedy constitutional violations that arose from any actual or attempted enforcement of the CTA; and 3) award Plaintiffs their costs and attorney’s fees and grant any other relief the Court may deem just and proper.

THIRD CLAIM FOR RELIEF

**Vagueness, Overbreadth, and other Violations of the Fifth Amendment (Due Process)
(U.S. Constitution Amendment V)**

125. Plaintiffs hereby reallege and incorporate by reference each of the Complaint’s allegations in the preceding paragraphs as if fully set forth herein.

126. The Fifth Amendment to the Constitution requires that no person be deprived of

“life, liberty, or property, without due process of law.”

127. This provision has been interpreted to include both procedural and substantive due process.

128. Americans have protected liberty interests in their close family relations, in their ability to work and pursue a living, and in their right to associate with others in doing so.

129. For many small business owners, their associations include businesses that help family relationships and that govern matters internally within families, such as with trusts that are meant to remain private and that own or direct family businesses.

130. Additionally, forced conscription of citizens to carry the government’s burden of law enforcement is a direct violation of their liberty interests and a direct violation of substantive due process.

131. These losses of constitutional freedoms are compounded in their negative impact by the vagueness and overbreadth of the CTA.

132. There is no way for an individual to know how to identify, or even collect all personal information from, all who may exercise “direct or indirect” “substantial control,” or to know how to keep that information up to date.

133. On its face, there is no way for the Plaintiffs to know who they must disclose as a beneficial owner or not.

134. Additionally, the following are examples of situations where the CTA is vague in its definition and application:

- a. A trust is a 50% owner in a business. The beneficiaries of the trust, upset at how the trust is performing in all of its investments, vote to remove the trustee and appoint

a new trustee. The new trustee feels pressure to increase the rate of return and elects to vote in new management at the company owned by the trust, even though this was not directly communicated or messaged by the beneficiaries. If there are four beneficiaries in the trust, does the company need to somehow collect their personal information and report them as a “beneficial owner”?

- b. A husband is the sole owner in a business. However, he runs all ideas for approval by his wife, his father, and his best friend. He often follows their advice and changes his ideas based on their advice. Is he required to collect his wife’s, father’s, and friend’s driver’s license and personal information and report it to the government?
- c. A 501(c)(4) that is engaged in lobbying efforts forms coalitions with various businesses and groups and directs them to take or not take certain actions. Some choose to change their hiring practices as a result of the direction from the 501(c)(4). Do the businesses have to collect the personal information of those who run the 501(c)(4) and report their information to the government?

135. The number of situations that could arise when a person is required to disclose who has “direct or indirect” substantial control is incredibly diverse and far reaching.

136. The statute is overbroad and vague, both on its face and as applied. No citizen should have to engage in this type of compliance and conscription to simply operate a business.

137. Plaintiffs and their members do not know how to fully comply with the CTA, and they are personally opposed to serving as a collector of evidence for the government, especially in their private matters associated with family and business ownership.

138. Many of the Plaintiffs and their members have a mix of family interests and

connections in relation to their businesses.

139. Wherefore, Plaintiffs respectfully request that the Court: 1) declare the CTA to be unconstitutional as it violates the Fifth Amendment; 2) enjoin the Defendants and any other agency or employee acting on behalf of the United States from enforcing the Act against Plaintiffs or any others similarly situated, and to take any action necessary to remedy constitutional violations that arose from any actual or attempted enforcement of the CTA; and 3) award Plaintiffs their costs and attorney's fees and grant any other relief the Court may deem just and proper.

FOURTH CLAIM FOR RELIEF
Violations of First Amendment Rights of Speech and Association
(U.S. Constitution Amendment I)

140. Plaintiffs hereby reallege and incorporate by reference each of the Complaint's allegations in the preceding paragraphs as if fully set forth herein.

