

Joe Sanders and Brian Turetsky Analyze the Significance of the CFPB's \$145 Million Funding Request

Commentary Cited in a Series of Media Reports

In The News | 3 min read

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Hinshaw partners Joseph (Joe) Sanders and Brian Turetsky have been quoted in a series of media reports discussing the potential impact and practical significance of the Consumer Financial Protection Bureau's (CFPB) recent \$145 million funding request submitted by Acting Director Russ Vought to the Federal Reserve.

Will State Attorneys General Step Up to Fill the CFPB Gap?

"States are absolutely stepping up, but I don't think they can fully fill a breach left by the CFPB without a lot more funding now," said Joe in an article published by *American Banker*. "You're going to see increased activity by the states — it's just going to look different from the CFPB."

Joe referenced a recent \$425 million class action settlement involving Capital One. Initially, state attorneys general opposed the deal, and the judge refused to approve it. Approval was only granted after Capital One agreed to increase restitution and interest for customers. Notably, the CFPB under the Trump Administration had previously dismissed a lawsuit dealing with the same issues.

Compliance Implications

Joe also anticipated in an *Inside Mortgage Finance* article that former CFPB staff now at other agencies with overlapping Dodd-Frank enforcement authority will likely "pick up the slack" on compliance oversight, meaning companies should stay the course with existing compliance programs. Even amid potential regulatory rollbacks, eliminating the Bureau would heighten uncertainty and would not insulate firms from enforcement by other regulators.

Impact on Litigation and Appellate Strategy

Joe explained the procedural and strategic crosscurrents as the DC Circuit prepares to rehear a National Treasury Employees Union case next month in a *Banking Dive* article.

“[Vought] needs the Court of Appeals for the DC Circuit to lift Judge Jackson’s injunction. Taking steps to violate that injunction will play into the hands of the plaintiffs,” he said. “Vought only requested funding through March 31 (Q2 FY 26), so this preserves the argument that he just wants to streamline the Bureau, not kill it, while also keeping the agency on the fiscal tipping point should another opportunity arise to use the ‘earnings’ argument.”

Joe also observed that the bureau no longer appears poised to transfer its remaining enforcement actions to the Department of Justice. Since the CFPB has now requested \$145 million from the Federal Reserve to keep operations going, the original rationale for a DOJ transfer tied to a funding shortfall “doesn’t work,” he said, adding that CFPB lawyers remain active on several open cases (*Inside Mortgage Finance*).

Joe also noted that Vought may have requested the funding to avoid an argument at the upcoming hearing over whether “he just wants to shut down the bureau,” highlighting how litigation and agency operations are closely intertwined.

Joe cautioned that if efforts to eliminate the CFPB ultimately fail, companies could face future look-backs when there is a change in political leadership, increasing retroactive enforcement risk (*Inside Mortgage Finance*).

Statutory Guardrails under the Vacancies Reform Act

Lastly, in the *Banking Dive* article, Brian explained the statutory guardrails that may constrain the administration’s options in the months ahead. “The Vacancies Reform Act only allows the extension of the Acting Director through two nominations, and Levenbach’s was the second,” he said.

“Vought may not want to lose the appeal and have the injunction hanging over his last months at the CFPB. Requesting funding for one quarter furthers that goal.” Brian’s analysis frames how the Vacancies Reform Act timeline and the injunction interact with the CFPB’s immediate funding request, shaping both the appellate strategy and the agency’s risk.

Links to Media Coverage

- *American Banker*: [As CFPB retreats, state AGs and bank regulators step up](#) (January 21, 2026)
- *Banking Dive*: [“Vought concedes on CFPB funding”](#) (January 12, 2026)
- *Inside Mortgage Finance*: [“CFPB Requests \\$145 Million Transfer From Fed”](#) (January 12, 2026)
- *Inside Mortgage Finance*: [“CFPB Unlikely to Transfer Enforcement Actions to DOJ”](#) (January 12, 2026)

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Related People



Joseph M. Sanders

Partner

📞 312-704-3219



Brian A. Turetsky

Partner

📞 212-471-6240

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