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CFPB Staff Instructed to “Freeze” All Work, Including Rulemaking, Enforcement, and Supervisory Activities*

On February 3, 2025, the then acting CFPB Director, Scott Bessent, reportedly sent a memo instructing all CFPB staff to “freeze” virtually all agency work. As reported in an *American Banker* news article dated February 3, 2025 (available at <https://www.americanbanker.com/news/treasurys-bessent-tells-cfpb-staff-to-stop-everything>), CFPB staff were directed to:

- “Suspend the effective dates of all final rules that have been issued or published but that have not yet become effective”;
- “Not to commence, take additional investigative activities related to, or settle enforcement actions”;
- “Not to issue public communications of any type, including publication of research papers”;
- “Not to approve or execute any material agreements, including related to employee matters or contractors”; and
- “Not to make or approve filings or appearances by the Bureau in any litigation, other than to seek a pause in proceedings.”

Subsequently, on February 8, 2025, Acting Director Bessent was replaced by Russell Vought, who had recently been confirmed as Director of the Office of Management and Budget. Acting Director Vought then issued a statement on X (formerly known as Twitter) indicating that the CFPB would not take its next draw of funding from the Federal Reserve. It was also reported that on February 8, 2025, Vought sent an email to all CFPB employees reiterating the prior instructions to freeze all work. However, his email went further by instructing CFPB staff to cease all supervisory activities.

As of the writing of this article, no publications in the Federal Register have suspended the effective dates of any final rules that may be impacted by the “freeze” initiated by the Acting Directors. We expect that, in order to suspend the effective dates of final rules that were issued or published but had not yet become effective as of the date the “freeze” was initiated, the CFPB will issue future rules formally suspending those dates.

The CFPB’s final rules that had been issued or published but had not yet taken effect as of the date the Acting Directors initiated the “freeze,” and which would fall within the new CFPB directives, include the following:

* Janet Bonnefin has retired from the firm.

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- The Overdraft Lending final rule for very large financial institutions, which was published in the Federal Register on December 30, 2024. 89 FR 106768. This rule would have been effective October 1, 2025;
- The Medical Debt final rule to amend Regulation V, which was published in the Federal Register on January 17, 2025. 90 FR 3276. The rule would have been effective March 15, 2025. However, a court order has already delayed its effective date until June 15, 2025, as discussed below; and
- The Residential Property Assessed Clean Energy Financing (PACE) final rule to amend Regulation Z, which was published in the Federal Register on January 10, 2025. 90 FR 2434. The rule would have been effective March 1, 2026.

Below are some of the more significant rules that are currently in litigation but are already effective and are more likely to be (or have already been) impacted by the litigation freeze.

- The Section 1071, Small Business Lending Data Collection (SBLDC) Rule, codified in Regulation B, 12 CFR Part 1002, Subpart B. 88 FR 35150. The rule is currently being litigated in *Texas Bankers Association, et al v. CFPB*, No. 24-40705 (5th Cir. Feb. 7, 2025). The Fifth Circuit Court of Appeals effectively paused the compliance dates for plaintiffs and intervenors in the case, pending the outcome of the appeal.
- The Medical Debt final rule, which is currently being litigated in *Cornerstone Credit Union League, et al v. CFPB, et al*, No. 4:25-cv-00016-SDJ (E.D. Tex. Jan. 7, 2025). In that case, the CFPB did not contest the plaintiffs' request for a stay of the rule. On February 6, 2025, the U.S. District Court for the Eastern District of Texas granted the CFPB's unopposed motion to stay the proceedings. The court's order also provides that: (i) the effective date of the final rule is stayed until June 15, 2025; and (ii) all deadlines in the case are stayed until May 7, 2025.
- The Section 1033 Personal Financial Data Rights Rule, which requires banks, credit unions, and other financial service providers to make consumers' data available upon request to consumers and authorized third parties in a secure and reliable manner. 89 FR 90838. The rule became effective on January 17, 2025, with an April 1, 2026, initial compliance date. This rule is currently being litigated in *Forcht Bank, NA et al v. CFPB*, No. 5:24-cv-00304 (E.D. Ky. Oct. 22, 2024).
- The Credit Card Penalty Fees final rule to amend Regulation Z, which became effective on May 14, 2024. 89 FR 19128. The rule is currently being litigated in *Chamber of Commerce of the U.S.A., et al v. CFPB, et al*, No. 4:24-cv-00213 (N.D. Tex. Mar. 7, 2024).
- The CFPB's updated UDAAP Examination Manual, which is currently being litigated in *Chamber of Commerce of the U.S.A., et al v. CFPB, et al*, No. 23-40650 (5th Cir. Nov. 8, 2023).

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