

Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—D.D.C.: Parties agree to temporary relief in suit challenging administration's efforts to dismantle CFPB, (Feb. 18, 2025)

Banking and Finance Law Daily Wrap Up

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By Donielle Tlgay Stutland, J.D.

The court issued an order pausing efforts to shut down the Consumer Financial Protection Bureau.

The federal district court for the District of Columbia has issued an order in 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, challenging the dismantling of the Consumer Financial Protection Bureau. The NTEU's complaint followed reports that the Trump administration sent mass termination letters to staff as part of its plan to eliminate the agency. The court's order in the suit indicates that the parties have agreed to temporary relief. The agreed order bars the Bureau from firing employees or sending out "reductions in force" notices, from destroying CFPB data or records, and from defunding the agency while the case proceeds. The order was issued by the court following a scheduling conference, and the NTEU's motion for a TRO and administrative stay has been deemed a motion for a preliminary injunction with the parties' consent ([National Treasury Employees Union v. Vought](#), No. 25-0381 (ABJ) (D.D.C. Feb. 14, 2025)).

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 contractors 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.

The plaintiffs contend that 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 (see [Banking and Finance Law Daily](#), Feb. 14, 2025).

Court's order. The court's order addressed the preservation of CFPB records, certain protections for CFPB employees, and certain financial restrictions. First, the court ordered that the defendants, including their officers, agents, servants, employees, and attorneys, must not delete, destroy, remove, or impair any data or other CFPB records covered by the Federal Records Act. This includes any data stored on CFPB premises, physical media, cloud servers, or other storage systems. The court also prohibited the government from terminating any CFPB

employee, except for cause related to the specific employee's performance or conduct. Additionally, no notices of reduction-in-force may be issued to any CFPB employee. Finally, the court ordered that defendants must not transfer money from the CFPB's reserve funds, relinquish control or ownership of these funds, return any money to the Federal Reserve or the Department of Treasury, or take any steps to reduce the amount of money available to the CFPB below the amount available as of 4:00 PM on February 14, except to satisfy ordinary operating obligations.

The court order also noted that a hearing will be held on March 3, 2025, at 10:00 AM regarding the NTEU's motion for a preliminary injunction.

Motion for temporary restraining order. On Feb. 14, 2025, the plaintiffs also [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. In their motion requesting a temporary restraining order, the plaintiffs also argued that they are very likely to succeed on the merits, they will suffer immediate, irreparable injury if the CFPB shutdown continues, and the balance of equities favors the plaintiffs.

The case is. [No. 25-0381 \(ABJ\)](#).

Judge: Berman Jackson, A.

Attorneys: Deepak Gupta (Gupta Wessler LLP) for National Treasury Employees Union, National Consumer Law Center, National Association for the Advancement of Colored People, Virginia Poverty Law Center, Eva Steege, and CFPB Employee Association. Brad P. Rosenberg, U.S. Department of Justice, for Russell Vought.

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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