141. Individuals in America have the right to associate with each other in private. In the "information age," especially, where vast amounts of information can be shared at the click of a button, the freedom to associate with others in private must be safeguarded, as not all associations are politically or socially accepted, embraced, and celebrated; many are frowned upon or even targeted for their beliefs—even, sometimes, by government agencies.

142. In addition, not all countries agree with constitutional rights in the United States. Despite this, the CTA authorizes the release of information to other countries. This means that if an individual spoke up against the war in Israel or in Ukraine, for example, a foreign nation could potentially have access to information showing all the companies that the individual was associated with and take action in retribution for such speech.

143. This same situation could play out in a variety of ways, ranging from China

arresting U.S. citizens due to association with certain entities to countries not allowing certain businesses to enter their country due to the actions or speech of an owner to countries telling their businesses to not sell to or buy from businesses connected to certain individuals.

144. Any “beneficial owner’s” freedom of speech and association will be curtailed and limited if the U.S. government is openly sharing their information and their associations with other countries.

145. This is further compounded by the spread and the reach of the internet. The European Union, for example, has passed the GDPR which imposes significant data privacy obligations on websites. Websites that do not comply are subject to heavy fines. Owners and others that do not actively do business in Europe may still be subject to the expansive reach of the GDPR, and the CTA gives the EU a strong tool to start to pursue enforcement actions against purely U.S. companies.

146. This is just one example, but the principle is that other countries can start to impose their wishes, laws, and influence on U.S. citizens and businesses in ways that were not possible before. American citizens’ freedoms of speech and association will be curtailed and limited.

147. This is so despite the fact that the real criminals (those laundering money) will likely not register or comply with the CTA, meaning that the government is simply collecting information about law-abiding citizens, sharing it with other countries, and significantly impacting the constitutional rights of its citizens.

148. In addition, the CTA compels the disclosure of associations and the production of private information. This is compelled speech, and, absent a basis for the government to accuse a company of money laundering, there is no substantial or compelling interest in this compelled

speech.

149. No person should be compelled to disclose their private associations and private information simply because others are laundering money, or alleged to be laundering money.

150. The commission of a crime by one party should not lead to the government taking away constitutional or other rights for a law-abiding citizen.

151. The Plaintiffs and their members often have political opinions or statements that are not always in line with the mainstream politics of the day, and the Plaintiffs and their members generally oppose bigger government and welcome the strengthening and existence of private or local communities.

152. A number of Plaintiffs' members are concerned about or have experienced harassment or increased government oversight as a result of information being shared about those connected to or associated with their business.

153. Wherefore, Plaintiffs respectfully request that the Court: 1) declare the CTA to be unconstitutional as it violates the First Amendment; 2) enjoin the Defendants and any other agency or employee acting on behalf of the United States from enforcing the Act against Plaintiffs or any others similarly situated, and to take any action necessary to remedy constitutional violations that arose from any actual or attempted enforcement of the CTA; and 3) award Plaintiffs their costs and attorney's fees and grant any other relief the Court may deem just and proper.

FIFTH CLAIM FOR RELIEF
Unconstitutional Shifting of the Burden of Proof and Unconstitutional Conscription,
Violation of Separation of Powers
(U.S. Constitution Amendments IV, V, IX, and X)

154. Plaintiffs hereby reallege and incorporate by reference each of the Complaint's allegations in the preceding paragraphs as if fully set forth herein.

155. Courts have long upheld, as a pillar of American liberty, the principle that no individual is required to disprove his or her own guilt in a criminal trial. That burden of proving guilt falls squarely on the government—and each person is presumed innocent unless and until the government proves otherwise.

156. Yet, the CTA, in essence, shifts this burden. It imposes criminal penalties on a person simply for doing “nothing” at all—i.e., for not affirmatively providing the mandated information in a timely manner.

157. While Plaintiffs have no knowledge of any of their businesses or members violating money laundering laws, Plaintiffs can be criminally charged simply for not affirmatively providing information to the government that is claimed to be used to catch other criminals.

