

GIBSON DUNN



Appellate and Constitutional Law Update

June 29, 2026

Supreme Court Allows Federal Reserve Governor To Remain In Office

Trump v. Cook, No. 25A-312 – Decided June 29, 2026

Today, the Supreme Court declined to stay the reinstatement of Federal Reserve Governor Lisa D. Cook, allowing her to remain in office pending further judicial proceedings.

“To accept [the Government’s] arguments would in effect transform the Federal Reserve’s for-cause protection into at-will employment—an interpretive leap out of step with the statute Congress enacted and our Nation’s tradition of central banking protected from political interference. We therefore deny the Government’s application.”

CHIEF JUSTICE ROBERTS, WRITING FOR THE COURT

Background:

Governors of the Federal Reserve are “appointed by the President, by and with the advice and consent of the Senate” for a 14-year term. 12 U.S.C. § 241. They may only be “removed for cause by the President.” 12 U.S.C. § 242.

Governor Lisa D. Cook was confirmed to a full 14-year term on the Federal Reserve Board, commencing in 2024 and expiring in 2038. On August 15, 2025, the Director of the Federal Housing Finance Agency, William Pulte, sent a criminal referral letter to the Department of Justice, alleging that Governor Cook had potentially engaged in fraudulent conduct in connection with two mortgage agreements she entered before her appointment to the Board. The letter alleged that, to obtain favorable mortgage terms, Governor Cook had falsely designated two properties as her primary residence. Five days later, Director Pulte publicly released the letter on social media. Shortly thereafter, President Donald J. Trump called for Governor Cook's resignation on social media.

On August 25, 2025, President Trump published a separate letter addressed to Governor Cook on social media, stating that he was removing her from the Federal Reserve Board, effective immediately. The letter asserted that there was "sufficient cause" for removal based on alleged "deceitful and potentially criminal conduct in a financial matter" or "gross negligence in financial transactions." The President did not send the letter directly to Governor Cook.

Governor Cook subsequently filed suit against the President, the Federal Reserve Board, and the Chairman of the Board in the United States District Court for the District of Columbia. The district court granted a preliminary injunction preserving the status quo and preventing her removal, finding that she was likely to succeed on her claim that the President had not validly removed her "for cause." A divided panel of the D.C. Circuit denied the Government's request to stay the injunction pending appeal. The Government then applied to the Supreme Court for a stay.

Issue:

Whether Governor Cook is entitled to remain in office on an interim basis while the litigation regarding her removal proceeds.

Court's Holding:

Yes. Governor Cook may remain in office pending final resolution of the litigation about whether her removal was proper.

What It Means:

- Today's decision allows Governor Cook to remain in office while the case returns to the lower courts, where the factual record and legal framework governing "for cause" removal will be further developed.
- Deciding the case as a matter of statutory interpretation, the Court held that the Government had not shown a likelihood of success on the merits. The Court reasoned (1) that the President's removal determination was judicially reviewable; (2) that "cause" to remove a Governor of the Board must satisfy a "substantial threshold"; and (3) that a court may order that a removed Governor can remain in office during the pendency of litigation when the Government is not entitled to a stay.
- The Court focused on the process Governor Cook received before her purported removal, explaining that "the President failed to afford Governor Cook the procedural protections to which she was entitled by statute." Although Governor Cook was not necessarily entitled

to “an audience with the President or a full-blown judicial trial,” she was entitled, at a minimum, to “some explanation of the evidence at issue, some avenue for a response, and a deadline by which a response would be due.” The Court rejected the Government’s contention that the President’s social media posts satisfied that requirement.

- The Court emphasized the Federal Reserve’s independence but did not resolve the ultimate question of whether the President may remove Governor Cook for cause. Instead, it stated that whether “cause” for removal exists will depend, at least in part, on “the seriousness of the alleged misconduct, and the extent of any nexus that may exist to the Governor’s professional duties.”
- The Court appears to be continuing to carve out the Federal Reserve as institutionally distinct from other agencies. Drawing on the history and independence of the First and Second Banks of the United States, as well as the Founders’ understanding that “monetary policy should not be subject to political interference,” the Court’s decision reinforces the possibility that the Federal Reserve’s unique history, structure, and role may afford its officers greater protection from presidential removal. That distinction echoes the Court’s reasoning last year in *Trump v. Wilcox*, where the Supreme Court stayed the reinstatement of members of the National Labor Relations Board and the Merit Systems Protection Board, explaining that its reasoning did not call into question the Federal Reserve, which it described as a “uniquely structured, quasi-private entity.”

Gibson Dunn Appellate Honors

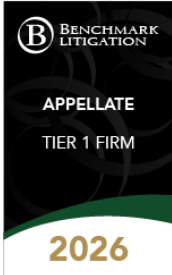


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The Court's opinion is available [here](#).

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the Supreme Court. Please feel free to contact the following practice group leaders:

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