Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—D.C. Cir.: CFPB workers, consumer groups oppose move to lift stay for workforce reduction plan, (Apr. 21, 2026)

Banking and Finance Law Daily Wrap Up

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By Shashi Kant, BALLB, LLM

Plaintiffs say D.C. Circuit may remand case but should reject deadline and deny request to let Bureau proceed with layoffs before district court review.

The National Treasury Employees Union and other plaintiffs urged the U.S. Court of Appeals for the District of Columbia Circuit to reject the government's bid to immediately implement the Consumer Financial Protection Bureau's new workforce reduction plan, arguing that any request to modify or stay the preliminary injunction must first be presented to the district court and that the government has shown no emergency justifying appellate intervention (*National Treasury Employees Union v. Vought,* No. 25-5091 (D.C. Cir. Apr. 17, 2026)).

In a response to the government's motion to modify the stay pending appeal, for a limited remand, and to place the appeal in abeyance, the plaintiffs said they do not oppose a limited remand or holding the appeal in abeyance while the district court considers the government's new request. But they argued there is no basis for the 45-day deadline the government seeks to impose on the district court and no basis for allowing the CFPB to proceed with a reduction in force before the district court decides whether the injunction should be modified. The filing responds to the government's March 31 motion asserting that a revised workforce restructuring plan, changes to the CFPB's funding cap, and the Supreme Court's decision in *Trump v. CASA, Inc.* warrant reconsideration of the injunction blocking mass layoffs at the Bureau (see *Banking and Finance Law Daily*, Apr. 1, 2026).

Plaintiffs say government can seek remand, but not emergency appellate relief. The plaintiffs argue that the district court is the proper forum to consider any claim that changed circumstances justify modification of the injunction. Citing Federal Rule of Appellate Procedure 8 and Rule 62 of the Federal Rules of Civil Procedure, the response says a party seeking to modify or stay an injunction must first apply to the district court unless doing so would be impracticable. According to the plaintiffs, the government has not asked the district court to permit implementation of the new reduction-in-force plan and has made no showing that doing so would be impracticable. The response contends that the government is trying to evade that requirement by styling its request as a motion to modify the D.C. Circuit's prior stay order rather than as a request to modify the preliminary injunction itself. But however captioned, the filing says, the government is seeking relief it has not yet requested below.

Response attacks claimed urgency. The plaintiffs also dispute the government's claim that the matter requires immediate action. They note that the defendants waited more than a year after entry of the preliminary injunction, and more than a month after *en banc* oral argument, to present the revised RIF plan. That delay, the response says, undercuts any claim of irreparable harm or emergency. For the same reason, the plaintiffs argue there is no justification for the government's proposed 45-day deadline for district court proceedings. They say the district court has acted expeditiously throughout the litigation and does not need an appellate order forcing emergency proceedings that would burden the court, the parties, and other litigants.

Filing accuses officials of repeatedly claiming they would keep CFPB open while trying to shut it down. In recounting the case history, the plaintiffs say the district court found that, absent intervention, the CFPB would have been eliminated within 30 days and that the government could not "be trusted to tell the truth about anything." The response says the government repeatedly represented in court that it was committed to keeping

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the CFPB open while simultaneously pursuing mass terminations and publicly stating that it wanted to "put it out." The filing points to the earlier attempt to eliminate 1,483 positions (about 90 percent of the agency) which prompted the D.C. Circuit to reverse its earlier partial stay and keep the injunction's mass-termination prohibition in place to preserve the possibility of meaningful relief.

Plaintiffs say stay factors are unmet. Even if the D.C. Circuit were to consider the stay request directly, the plaintiffs argue, the government has not attempted to satisfy the usual stay factors. The response says the motion does not demonstrate irreparable harm from waiting for district court review and relies chiefly on a generalized assertion that the injunction limits management flexibility. The filing also argues that the equities do not favor the government because implementing the proposed RIF would harm employee plaintiffs and could again threaten the Bureau's ability to function.

Attorneys: Deepak Gupta (Gupta Wessler LLP) for National Treasury Employees Union, National Association for the Advancement of Colored People, Virginia Poverty Law Center and National Consumer Law Center. Simon Gregory Jerome, U.S. Department of Justice, for CFPB and Russell T. Vought.

Companies: National Treasury Employees Union; National Association for the Advancement of Colored People; Virginia Poverty Law Center; National Consumer Law Center

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