

## The CFPB Is Dead, Long Live the CFPB

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In the two weeks since our [last update](#) on what is happening with the Consumer Financial Protection Bureau ("CFPB"), the Trump administration has continued to take actions that make it seem as though they are intending to wind down the agency.

In statements filed in the case brought against the administration by the National Treasury Employees Union ("NTEU") to attempt to stop the shutdown of the agency, one CFPB employee reported that they heard one Senior Executive of the DOGE team working on evaluating the CFPB say that it will become a "room at Treasury, White House, or Federal Reserve with five men and a phone in it." Accordingly, the CFPB's headquarters building is in the process of having its lease ended and the name of the agency has been removed. Importantly, the vast majority of CFPB employees have not been working during their administrative leave, because the Chief Legal Officer of the CFPB must approve any and all work being done and has approved very little work. In addition, a "tip line" to report that any CFPB staff are doing work has been established on X, Elon Musk's social media platform.

Meanwhile, the new appointee to serve as Director of the CFPB, Jonathan McKernan, [testified](#) in his appointment hearing that he "will fully and faithfully execute the law." He continued saying, "under my watch, the CFPB will take all steps necessary to implement and enforce the federal consumer financial laws and perform each of its other statutorily assigned functions. But, the CFPB will do this by centering its regulation on real risks to consumers and by focusing its enforcement on bad actors." And, [the response from the Department of Justice in the NTEU case](#) claims that even though very little work is being done at the CFPB, the CFPB is fulfilling its statutorily required duties, stating "the building's closure, which has continued to the present day, has not prevented the CFPB from performing statutorily required functions given CFPB's capacity to perform its functions remotely."

With respect to the NTEU case, the judge, Amy Berman Jackson of the U.S. District Court of the District of Columbia, is considering whether to convert the existing temporary restraining order into a preliminary injunction that would prevent the current Acting Director of the CFPB, Russell Vought, from firing any more CFPB employees. As she considers the merits of each side, Berman Jackson has set a hearing for Monday, March 10th tasking Vought with providing specific proof that statutorily required duties are being carried out. [The American Banker reports](#) that the administration's answers on this point during the most recent hearing were unclear. For reference, the Consumer Federation of America and the Student Borrower Protection Center [have concluded that there are eighty-seven different statutorily required activities](#) under the Consumer Financial Protection Act. And, based upon published reports and informal information from CFPB employees, far fewer than even eighty-seven CFPB employees have actually been allowed to do any work since early February.

Whether the agency is allowed to continue its work with more than five people on staff or not, it is certain that the focus for consumer financial protection is shifting away from the Federal sphere, at least for the next four years. States have already begun to revise their priorities accordingly, and all participants in consumer financial services will have to rely upon state regulators such as New York's [Department of Financial Services](#) and [California's Department of Financial Protection & Innovation](#) for updated guidance and interpretations.