

Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—D.D.C.: Dismissal of CFPB employees once again put on hold by court, (Apr. 18, 2025)

Banking and Finance Law Daily Wrap Up

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By Joe Cox, J.D and WK staff

The motion for a show cause order was filed after a reported firing of approximately 90 percent of the CFPB workforce.

On the heels of a recent appellate ruling which allowed the Trump administration to re-open terminations of Consumer Financial Protection Bureau employees, the district court has once again halted these efforts. The court's April 18, 2025 [order](#) noted that "it is incumbent upon the Court once again to preserve the status quo in the meantime," with the court ruling that the announced Reduction in Force of 1408 employees announced by Acting Director Vought on April 17 "may NOT be implemented or effectuated." The court ordered the defendants to suspend the Reduction in Force until the court has ruled on the motion to enforce the preliminary injunction, and prohibited the defendants from discontinuing any employee's access to work systems, including email and internal platforms until the court has ruled on the motion. An evidentiary hearing has been set for April 28 (*National Treasury Employees Union v. Vought*, No. 1:25-cv-00381-ABJ (D.D.C. Apr. 18, 2025)).

Original Suit The litigation in this matter was filed by the National Treasury Employees Union and others in February and sought to restrain Vought and fellow Trump administration employees from "dismantling" the CFPB. In late March, the court granted a preliminary injunction, finding a substantial risk that in the absence of injunctive relief, Vought and other defendants would complete destruction of the CFPB before the court could rule. Accordingly, a broad preliminary injunction was issued, that, among other provisions, directed that the CFPB preserve all records and data, that the CFPB reinstate probationary and term employees terminated after February 10, 2025, and that the CFPB not terminate further employees without cause and not issue RIF notices. (See [Banking and Finance Law Daily](#), Mar. 31, 2025).

Appeal of Initial Injunction CFPB and Vought immediately appealed from the issuance of the preliminary injunction. The appellate court entered an order staying provisions such as the requirement of reinstatement, while the mandate against further termination was amended to allow terminations but required that the CFPB conduct particularized assessments to determine if employees are no longer needed to carry out CFPB statutory duties. (See [Banking and Finance Law Daily](#), Apr. 14, 2025).

Motion to Show Cause. Since the April 14 order, reports have indicated that approximately 1,500 CFPB employees have received notices of termination. Accordingly, on Thursday April 17, the plaintiffs' attorneys filed the motion to show cause. In the [supporting declaration](#), counsel stated that approximately 90 percent of the CFPB staff had received reduction-in-force notices. This was noted to include everyone or almost everyone from multiple divisions of the CFPB, including everyone who oversees management of the CFPB computer network, everyone in the Office of Community Affairs, the legal team in the CFPB's front office, and "virtually all" of consumer response. The plaintiffs also submitted a [pair](#) of supporting [declarations](#) substantiating the basis of counsel's declaration.

On April 17 reports began circulating that about 90 percent of the CFPB staff were being terminated after the appellate court ruling that lifted terminations from a prohibitive injunction. That order also directed that a work stoppage not occur unless such a stoppage under particularized assessment was found to not interfere with the CFPB's statutory duties.

The plaintiffs [moved](#) for a show cause order that the CFPB and acting director Russell Vought be compelled to prove that they were not violating the existing injunction in the matter.

April 18 hearing. Accordingly, the court held a hearing on this issue April 18, with the judge placing the Reduction in Force on hold and setting a date for a full hearing on the issue for April 28. The judge stated that it “became clear to the Court that given the starkly different pictures being presented by declarations alone, it is necessary to conduct an evidentiary hearing before the Court can determine whether the agency is complying with or flouting the Order.”

House Financial Services Committee ranking member Maxine Waters (D-Calif.) immediately released a [statement](#) “applauding” the judge “for blocking Donald Trump and Elon Musk’s attempt to fire nearly all of the staff at the Consumer Financial Protection Bureau, and for recognizing this latest move for what it is: yet another illegal effort to gut the agency altogether.”

Waters accused the Trump administration of attempting to shut down the CFPB in a different way after Judge Berman Jackson ruled in March that the administration had no authority to unilaterally close the agency. Waters cited efforts to “dramatically scale back the CFPB’s supervision and enforcement work,” and “pairing it with the illegal firing of most of the staff” as “equally cruel and sinister” approaches to shut down the Bureau. Waters called the efforts “nothing more than an absurd and ill-conceived attempt to eliminate the agency yet again, only now, under the guise of their attempts to ‘restructure’ the agency.”

Reactions Against CFPB terminations. As news of the layoffs [circulated](#), many issued statements condemning those layoffs. Senator Elizabeth Warren (D-Mass.) issued such a [statement](#), condemning the action as “yet another assault on consumers and our democracy by this lawless Administration” and pledged “we will fight back with everything we’ve got.”

American for Financial Reform released a [statement](#) castigating the acts and other Trump Administration policies as “an open invitation for big corporations to use predatory and abusive financial tactics.” AFR argued that the Administration “is risking the financial stability of millions to serve the interests of corporations and Big Tech.”

Similarly, the Consumer Federation of America issued a [statement](#) condemning the layoffs and a recent memo indicating an intent to scale back the CFPB’s work. Director of Consumer Protection Erin Witte noted that the two actions “provide a blueprint for would-be cheats and lawbreakers about which laws they can violate without being held accountable.”

The case is No. 25-cv-0381-ABJ.

Attorneys: Deepak Gupta (Gupta Wessler LLP) for National Treasury Employees Union. Brad P. Rosenberg, U.S. Department of Justice, for Russell Vought.

Companies: National Treasury Employees Union

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