

## **Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—D.C. Cir.: Vought asserts judicial overreach in CFPB personnel decisions, (Apr. 28, 2025)**

Banking and Finance Law Daily Wrap Up

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By Shashi Kant, BALLB, LLM

Vought's appeal challenges "judicial oversight," claiming district court's injunction misrepresents CFPB's intentions and oversteps executive authority.

Russell Vought, acting director of the Consumer Financial Protection Bureau (CFPB), has [filed](#) an appellate brief challenging the district court's injunction that paused the agency's reduction-in-force (RIF) actions, in the United States Court of Appeals for the District of Columbia Circuit. The National Treasury Employees Union (NTEU) and other employee associations argue that the RIF is part of an effort to dismantle the agency, potentially terminating essential services required by law and unlawfully affecting employees' employment status. In response to this, the plaintiffs sought and were granted a preliminary injunction by the district court. However, Acting Director Vought contends in the appellate brief that the district court made significant legal and factual errors in its ruling, prompting an appeal.

**Procedural history.** On February 13, 2025, the plaintiffs filed a complaint in the U.S. District Court for the District of Columbia, arguing that the agency's mass layoffs violated the separation of powers and statutory obligations. The court issued a preliminary injunction on March 31, 2025, barring further terminations and requiring the reinstatement of affected employees. The court found that, without intervention, the RIF would inflict irreparable harm on the CFPB's ability to perform its statutory duties.

Following the district court's order, the CFPB appealed, and on April 11, the D.C. Circuit stayed part of the injunction, allowing the RIF to continue for those employees deemed unnecessary after a particularized assessment by the agency. The CFPB then issued notices to 1,408 employees, nearly 90% of its workforce, but was met with another challenge from the plaintiffs who argued that the particularized assessments had not been adequately demonstrated.

On April 18, the district court temporarily enjoined the RIF again, highlighting discrepancies between the agency's claims of assessments and the evidence provided (see [Business and Finance Law Daily](#), April 21, 2025). Subsequently, the CFPB filed an emergency appeal to the D.C. circuit, arguing that the district court had misinterpreted the scope of the appellate stay. The agency seeks to vacate or narrow the district court's abeyance order to allow the continuation of the RIF process. Oral arguments for this appeal are scheduled for May 16, 2025.

**Overreach of judicial authority.** One of the principal arguments in Vought's brief is that the district court's injunction represents an overreach of judicial authority. Vought contends that the judiciary improperly interfered with the executive branch's discretion to manage the CFPB. He emphasizes that the President, as the head of the executive branch, has the constitutional authority to direct the operations of federal agencies, including decisions regarding the structure and staffing of the CFPB. According to Vought, the district court's injunction limits the ability of the executive branch to carry out its reforms, which are designed to streamline federal operations. He asserts, "The judiciary must not intrude upon the executive's authority to manage its operations, particularly when it involves the President's reforms to enhance government efficiency."

**Misinterpretation of CFPB's intent.** Vought also argues that the district court misinterpreted the CFPB's actions, particularly the claim that the agency intended to close down or significantly curtail its operations. The district court issued the injunction under the assumption that the agency was planning to shut down, despite

clear communications from CFPB leadership that it remained committed to fulfilling its statutory duties. Vought stresses “The CFPB has never expressed an intention to close; rather, it has committed to fulfilling its statutory obligations while streamlining its operations.” Therefore, the decision to halt the RIF was based on an incorrect assumption about the agency’s intentions.

**Limiting judicial oversight.** Another key issue raised in the appellate brief is the scope of judicial oversight regarding the particularized assessments of the employees affected by the RIF. Vought argues that the district court erred in requiring the CFPB to substantiate the substance of its particularized assessments rather than merely demonstrating that such assessments took place. The appellate brief contends that the D.C. Circuit’s partial stay on the district court’s injunction allows the RIF to proceed as long as the agency has conducted a particularized assessment. Vought asserts “Judicial review should be confined to ensuring that the procedural requirements are met, not to second-guessing the agency’s substantive decision-making.”

**Lack of standing.** Vought argues that the plaintiffs’ claims are based on speculative injuries, which are not concrete enough to justify judicial intervention. He argues, “The plaintiffs’ allegations are rooted in hypothetical scenarios and future harm, which fail to meet the concrete injury requirements necessary for standing.” Vought contends that this lack of standing undermines the basis for the plaintiffs’ suit and that the court should not intervene in the absence of a clear, specific, and justiciable harm.

**Separation of powers.** Finally, Vought argues that the district court’s injunction violates the separation of powers doctrine by intruding on the executive branch’s authority. should not become entangled in the day-to-day management of the executive branch. Vought contends that the judiciary should refrain from overseeing the routine administrative functions of an agency, particularly when these functions involve discretionary executive decisions made by politically accountable officials. “The executive branch’s personnel decisions are entrusted to politically accountable officials, and it is not the role of the judiciary to supervise or alter these decisions,” Vought notes.

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

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Companies: National Treasury Employees Union

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