

Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—D.D.C.: Democratic caucus, AGs, non-profits file amici briefs in support of CFPB, (May 12, 2025)

Banking and Finance Law Daily Wrap Up

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By Justin Marcus Smith, J.D.

Congressional democrats were critical of President Trump's "slash and burn agenda" while urging that only Congress could authorize dismantlement of the CFPB.

After the March 28 preliminary injunction that blocked the Trump Administration's "hurried" dismantlement of the CFPB, the entire Democratic Caucus, 23 state attorneys general (AG), and 42 non-profit organizations have now filed discrete [amici briefs](#) in support of the Bureau. Congressional democrats emphasized that only Congress can empower the Executive to dismantle the Bureau through legislation. The state AG coalition [emphasized](#) the CFPB's unique role among federal regulators in enforcing federal consumer protection laws. The AGS also expressed specific concern about the loss of the statutory consumer complaint system. In their [brief](#), the non-profit organizations emphasized that it is in the public interest to keep the Bureau as an entity helping to protect groups like service members, veterans, and older adults, that are often targeted with unfair and deceptive practices (*National Treasury Employees Union v. Vought*, No. 1:25-cv-00381-ABJ (D.D.C. Mar. 28, 2025)).

As previously reported, the National Treasury Employees Union (NTEU) is leading a group of plaintiffs in challenging the Trump Administration's attempt to dismantle the Consumer Financial Protection Bureau (see [Banking and Finance Law Daily](#), Feb. 14, 2025). Other plaintiffs included the National Consumer Law Center. The NTEU complaint named the Bureau and Acting Director Russell Vought as defendants.

The NTEU and other plaintiffs proposed a preliminary injunction order, but a meet-and-confer the district court had urged at the conclusion of an evidentiary hearing on March 11 apparently broke down after disagreement about Bureau stipulation to statutory functions and the Bureau's list of contracts (see [Banking and Finance Law Daily](#), Mar. 20, 2025).

On March 28, the court granted the NTEU plaintiffs a preliminary injunction. The court reasoned there would be a substantial risk that CFPB Acting Director Russell Vought and the other CFPB defendants would "complete the destruction of the agency completely in violation of law well before the Court can rule on the merits." The next day, March 29, the court Acting Director Vought and the CFPB filed a notice of appeal to the United States Court of Appeals for the District of Columbia Circuit (see [Banking and Finance Law Daily](#), Mar. 31, 2025). Three amicus briefs demonstrate the massive interest sparked by this case.

Democratic Caucus. As of May 9, Senate Democratic Leader Sen. Chuck Schumer (D-N.Y.), House Democratic Leader Hakeem Jeffries (D-N.Y.), Sen. Elizabeth Warren (D-Mass), and Rep. Maxine Waters (D-Calif.), the top Democrat on the House Financial Services Committee, [led](#) a total of more than 230 Senators, House Democrats, and Democratic Caucus Members, in signing and filing an amicus brief in [support](#) of the NTEU complaint and in defense of the Bureau. Former Rep. Barney Frank (D-N.J.) and former Sen. Chris Dodd (D-Conn), the lead architects of the Dodd-Frank Act, were part of the amicus brief effort.

In an accompanying press release, Sen. Schumer urged the courts to "recognize it is only Congress—not the President—who has control over CFPB, and reject this administration's unlawful power grab." A separate House Financial Services Committee press release echoed that Congress has the "sole authority" to abolish the CFPB. It also noted this is the second amicus brief Rep. Waters filed this year in response to a series of actions taken by the Trump Administration to unilaterally dismantle the Bureau.

The Democrats' 54-page amicus brief emphasized their collective understanding that only Congress has the authority to create, restructure, and abolish federal departments and agencies. Moreover, they noted that Congress had not given the President any reorganization authority through legislation, as Congress might do and has occasionally done since the Founding. The Democrats urged that Congress established the CFPB with the express mission of protecting Americans from harmful financial services industry practices. They noted how the creation of the CFPB transferred functions from seven existing agencies.

AG coalition. Joining California Attorney General Rob Bonta, who previously submitted an amicus brief before the court entered a preliminary injunction, a coalition of 23 state Attorneys General filed their own amicus brief in support of the NTEU complaint and the Bureau. The AGs' accompanying press release said the Trump Administration's effort to dismantle the CFPB will "inflict short- and long-term harm on states and their residents" and could "prevent consumers from reporting issues of fraud or deception."

New Jersey Attorney General Platkin [vowed](#) the coalition will "fight back" against the Trump Administration's "transparent attempt to gut consumer protections and enable unscrupulous business practices at the expense of hard-working Americans." Meanwhile, California Attorney General Bonta [reiterated](#) that United States Court of Appeals for the District of Columbia Circuit should "keep in place the order preventing the Trump Administration from issuing mass layoffs[.]" Bonta said the loss of the Bureau "would have devastating and deep implications for California, and the financial well-being of households across the nation."

The AG coalition's 49-page amicus brief emphasized anticipated short- and long-term harm on the states and their residents. Citing abusive subprime mortgage lending in the lead-up to the Great Financial Crisis of 2008, the AG brief said Congress created the CFPB to fill significant gaps in federal consumer protection.

The AGs noted that creation of the CFPB under the Dodd-Frank Act consolidated federal consumer-protection authority within "one federal regulator" to address the "fragmented and diffuse responsibility for enforcement of federal consumer protections among federal regulators[.]" Congress transferred certain Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and National Credit Union Administration functions to the CFPB. Moreover, the CFPB was the first federal regulator to ever be granted the power to address "abusive" acts and practices. Congress also gave the CFPB "exclusive authority" among the federal regulators to supervise and ensure that "very large" banks, savings associations, and credit unions comply with federal consumer-financial laws, as well as the authority to regulate nonbanks participating in the market for consumer-financial products.

The AGs said dismantlement of the Bureau, as the district court had observed, would "significantly harm the States, their residents, and the public interest."

From a practical standpoint, the AGs focused on loss of the Bureau's statutorily mandated consumer complaint system. The system is thought to receive about 350,000 consumer complaints each month. The AGs noted that the district court had found over 16,000 unanswered complaints at the time of the Acting Director Vought's stop-work order on February 10, 2025. Without the complaint data, the AGs said the states will "suddenly find themselves significantly hampered in their ability to monitor nationwide mortgage-foreclosure trends—trends on which they rely to proactively address troubling developments in housing markets." They also cited issues with the Civil Penalty Fund and a "regulatory vacuum" with respect to very large banks that would be "even greater than what existed before the Great Recession."

42 non-profits. A separate amicus group of 42 non-profits, led by the Center for Consumer Law & Economic Justice at UC Berkeley, Tzedek DC, and the Student Borrower Protection Center, filed their own 50-page amicus brief in support of keeping the Bureau. They [stated](#) that the D.C. Circuit court of appeals should uphold the district court preliminary injunction. The non-profits' brief emphasized the public interest while echoing the main contentions of the Congressional and AG groups that only Congress can dismantle the CFPB and that it plays an essential role in enforcing federal consumer protection law. The non-profits said disabling the CFPB would "put millions of Americans in greater danger of financial harm and abuse."

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

Judge: Jackson, A.B.

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Companies: National Treasury Employees Union

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