

Multistate Coalition Files Amicus Brief Warning Against Efforts to Dismantle the CFPB

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Last week, a coalition of all 23 democratic attorneys general filed an [amicus brief](#) in the U.S. District Court for the District of Maryland warning against efforts by the Trump Administration to defund and disband the Consumer Financial Protection Bureau (CFPB). The brief comes in the wake of the outgoing CFPB's [call for state action](#), in a foreshadowing of events to come.

In their brief, the coalition, co-led by New Jersey Attorney General Matthew J. Platkin and New York Attorney General Letitia James, argues that the administration's efforts to eliminate the CFPB will harm consumers by preventing them from utilizing the CFPB's robust complaint reporting system to raise issues of fraud or deception.

The coalition also asserts that, given the CFPB's dormancy, no federal regulator is currently examining large banks for compliance with consumer protection laws. While attorneys general are empowered by the Dodd-Frank Act's Consumer Financial Protection Act (CFPA) to enforce CFPA regulations and other consumer protection laws against state and national banks, only the CFPB has the authority to enforce the provisions of the CFPA itself against national banks, which includes the ability to combat abusive practices. The attorneys general argue that this dynamic will give large banks "carte blanche to loosen their regulatory compliance and profit accordingly" while state-chartered banks, on the other hand, will be disadvantaged because they remain subject to state enforcement of consumer protection laws.

Lastly, the brief explains that eliminating the CFPB will "have concrete and far reaching implications" for states and their citizens, given that states and the CFPB formerly shared complaints and trend data, collaborated on supervisory examinations, benefitted from joint training efforts, and partnered on investigations and litigation. In the absence of the CFPB, states will be "unexpectedly stretched" in their consumer protection enforcement efforts and will be required to "divert resources from other crucial law enforcement efforts." For example, as the states explain in the brief, the CFPB and states are currently partnering on active litigation—and the elimination of the CFPB will require the states to suddenly assume sole responsibility.

While the CFPB's fate remains unclear, the coalition's brief makes clear that states are preparing to fill in the gaps caused by the CFPB's inactivity, including by reallocating their already-limited resources and managing an increased consumer protection docket. Moreover, despite the concerns raised by the states, it is important to remember that long before the CFPB existed, state AGs had strong partnerships with each other and with federal enforcers in protecting consumers from financial service fraud. States will continue their engagement in this space and we expect them to

seek new legislative authority, increase staffing, and identify opportunities to partner with other agencies like the FTC in addressing financial harms.