

Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—D.D.C.: Consumer groups file in support of injunction to halt CFPB’s dismantling, (Feb. 28, 2025)

Banking and Finance Law Daily Wrap Up

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By Steven D. Cole, J.D.

The groups urge the court to issue a preliminary injunctive order to stop the Trump Administration’s alleged unlawful conduct while the constitutional questions at issue are resolved.

The National Treasury Employees Union (NTEU) and several other consumer advocacy groups have banded together in a legal battle to halt what they refer to as “actions to dismantle” the Consumer Financial Protection Bureau. The groups have filed an [amicus brief](#) in the United States District Court for the District of Columbia in support of a preliminary injunction, alleging that the CFPB and its Acting Director, Russell Vought, are taking unlawful actions on behalf of the Executive Branch to unilaterally eliminate an agency created by Congress. They argue that injunctive relief is needed to prevent further irreparable harm from occurring ([Reply Memorandum](#) in Support of Plaintiffs’ Motion for Preliminary Injunction, *National Treasury Employees Union v. Vought*, No. 1:25-cv-00381-ABJ (D.D.C. Feb. 27, 2025)).

Background. The National Treasury Employees Union, National Consumer Law Center, National Association for the Advancement of Colored People, Virginia Poverty Law Center, CFPB Employee Association, and an individual plaintiff (collectively, NTEU) filed their first amended complaint against Vought and the CFPB on Feb. 13, 2025 (see [Banking and Finance Law Daily](#), Feb. 14, 2025). The complaint alleges that on Feb. 8, 2025, Vought began taking steps to shutter the CFPB by, *inter alia*, issuing a stop-work order, closing the CFPB headquarters building, canceling contracts, declining funding, tightening staff supervision, and terminating employees. On Feb. 14, 2025, the court issued an order outlining temporary relief, agreed to by the parties, which addresses the preservation of agency records, financial restrictions, and protections for CFPB employees (see [Banking and Finance Law Daily](#), Feb. 18, 2025). The court also deemed NTEU’s motion for a temporary restraining order and administrative stay as a motion for a preliminary injunction, with the parties’ consent, and set a March 3, 2025, hearing date.

NTEU’s motion seeks to: (1) enjoin Vought from taking any action to terminate the employment of CFPB staff; (2) require the CFPB to lift Vought’s cease-work directives, restore the agency’s statutorily mandated functions, and reinstate cancelled contracts; and (3) enjoin Vought and the CFPB from taking any further action to suspend the agency’s operations.

Reply brief. Vought and the CFPB filed a responsive pleading on Feb. 24, 2025, urging the court to deny NTEU’s motion for injunctive relief. At the heart of the response is that NTEU’s allegation that the CFPB is being eliminated is in error. Instead, the agency will continue to exist and function, albeit in a more “streamlined and efficient” manner. The reply also argues that NTEU is unlikely to succeed on the merits of its case for various reasons. First, after being denied relief in a similar claim in another court, issue preclusion and comity principles prohibit NTEU from relitigation. Second, lack of standing for several parties and the failure to exhaust administrative remedies pose problems for NTEU’s suit. Third, NTEU’s arguments under the Administrative Procedure Act (APA) are untenable because NTEU is not seeking judicial review of a discrete, final agency action. Fourth, the separation of powers claim is unfounded because Vought’s appointment as Acting Director complied with the Federal Vacancies Reform Act (FVRA), and the CFPB’s actions are consistent with its statutory obligations under the Consumer Financial Protection Act. Fifth, none of the alleged harms cited in NTEU’s complaint meet the standard of irreparable harm required to justify extraordinary relief. Finally, the public

interest and balance of the equities weigh against a preliminary injunction because such an action would hinder the President's administration from effectuating policies and exercising its statutorily authorized discretion.

NTEU's memorandum. NTEU's pleading in support of its motion for a preliminary injunction contends that Vought's actions on behalf of the current White House administration's directives are indeed to shut down the CFPB, that these actions are unlawful, and that without the court's immediate intervention, it will be impossible to restore the status quo and enable the CFPB to resume its legally mandated functions.

In support of its contentions, NTEU's memorandum cites several statements by the CFPB's Chief Operating Officer, Adam Martinez, consistent with President Trump's public promise to "totally eliminate" the CFPB. It also accuses Vought, in his reply brief, as inviting the court to "indulge in the fiction" that the CFPB will continue to operate in simply a more "streamlined and efficient" manner: "The overwhelming evidence contradicts that sanitized account and shows that the defendants are systematically eliminating the Bureau's capacity to function at all."

As evidence of these averments, NTEU cites Vought's instruction to every CFPB employee to "stand down" completely rather than focus on new priorities, cancellation of contracts that support the agency's operations (including those that maintain essential data systems and cybersecurity protections), efforts to return the CFPB's funding to the Federal Reserve, and actions to close the CFPB headquarters without arranging for alternative work space. "These actions are not merely a policy shift or a routine transition; they represent an attempt, unprecedented in American history, to unilaterally eliminate an agency that Congress established and that the Supreme Court upheld last year."

Reiterating the arguments laid out in NTEU's amended complaint, the memorandum sets forth the alleged violations of law currently being committed by Vought and the CFPB. First, these measures run afoul of the separation of powers doctrine by attempting to eliminate an agency that Congress has created. Second, Vought's actions are unlawful because he was not validly appointed to his position as Acting Director under the FVRA. Third, the current undertaking contravenes the APA because it exceeds statutory authority and is arbitrary, capricious, and contrary to law.

Furthermore, argues NTEU, every day that these actions continue, irreparable harm accumulates. NTEU emphasizes that the CFPB and other consumer advocacy groups relying on a fully functional CFPB are now unable to serve citizens who are in need of their services to fight predatory lenders and render other assistance. NTEU strongly urges the court to "act swiftly to prevent further irreparable harm by granting the requested preliminary injunction."

Amicus brief. Ranking Member of the House Financial Services Committee, Congresswoman Maxine Waters (D-Calif.), in conjunction with Congressmen Hakeem Jeffries (D-N.Y.), Joe Neguse (D-Colo.), and Jamie Raskin (D-Md.), filed an amicus brief on Feb. 28, 2025, on behalf of 203 House Democrats in support of NTEU's motion for a preliminary injunction. The brief highlights that the CFPB was established by Congress in response to the 2008 financial crisis, has been indispensable in providing financial protection for consumers since its inception, and that the President and his administration lack authority to eliminate the agency "by Executive fiat."

The case is No. 1:25-cv-00381-ABJ.

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Companies: National Treasury Employees Union

LitigationEnforcement: CFPB DirectorsOfficersEmployers DoddFrankAct