

Banking and Finance Law Daily Wrap Up, FEDERAL RESERVE SYSTEM —D.D.C.: As Fed Governor Cook challenges removal, parties dispute next steps, (Sept. 3, 2025)

Banking and Finance Law Daily Wrap Up

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By Shashi Kant, BALLB, LLM.

Cook argues removal exceeded statutory limits and lacked due process, while Trump asserts broad authority; joint filings highlight conflicting procedural paths.

In the ongoing case *Cook v. Trump*, two recent filings frame both the substance and procedure of the dispute. Federal Reserve Board Governor Lisa Cook's [reply](#) in support of her motion for a temporary restraining order argues that her removal from the Federal Reserve Board violated the “for cause” provision of the Federal Reserve Act, that the asserted justification does not meet the legal standard, and that she was denied notice and a hearing. She requests emergency relief to preserve her position and proposes expedited summary judgment on the merits. Alongside this, the parties submitted a [joint status report](#) outlining their disagreement over next steps. While Cook seeks a fast-track summary judgment process to resolve the matter fully, President Trump urges the court to treat the TRO as a preliminary injunction, with immediate appeal available to higher courts (*Cook v. Trump*, No. 1:25-cv-02903-JMC (D.D.C. Sept. 2, 2025)).

Background. The dispute arises from President Donald Trump's Aug. 25, 2025, removal of the Fed Governor Lisa Cook. Dr. Cook had been appointed in May 2022, completing an unexpired term and later confirmed for a full term. On Aug. 20, 2025, the Director of FHFA referred Cook to the Department of Justice concerning mortgage agreements from 2021, which allegedly contained contradictory statements about her principal residence (see [Banking and Finance Law Daily](#), Aug. 28, 2025). Five days later, the President removed her “for cause” under the Federal Reserve Act (FRA). Cook then filed suit in the U.S. District Court for the District of Columbia, seeking emergency relief in the form of a temporary restraining order (TRO) to block the removal (see [Banking and Finance Law Daily](#), Sept. 2, 2025).

TRO motion and Cook's reply brief. Cook argues that the President's authority under the FRA to remove Governors “for cause” is a limited one. Her reply brief states that “for cause” must be interpreted in line with the Supreme Court's standard in *Humphrey's Executor v. United States* (295 U.S. 602, 620 (1935)), restricting removal to “inefficiency, neglect of duty, or malfeasance in office”. According to Cook, pre-office conduct does not fall within this standard, particularly when such conduct was disclosed during the vetting and Senate confirmation process. She notes that impeachment, rather than unilateral removal, is the constitutional remedy for addressing pre-office misconduct.

Cook also argues that the President's stated reason for removal was pretextual. She points to the President's prior public statements criticizing Fed the policy decisions and demanding lower interest rates, suggesting her removal was motivated by policy disagreements. Since the government itself concedes that “mere policy disagreement” is not valid cause under the FRA, Cook contends that the cited mortgage discrepancies were invoked as cover for an impermissible motive.

Due process and notice. Cook asserts that as a senate-confirmed officer serving a fixed term with removal only for cause, she holds a property interest in her office. She cites precedent to argue that such officers are entitled to notice and a meaningful opportunity to be heard before removal. She contends that President Trump's reliance on a social media post of the Federal Housing Finance Agency (FHFA) referral, coupled with a five-day wait, did not constitute adequate notice or a hearing.

Irreparable harm. On the TRO factors, Cook argues that her removal without proper procedures causes irreparable harm by undermining the independence of the Fed and damaging her professional reputation. She also states that the balance of equities and public interest favor preserving the statutory independence of the Federal Reserve Board.

Opposition to TRO. The President's opposition brief takes the position that "for cause" in the FRA grants broad discretion, allowing removal based on contradictory financial statements even if not criminally adjudicated. The government argues that judicial review of such a decision would improperly intrude on presidential authority over principal officers. It also asserts that Cook had no property interest in her position and therefore no due process rights to notice or hearing before removal. Procedurally, it maintains that Cook suffered no irreparable harm since the next Fed meeting was weeks away, and that institutional harms are not personal to her.

Plaintiff's position in joint report. On Sept. 2, 2025, the parties filed a joint status report addressing scheduling and next steps. Cook proposed that the court issue a TRO to preserve the status quo and then proceed on an expedited schedule for cross-motions for summary judgment. She suggested filing opening motions by September 9 and responses by September 15, with a ruling before any TRO expired. Cook argued that summary judgment would resolve the merits efficiently and create a record suitable for appellate review.

Defendant's position in joint report. The President opposed expedited summary judgment. He argued that factual disputes, such as whether Cook had actual notice of potential termination and the circumstances underlying the mortgage allegations, would require discovery, making summary judgment premature. Instead, the President asked the court to treat the TRO motion as a motion for preliminary injunction, adjudicate it, and then stay proceedings pending any appeal. He requested a decision by Sept. 9, 2025, to allow appellate review before the Fed's September 16 meeting.

Fed's role. The Federal Reserve Board and Chair Jerome Powell were named defendants only to ensure the court could grant complete relief. In their filing, they emphasized neutrality, committing to comply with any order issued. They sought a prompt ruling but declined to take a substantive position on the merits.

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