

If Supreme Court Sides with CFPB, 'Flurry' of Litigation Moves Forward

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Sheppard Mullin partner AJ Dhaliwal was quoted in the *American Banker* story, "If Supreme Court sides with CFPB, 'flurry' of litigation moves forward," about the pending U.S. Supreme Court case, *Consumer Financial Protection Bureau v. Community Financial Services Association of America*, which challenges the funding structure of the Consumer Financial Protection Bureau (CFPB). The decision, expected by June's end, could significantly affect the bureau's constitutionality and impact other federal agencies.

Legal experts largely anticipate a favorable outcome for the CFPB, citing the justices' skepticism during October's oral arguments towards the claim that Congress's funding mechanism for the CFPB via the Federal Reserve System is unconstitutional. Dhaliwal noted that the justices did not ask at oral arguments about potential remedies should the CFPB's funding be deemed unconstitutional. "They didn't ask the bureau or either party, how do we solve this? What's the solution?" This absence of discussion on alternatives suggests a reluctance to dismantle the CFPB altogether, he said.

Dhaliwal told *American Banker* that he anticipates a period of intense activity following the Court's decision, indicating the CFPB's readiness to "pull the switch" on enforcement actions and litigation. This readiness underscores the strategic pause and preparation the CFPB has undertaken in anticipation of the Court's ruling.

Read the full story here. (Subscription required.)

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