

[Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—D.C. Cir.: Trump administration may resume CFPB reductions-in-force based on particularized assessments, \(Apr. 14, 2025\)](#)

Banking and Finance Law Daily Wrap Up

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By Justin Marcus Smith, J.D.

A partial stay of the March 28 preliminary injunction that halted the apparent wholesale dismantlement of the agency will now essentially permit putative right-sizing, if tied to carrying out agency statutory functions.

The U.S. Court of Appeals for the District of Columbia partly [granted](#) a Consumer Financial Protection Bureau (CFPB) emergency motion to stay the March 28, 2025, [district court order](#) that preliminarily enjoined the Trump administration from shutting down the CFPB. The appellate court stayed the preliminary injunction provision that required reinstatement of employees terminated between February 10 and March 28. The CFPB is apparently no longer required to reinstate the Private Student Loan Ombudsman during pendency of the CFPB appeal. More importantly, the court also stayed the injunction provision that limited employee reductions to terminations for cause; however, the CFPB must conduct particularized assessments to determine if employees are no longer necessary for carrying out CFPB statutory duties ([National Treasury Employees Union v. Vought](#), No. 25-5091 (D.D.C. Mar. 28, 2025)).

Background. As previously reported, the National Treasury Employees Union (NTEU) and other plaintiffs obtained a preliminary injunction that enjoined the Trump Administration's apparent effort to completely shut down the CFPB (see [Banking and Finance Law Daily](#), 31, 2025).

The next day, March 29, 2025, Acting Director Vought and the CFPB (collectively, the CFPB defendants) filed a notice of appeal to the D.C. Circuit. Pertinent to their appeal, the CFPB defendants filed an emergency motion to strike and an emergency motion for a stay pending appeal.

On April 3, the D.C. Circuit granted an administrative stay, and in the meantime, also on April 3, the district court granted a partial stay of the preliminary injunction compliance reporting requirement, only. The district court was highly critical of executive branch arguments about court interference with CFPB operations when "evidence the Court of Appeals has not yet seen shows that the defendants made the choice not to run the agency at all."

Stayed provisions. The D.C. Circuit granted a stay of provision 2 of the March 28 preliminary injunction "insofar as it requires the CFPB defendants to reinstate employees whom defendants have determined, after an individualized assessment, to be unnecessary to the performance of defendants' statutory duties." Provision 2 had required the CFPB defendants to reinstate all probationary and term employees terminated between February 10, 2025 and the March 28, 2025 date of the preliminary injunction order. Provision 2 specifically required reinstatement of Julia Barnard, the Private Student Loan Ombudsman.

The court also stayed provision 3 of the March 28 preliminary injunction "insofar as it prohibits defendants from terminating or issuing a notice of reduction in force [RIF] to employees whom defendants have determined, after a particularized assessment, to be unnecessary to the performance of defendants' statutory duties."

The court left provision 4 intact on the basis that, in the understanding of the court, it allows for work stoppages that do not interfere with the performance of the CFPB defendants' statutory duties, again provided that the CFPB has made the work stoppage determinations with particularity.

The court also stayed provision 8 pertaining to a compliance report deadline of April 4, 2025.

Other provisions. The court ordered an expedited appeal *sua sponte*. The CFPB is to file its brief and appendix by April 25. The NTEU appellees are to file their brief by May 9. The CFPB may then file a reply by May 13. The court directed the clerk to schedule oral argument on May 16, 2025, at 2:00 p.m. The court warned it will not consider issues or arguments raised for the first time in the reply brief. The court denied the CFPB defendants' motion to strike with almost no discussion of that decision in its order.

The case is [No. 1:25-cv-00381-ABJ](#).

Judge: *Per curiam*.

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

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