

Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—Lawsuit seeks to halt administration’s attempt to dismantle CFPB, (Feb. 14, 2025)

Banking and Finance Law Daily Wrap Up

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By Patricia K. Ruiz, J.D.

The complaint by National Treasury Employees Union and advocacy organizations states that, “[w]ithout [the CFPB] we could return to the days before the 2008 financial crisis.”

A lawsuit filed by the National Treasury Employees Union (NTEU), National Consumer Law Center, National Association for the Advancement of Colored People (NAACP), Virginia Poverty Law Center, CFPB Employee Association, and an individual plaintiff, challenges the unlawful dismantling of the Consumer Financial Protection Bureau. The [amended complaint](#), which names as defendants the CFPB and the CFPB Acting Director Russell Vought, follows [reports](#) that the Trump administration’s sent mass termination letters to staff as part of the its plan to eliminate the agency.

Public Citizen Litigation Group, which, along with Gupta Wessler LLP and the NTEU, represents the plaintiffs, said in a [press release](#), “In defiance of Congress’s role in our constitutional system and the separation of powers, President Trump has openly declared his intent to “totally eliminate” the CFPB, and the defendants are acting quickly to carry out that direction. Their actions have caused mass confusion and imposed significant and irreparable harm on consumers across the country.”

Allegations. The complaint alleges that, with a series of escalating actions beginning on February 8, Vought took drastic steps toward dismantling the CFPB. First, he instructed CFPB staff and contract to immediately stop all work that involved promulgating rules and guidance, investigations, public communications, supervision of covered entities contracting, and litigation. Next, Vought informed the Federal Reserve Board that the CFPB would not take any additional funding for its operations in the next quarter. The next day, Vought directed staff not to come into the office or perform any work tasks, including tasks mandated by statute. On February 10, Vought announced the CFPB’s Washington, D.C., headquarters was closed and has since taken steps to cancel the lease on the building. On February 11, Vought canceled \$100 million in contracts with companies that enabled the CFPB to do all aspects of its work and then fired, in an indiscriminatory fashion, 70 probationary employees. Finally, on February 12, the CFPB’s statutorily mandated consumer complaint system went dark, cutting off one of the CFPB’s most direct links with consumers in dire financial straits, the complaint alleges.

The complaint alleges that Vought intends to return the CFPB’s operating reserves to the Fed and has planned another mass layoff.

Neither the president nor the head of the CFPB has the power to dismantle an agency that Congress established. By suspending the agency’s statutorily mandated activities, the shutdown of the CFPB runs afoul of core constitutional separation of powers principles, Congress’s express statutory directive, and the Administrative Procedure Act (APA). The actions to disable the CFPB have already caused mass confusion and imposed significant and irreparable harm on consumers across the country, the complaint alleges. With each day that the agency remains shut down, the financial institutions that seek to prey on consumers are emboldened, harming law-abiding competitors and consumers who fall victim to them, the complaint alleges.

Motion for temporary restraining order. The plaintiffs [moved](#) for a temporary restraining order (1) enjoining Vought from taking any action to terminate the employment of CFPB staff; (2) requiring the agency to lift Vought’s directives to cease work at CFPB, including by restoring its statutorily mandated functions and

reinstating cancelled contracts; and (3) enjoining the defendants from taking any further action to suspend the operations of the CFPB.

Statements. In its motion for temporary restraining order, the plaintiffs allege Vought's actions to shut down the CFPB are ultra vires because he is acting as CFPB director, despite not going through Senate confirmation or being eligible for appointment under the Federal Vacancies Reform Act; thus, he lacks any lawful authority to carry out these actions. Additionally, they allege the defendants have shuttered CFPB operations in direct defiance of statutory commands, violating both separation-of-powers principles and the Administrative Procedure Act.

"The [CFPB] fills a unique and essential role in our economy, helping people who have nowhere else to turn when they have been defrauded and abused by powerful financial companies that don't act within the law," said Richard Dubois, executive director of the National Consumer Law Center. "The CFPB takes the side of ordinary people and honest businesses, and without it we could return to the days before the 2008 financial crisis—when unsafe and predatory lending practices led to the loss of eight million jobs and four million homes and made the CFPB a necessity. We need a functioning CFPB to protect working families, and it must be restored."

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

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