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Attorney General James Sues Trump Administration to Defend Critical Consumer Protection Efforts

AG James Leads Coalition Suing to Stop Complete Defunding of the Consumer Financial Protection Bureau

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NEW YORK – New York Attorney General Letitia James today led a coalition of 21 other attorneys general in [suing the Trump administration to stop the complete defunding of the Consumer Financial Protection Bureau \(CFPB\)](#), which has returned more than \$21 billion improperly taken from over 205 million Americans throughout its 14-year existence. The CFPB’s current acting director, Russell Vought, is attempting to completely defund the agency by refusing to request any funding from the Federal Reserve, which will virtually guarantee the agency runs out of money in January 2026. As Attorney General James and the coalition argue, this will have devastating impacts on consumers and severely disrupt states’ consumer protection abilities, which rely on consumer complaints and data from CFPB. Attorney General James and the coalition argue that CFPB has a legal requirement to collect and process consumer complaints and share that complaint data with states, and that Vought’s actions violate the law and the Constitution. The lawsuit seeks a court order preventing the administration from completely defunding CFPB.

“Defunding the Consumer Financial Protection Bureau will make it harder to stop predatory lenders, scammers, and other bad actors from taking advantage of New Yorkers,” said **Attorney General James**. “My office and attorneys general across the country rely on the CFPB for consumer complaints and other data to get justice for consumers. The administration’s actions are a handout to those who drive up costs by cheating hardworking Americans, and I will keep fighting to ensure they follow the law and our Constitution.”

Established in the wake of the Great Recession, CFPB is an independent agency funded entirely by the Federal Reserve focused on regulating financial institutions and products to protect consumers. The CFPB writes and enforces rules to regulate financial institutions, collects critical economic data, and fields millions of consumer complaints every year. In addition, CFPB is the only federal agency authorized to supervise the nation's largest banks for their compliance with consumer financial protection laws. In 2024 alone, the CFPB consumer complaint database collected 208,305 complaints from consumers in New York alone, which led to companies returning \$8.5 million to New Yorkers.

Beyond its own consumer protection actions, CFPB is legally mandated to provide vital information to states to aid their own consumer protection efforts. States rely on consumer complaints from CFPB to investigate wrongdoing, secure refunds and restitution for consumers, and support their own litigation against financial institutions. For example, CFPB collects demographic and geographic lending data under the Home Mortgage Disclosure Act, which states use to protect homebuyers from discriminatory lending.

States also regularly refer consumer complaints to CFPB for further assistance. From 2023 to the present, New York referred approximately 2,170 consumer complaint intakes to CFPB. As Attorney General James and the coalition argue, completely defunding CFPB will eliminate this important resource for resolving complaints and securing justice for cheated consumers.

In November, Vought took a novel position that the agency can only be funded by the Federal Reserve's "profits," which he asserted are currently nonexistent. Vought therefore made the decision not to request any funding from the Federal Reserve, making it all but certain that CFPB will run out of funding completely in January 2026.

Attorney General James and the coalition argue that Vought's decision not to seek any funding for CFPB is unlawful and unconstitutional. The CFPB has a legal obligation to provide states with consumer complaints – a duty it will not be able to fulfill without the necessary funds. Completely eliminating CFPB funding also violates the Separation of Powers principle, as the agency was established by Congress, which also created a process for it to regularly receive funding from the Federal Reserve. Attorney General James and the coalition are seeking a court order preventing the administration from

carrying out its decision not to request any funds for CFPB and ordering the agency to request funding from the Federal Reserve to fulfill its duties as required by the law.

Joining Attorney General James in filing this lawsuit are the attorneys general of Arizona, California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, North Carolina, Oregon, Rhode Island, Vermont, Wisconsin, and the District of Columbia.