158. The Plaintiffs also do not know the extent to which other businesses they interact with may be involved with money laundering.

159. The Fourth and Fifth Amendments create a separation of power whereby citizens (and their papers, information, and effects) are protected against being searched and seized, or ordered by law to be produced to the government.

160. In other words, citizens are protected by the Fourth and Fifth Amendments against being conscripted for law enforcement purposes into the government’s efforts.

161. This principle is akin to the separation of powers principle that provides the foundation for our government—that powers are given to certain branches and to be used solely by those branches.

162. The Constitution gave police power to the government, and it protected citizens from being forced to be part of that police power with a broad protection against searches and

seizures, whether related to actions of the individual being searched or to the actions of third parties.

163. Perhaps to see the extent to which this principle resoundingly violates the Constitution, the principle can be viewed in other scenarios, such as these examples:

- a. The government feels it would be better able to catch rapists and murderers if it could only have access to the DNA of all citizens. The government passes the DNA Transparency Act and requires that all citizens that have under \$5 Million affirmatively provide their DNA to the government, and provide updated personal information whenever any of their associated information (name, address, etc.) changes.
- b. The government feels it could better enforce laws against speeding if all car owners of fleets of less than 20 cars affirmatively reported their speeds while on the roads. The government passes the Speeding Transparency Act that requires individuals that own less than 20 cars to provide their speeds to the government, and to provide the personal information of anyone else in the car that may have been able to “substantially” influence the driver’s decisions.
- c. The government realizes that it could help reduce prescription drug abuse if it required all individuals taking 20 or less prescriptions at a time, or paying less than \$5 Million for prescriptions per year, to report the prescription drugs and who in their house has access to them (a copy of the visitor’s driver’s license or passport is required), including individuals who may visit and use the restroom in the home, along with requiring that the individuals update the information any time one of the

visitors moves or gets a new driver's license.

164. While the above scenarios are examples, they help to highlight the incredible shift in the very framework of the Constitution that is taking place with the CTA. Individuals are being tasked, at the pain of jail time, with policing others and informing the government of information it desires.

165. This is simply not the burden of the citizens. The government has the burden to establish guilt, and it cannot conscript innocent and law-abiding citizens into its enforcement efforts.

166. One of the most fundamental rights in the Constitution, and protected in the Fourth, Fifth, Ninth, and Tenth Amendments, is the ability for a citizen to elect whether to be part of the government or not.

167. The Constitution's entire framework of limited government also means that the government has the burden of enforcing its laws.

168. The CTA's entire structure and premise fundamentally violates the Constitution, and it should be declared unconstitutional.

169. The stated justification for the CTA turns the Constitution on its head. The government exists for the people, not the people for the government.

170. Wherefore, Plaintiffs respectfully request that the Court: 1) declare the CTA to be unconstitutional as it violates Amendments 5, 9, and 10; 2) enjoin the Defendants and any other agency or employee acting on behalf of the United States from enforcing the Act against Plaintiffs or any others similarly situated, and to take any action necessary to remedy constitutional violations that arose from any actual or attempted enforcement of the CTA; and 3) award Plaintiffs

their costs and attorney's fees and grant any other relief the Court may deem just and proper.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray this Court for judgment against Defendants as follows:

1. Declare the CTA to be unconstitutional as to the grounds set forth above;
2. Enjoin the Defendants and any other agency or employee acting on behalf of the United States from enforcing the Act against Plaintiffs or any others similarly situated, and to take any action necessary to remedy constitutional violations that arose from any actual or attempted enforcement of the CTA;
3. Award Plaintiffs their costs and attorney's fees and grant any other relief the Court may deem just and proper.

DATED this 29th day of July, 2024.

Plaintiffs' Address
549 W 6300 S
Murray, UT 84123

/s/ Austin J. Hepworth

Austin J. Hepworth, Esq.
Jared Haynie, Esq.*
**Pro Hac Vice Admission Pending*
Attorneys for Plaintiffs