Written by Paul Dragu on August 28, 2025

Fed Governor Lisa Cook Sues Trump to Avoid Being Fired

AP Images
Lisa Cook

Editor's note: An August email to subscribers intending to link to the article "Trump Administration Transfers $825 Million in Arms to Ukraine" mistakenly links to this article instead. Please click here to read the article on arms sales to Ukraine.

President Donald Trump is no stranger to lawsuits. On Wednesday, Federal Reserve Governor Lisa Cook generated another legal challenge for his administration to deal with.

Cook filed a lawsuit in Washington, D.C., federal district court accusing Trump of breaking the law for trying to fire her without a valid reason. The lawsuit alleges that Trump "concocted" an excuse for firing her to obscure his true motivation. It says that her "firing" does not meet the standard of "cause," defined as being guilty of misconduct or malfeasance. According to the suit:

> Even if the President had been more careful in obscuring his real justification for targeting Governor Cook, the President's concocted basis for removal — the unsubstantiated and unproven allegation that Governor Cook "potentially" erred in filling out a mortgage form prior to her Senate confirmation — does not amount to "cause" within the meaning of the [Federal Reserve Act] and is unsupported by caselaw.

Hidden Motive?

Cook says the true reason Trump wants her gone is because he wants a Federal Reserve Board more aligned with his desire to lower interest rates. The president has complained about the Fed's refusal to lower interest rates for a large part of his second presidency. He believes that refusal is based on political reasons rather than due to any legitimate economic markers.

He and many of his supporters see it as part of an effort to keep the economy stagnant. Fed Chair Jerome Powell, however, says that rates should stay high because inflation hasn't dropped to two percent. Trump has floated the prospect of ousting him as well.

Trump told advisors he wants to replace Cook quickly. On Monday, the White House released a statement announcing the president's decision to remove her over allegations of mortgage fraud. The way Federal Housing Finance Agency Director Bill Pulte described the charges is that Cook "improperly designated both a condominium in Atlanta and a home in Ann Arbor, Mich., as her primary residence when taking out loans." He claimed that she "falsified bank documents and property records" in a way that allowed her to obtain a lower interest rate." Pulte said he has referred the case to the Justice Department (DOJ), but Cook is not currently facing any charges.

This is the first time a president has tried to fire a Fed governor since the central bank was created in 1913. The Associated Press noted that most legal experts say that a "for cause" removal requires a process that would allow Cook to respond to the charges, which hasn't happened.

Though Trump has said he wants to have Cook replaced quickly, it seems he'll have to wait for the courts to approve her firing.

End the Fed

As we pointed out previously, Trump wouldn't have to deal with this if there were no Fed in the first place. Before it was secretly concocted and deceptively sold to the American people in the early 20th century, banks independently set interest rates, which created competition. But a group of international bankers and financiers came together and conspired the creation of a banking cartel. And the Federal Reserve was born.

Trump should support legislation by Rep. Thomas Massie (R-Ky.) and Sen. Mike Lee (R-Utah) to abolish the entire Federal Reserve system. You can read more about that in our earlier article here.