

Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—D.D.C.: Temporary halt in layoffs as CFPB must ensure particularized assessment, (Apr. 21, 2025)

Banking and Finance Law Daily Wrap Up

[Click to open document in a browser](#)

By Shashi Kant, BALLB, LLM

The district court clarified an April 18 injunction pausing CFPB mass layoffs, emphasizing that it is a temporary action to preserve the status quo until a full hearing can be held.

On April 19, 2025, the United States District Court for the District of Columbia granted the employees unions (plaintiff's) [motion to clarify](#) the court's April 18 injunction, ruling that the Consumer Financial Protection Bureau's announced April 17 Reduction in Force (RIF) "may NOT be implemented or effectuated," and that the Bureau is barred from cutting any employee's access to work systems for up to 14 days absent further order or consent. The court emphasized that this is an interim order and a temporary non-final pause, designed to preserve the status quo and to allow a focused review, on a schedule agreed by the parties, of whether the RIF complies with the existing injunction, while preserving routine, individual personnel decisions under the March preliminary injunction.

Background. In February 2025, the National Treasury Employees Union (NTEU), Public Citizen Litigation Group, the Communications Workers of America, and other unions filed suit in the U.S. District of Columbia against Acting CFPB Director Russell Vought and other administration officials. They alleged an orchestrated effort to "dismantle" the Bureau by terminating staff en masse and sought injunctive relief to halt any further workforce reductions. On March 31, the district court granted a broad preliminary injunction, finding that absent relief, the RIF and associated terminations would inflict irreparable harm on the CFPB's ability to fulfil its statutory duties. That order reinstated probationary and term employees discharged after February 10, 2025, directed the CFPB to preserve all records and data, and prohibited any further terminations, RIF notices, or discontinuation of system access without cause.

Shortly thereafter, the CFPB appealed. On April 11, the U.S. Court of Appeals for the District of Columbia Circuit stayed only the preliminary injunction's RIF prohibition "insofar as it prohibits defendants from terminating or issuing a notice of reduction in force to employees whom defendants have determined, after a particularized assessment, to be unnecessary to the performance of defendants' statutory duties."

RIF notices and shows cause motion. Relying on the D.C. Circuit's stay, Acting Director Vought announced on April 17 that 1,408 employees approximately 90 percent of the CFPB's workforce, would receive RIF notices and be placed on paid administrative leave for 60 days pending final action. Plaintiffs immediately reported widespread notices across virtually all divisions, including the Office of Consumer Response, legal teams, and network management staff. Late that evening, they moved into the District Court for an order to show cause why the RIF did not violate the partially stayed injunction. The motion pointed out that, despite the appellate directive, the CFPB had not publicly demonstrated that a particularized assessment actually occurred as required.

April 18 hearing and abeyance order. At the April 18 hearing, the district court, observing that competing declarations painted "starkly different pictures" of whether the agency had conducted a meaningful assessment, temporarily enjoined the RIF. The court barred implementing or completing any terminations and prohibited suspending system access until a full evidentiary hearing on April 28 (see [Banking and Finance Law Daily](#), April 18, 2025). It found that declarations alone were insufficient to resolve factual disputes over staffing needs and statutory compliance, necessitating further fact-finding before lifting the stay. Defendants did not object to the entry of this abeyance order at the hearing.

Subsequently, according to the District Court's Minute Order of April 19, both sides must exchange sworn testimony, documentary evidence, and contemporaneous records based on a jointly proposed schedule. During the 14-day interim, the RIF remains suspended unless extended for good cause or by consent, and no employee may lose access to work systems. However, the core provisions of the March preliminary injunction remain in effect: the CFPB may continue ordinary hiring, promotion, discipline, and other individual personnel actions unrelated to the enjoined RIF. If the court determines, after the evidentiary hearing, that the RIF violates its prior order, it may extend the stay for another 14 days; without such a finding, the injunction will automatically dissolve.

Emergency appeal. The CFPB [appealed](#) the District Court's clarifying and abeyance orders to the D.C. Circuit (No. 25-5091), filing an emergency motion to enforce or clarify the April 11 stay pending appeal. They argued the District Court misinterpreted the appellate stay by probing the substance of the CFPB's particularized assessments, requiring evidence of managerial consultations and scrutinizing unit-by-unit staffing judgments, rather than accepting that such assessments had been made. The CFPB contended that the D.C. Circuit intentionally left the "number and identity" of employees to the CFPB's discretion, subject only to judicial enforcement of whether the assessment occurred, not its substantive sufficiency. The court [consolidated](#) both cases.

Oral arguments. Oral argument on the emergency motion is scheduled for May 16, 2025. Should the D.C. Circuit grant relief, it could vacate or narrow the District Court's abeyance order, allowing the CFPB to resume its RIF process under the appellate stay while preserving judicial oversight only of whether a particularized assessment took place. Absent such relief, the agency faces continued operational uncertainty, with 1,408 employees in limbo and the potential for additional stays of the RIF's implementation.

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

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

Companies: National Treasury Employees Union

LitigationEnforcement: CFPB DirectorsOfficersEmployers DistrictofColumbiaNews DoddFrankAct
FederalReserveSystem