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District Court Judge Issues Injunction Requiring Work Continue at CFPB

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How much should the government interfere in private lending? That question is key to the debate raging around the Consumer Financial Protection Bureau, abbreviated as the CFPB. The CFPB “was created to provide a single point of accountability for enforcing federal consumer financial laws and protecting consumers in the financial marketplace.”¹ Its responsibilities include investigating unfair or deceptive practices, writing rules about those practices, and enforcing laws against discrimination in consumer finance.² In 2008, the subprime mortgage market crashed, losing Americans over \$10 trillion. In response, Congress passed the Wall Street Reform and Consumer Protection Act, better known as the Dodd-Frank Act, which among other things established the CFPB and gave it a mandate to make sure securities regulations are “written fairly and enforced vigorously”³. That statute required that the CFPB maintain a Consumer Advisory Board⁴, an Office of Financial Education⁵, an Office of Service Member Affairs⁶, an Office of Financial Protection for Older Americans⁷, and an Office of Fair Lending and Equal Opportunity⁸.

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¹ *The CFPB*, CONSUMER FIN. PROT. BUREAU (Dec. 3, 2024), <https://www.consumerfinance.gov/about-us/the-bureau/>.

² *Id.*

³ *Seila L. LLC v. Consumer Fin. Prot. Bureau*, 591 U.S. 197, 205 (2020).

⁴ 12 U.S.C. § 5494(a).

⁵ 12 U.S.C. § 5493(d).

⁶ 12 U.S.C. § 5493(e).

⁷ 12 U.S.C. § 5493(g)(1).

⁸ 12 U.S.C. § 5493(c)(1).

Furthermore, the statute required the CFPB to research and report on credit rates⁹, depository institutions and lending patterns¹⁰, and emerging consumer risks¹¹.

On February 6, 2025, the Senate confirmed Russell Vought as the director of the Office of Management and Budget in a 53-47 vote.¹² The next day, Vought was named acting director of the CFPB.¹³ Over the next few days, Vought instructed employees to “stand down from performing any work task” and ordered the cancellation of nearly 200 contracts with vendors.¹⁴ He also fired all 85 probationary employees¹⁵ and 130 term-limited employees¹⁶. In response, the National Treasury Employees Union, the union representing the staff of the CFPB, sued Vought in federal district court on the grounds that the Executive Branch’s actions to dismantle the CFPB violated separation of powers principles.¹⁷ They requested that the court declare the stop-work order unlawful and issue an injunction to prohibit Vought from further attempting to stop the CFPB’s work.¹⁸ The case was heard by District of Columbia judge Amy Berman Jackson, who issued a 112-page opinion on March 28th, 2025.¹⁹

Judge Jackson granted the plaintiffs’ motion for a temporary restraining order requiring that the status quo be maintained while the case moves forward on the merits. Judge Jackson’s opinion was based partly on declarations submitted by the plaintiffs stating that the agency may not have been carrying out at least some of its mandatory functions per the statute, which contradicted declarations from the CFPB’s chief operating officer Adam Martinez.²⁰ The court also concluded that if the defendants were not enjoined, “they will eliminate the agency before the Court has the opportunity to decide whether the law permits

⁹ 15 U.S.C. § 1646.

¹⁰ 12 U.S.C. § 2809.

¹¹ 12 U.S.C. § 5512(c)(3).

¹² Kaia Hubbard, *Senate Confirms Russ Vought to Lead Budget Office as Democrats Protest*, CBS NEWS (Feb. 6, 2025), <https://www.cbsnews.com/news/russ-vought-senate-confirmation-vote-office-of-management-and-budget/> (last visited Apr 8, 2025).

¹³ Stacy Cowley, *Left for Dead, the C.F.P.B. Inches Back to Life*, N. Y. TIMES (Mar. 15, 2025), <https://www.nytimes.com/2025/03/15/business/trump-cfpb.html>.

¹⁴ *Id.*

¹⁵ Nat’l Treasury Emps. Union v. Vought, No. CV 25-0381 (ABJ), 2025 WL 942772, at *24 (D.D.C. Mar. 28, 2025).

¹⁶ *Id.* at *18.

¹⁷ Compl., Nat’l Treasury Emps. Union v. Vought, No. CV 25-0381 (D.D.C. Feb. 9, 2025).

¹⁸ *Id.* at 7.

¹⁹ Jon Hill, *Judge ‘Cannot Look Away’, Halts Trump Admin Cuts at CFPB*, LAW360 (Mar. 28, 2025), <https://www.law360.com/corporate/articles/2309883/judge-cannot-look-away-halts-trump-admin-cuts-at-cfpb>.

²⁰ Evan Weinburger, *Judge Wants Proof CFPB ‘Hasn’t Been Choked Out of Existence’*, BLOOMBERG NEWS (Mar. 3, 2025), <https://news.bloomberglaw.com/daily-labor-report/judge-orders-cfpb-official-to-testify-on-agencys-operations?context=search&index=0>.

them to do it, and as the defendants' witness warned, the harm will be irreparable."²¹ The administration's efforts to eliminate the CFPB first ran into a roadblock early in the process. However, when they learned that the agency is responsible for publishing a key mortgage interest rate each week that lenders need so that they can be sure they are within safe-lending rules.²²

The order also requires that the CFPB reinstate the term and probationary employees that were fired en masse and enjoins Vought from firing any more CFPB employees for reasons other than cause.²³ Many of those employees had already been added back to the CFPB's payroll due to a separate court order in a Maryland court case filed by the City of Baltimore.²⁴

A Justice Department attorney representing the CFPB, Liam Holland said that applying the preliminary injunction would tie the Trump administration's hands and essentially put the CFPB into a court-managed receivership.²⁵ The case is still moving through the court system and the CFPB's final fate remains to be seen.

²¹ A.J. Dhaliwal & Mehul Madia, *D.C. Federal Court Judge Blocks Efforts to Dismantle the CFPB*, MONDAQ (Apr. 2, 2025), <https://www.mondaq.com/unitedstates/financial-services/1605122/dc-federal-court-judge-blocks-efforts-to-dismantle-the-cfpb>.

²² Cowley, *supra* note 13.

²³ Stefanie Jackman et al., *Court Orders CFPB to Reinstate Employees and Resume Operations; CFPB Promptly Files Appeal*, CONSUMER FIN. SERV. LAW MONITOR (Mar. 31, 2025), <https://www.consumerfinancialserviceslawmonitor.com/2025/03/court-orders-cfpb-to-reinstate-employees-and-resume-operations-cfpb-promptly-files-appeal/>.

²⁴ Dhaliwal & Madia, *supra* note 21.

²⁵ Weinburger, *supra* note 20.