Regulatory Oversight Newsletter — July 2025

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Regulatory Oversight Blog

Make sure to visit Troutman Pepper Locke' *Regulatory Oversight* blog to receive the most up-to-date information on regulatory actions and subscribe to our mailing list to receive a monthly digest.

Regulatory Oversight will provide in-depth analysis into regulatory actions by various state and federal authorities, including state attorneys general and other state administrative agencies, the Consumer Financial Protection Bureau (CFPB) and the Federal Trade Commission (FTC). Contributors to the blog will include attorneys with multiple specialties, including regulatory enforcement, litigation, and compliance.

Troutman Pepper Locke Spotlight

AMERICAN BAR ASSOCIATION'S STATE AND LOCAL GOVERNMENT LAW SECTION WEBINAR SERIES: STATE ATTORNEYS GENERAL ENFORCEMENT ACTIONS AND LITIGATION: THE UNWRITTEN RULES

By Ashley L. Taylor, Jr.

Join Troutman Pepper Locke attorney Ashley Taylor, the co-leader of the firm's State Attorneys General team, as he participates in part two of the American Bar Association's State and Local Government Law Section webinar series titled "State Attorneys General Enforcement Actions and Litigation: The Unwritten Rules." This session will focus on the "Multistate Investigations and Settlements" chapter from the recently published book, *Consumer Protection: Understanding Enforcement Actions Brought by State Attorneys General*. The webinar aims to delve into the complexities and nuances of enforcement actions initiated by consumer protection staff within state attorneys general offices.

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STATE PRIVACY LAW EVOLUTION: NEW LEGISLATIVE AND REGULATORY ENFORCEMENT APPROACHES

By David Navetta, Gene Fishel, and Daniel Waltz

Register Here

Wednesday, July 23 • 12:00 – 2:10 p.m. ET

Troutman Pepper Locke attorneys Dave Navetta, Gene Fishel, and Dan Waltz will participate in an upcoming CLE with myLawCLE discussing the evolving landscape of data privacy regulation across the United States. This panel discussion will offer an in-depth analysis of state-level data privacy laws, with a focus on pioneering regulations such as California's Consumer Privacy Act and Virginia's Consumer Data Protection Act, along with other notable state-specific legislative measures. Our panelists will explore the complexities of these laws, emphasizing key differences and similarities that affect both businesses and consumers.

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Podcast Updates

SOLICITORS GENERAL INSIGHTS: THE LEGAL FRONTLINES IN IOWA AND INDIANA

By Stephen C. Piepgrass and Jeff Johnson

In this episode of our special *Regulatory Oversight: Solicitors General Insights* series, Jeff Johnson is joined by Iowa Solicitor General Eric Wessan and Indiana Solicitor General James Barta to discuss their roles and responsibilities, as well as the current legal challenges their offices are facing. The conversation delves into the intricacies of state and federal court appeals, highlighting the significant amount of work done in state courts.

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FACIAL RECOGNITION AND LEGAL BOUNDARIES: THE CLEARVIEW AI CASE STUDY

By Stephen C. Piepgrass, David Navetta, Lauren Geiser, and Daniel Waltz

In this episode of the *Regulatory Oversight* podcast, Stephen Piepgrass welcomes David Navetta, Lauren Geiser, and Dan Waltz to discuss the $51.75 million nationwide class settlement involving Clearview AI and its broader implications. The conversation focuses on Clearview AI's facial recognition software, which has sparked controversy due to its use of publicly available images to generate biometric data.

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State AG Updates

VIRGINIA DEMOCRATIC ATTORNEY GENERAL PRIMARY: A NARROW VICTORY FOR JAY JONES

By Troutman Pepper Locke State Attorneys General Team

In a closely contested Democratic primary held on Tuesday, June 17, Virginia state delegate Jay Jones narrowly defeated Henrico County Commonwealth's Attorney Shannon Taylor in the race for attorney general. This outcome sets the stage for a November election against Republican incumbent Jason Miyares, who advanced unopposed from his primary.

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NEW AG ON THE BLOCK: WYOMING INTERIM ATTORNEY GENERAL RYAN SCHELHAAS

By Troutman Pepper Locke State Attorneys General Team

On May 27, Wyoming Governor Mark Gordon announced the appointment of Ryan Schelhaas as interim attorney general (AG). Schelhaas succeeds AG Bridget Hill, who will join the Wyoming Supreme Court as its newest justice. Governor Mark Gordon has indicated he plans to nominate Schelhaas as the permanent replacement, enabling him to serve the remainder of the term as the state's attorney general.

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AI and Privacy Updates

TEXAS LEGISLATURE PASSES COMPREHENSIVE AI GOVERNANCE ACT

By Stephen C. Piepgrass, Gene Fishel, Laura Hamady, and Daniel Waltz

On June 2, the Texas legislature passed the Texas Responsible Artificial Intelligence Governance Act, (TX AI Act or bill) which heads to the governor for his signature or veto. The bill will take effect January 1, 2026, if the governor signs it into law. It is the most comprehensive piece of AI governance legislation to pass a state legislature to date. If enacted, Texas will become the fourth state after Colorado, Utah, and California to pass AI-specific legislation.

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STREAMING UNDER SCRUTINY: MICHIGAN AG ALLEGES ROKU VIOLATES COPPA AND OTHER PRIVACY LAWS

By Troutman Pepper Locke State Attorneys General Team, Gene Fishel, Laura Hamady, Esther Kye, and Kyara Rivera Rivera

On April 29, Michigan Attorney General (AG) Dana Nessel filed a lawsuit against Roku, Inc. (Roku), the smart TV and device provider and streaming service, alleging that Roku collects and monetizes personal data from children without proper parental consent in violation of the Children's Online Privacy Protection Act (COPPA) and other laws, including the Video Privacy Protection Act (VPPA) and the Michigan Consumer Protection Act.

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Marketing and Advertising Updates

TEXAS AG SPURS NATIONAL REFORM FOR GENERAL MILLS

By Troutman Pepper Locke State Attorneys General Team and Warren F. "Jay" Myers

Texas Attorney General (AG) Ken Paxton announced that General Mills has agreed to remove petroleum-based artificial dyes from its cereals and school food products throughout the U.S. by summer 2026, and from its entire U.S. product line by the end of 2027. The decision follows an investigation launched by Paxton's office into General Mills, and his office has announced that they are investigating other food companies for similar alleged misconduct.

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COURT OF APPEALS BLOCKS TEXAS AG FROM ENFORCING PRE-LITIGATION SUBPOENA

By Troutman Pepper Locke State Attorneys General Team and Leah DeFazio

The U.S. Court of Appeals for the District of Columbia recently enjoined Texas Attorney General (AG) Ken Paxton from enforcing a pre-litigation subpoena issued to Media Matters for America (Media Matters). The subpoena is related to the Texas AG's investigation into Media Matters arising out of allegations that the company fraudulently manipulated data after it reported about brand advertisement concerns on X.

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FTC AND NEVADA AG ACCUSE ILM OF DECEPTIVE ADVERTISING

By Troutman Pepper Locke State Attorneys General Team and Natalia Jacobo

Nevada Attorney General (AG) Aaron D. Ford recently announced that the State of Nevada and the Federal Trade Commission (FTC) have filed a suit against IYOVIA. IYOVIA currently operates under the brand names IM Mastery Academy, iMarketsLive, and IM Academy (collectively, "IML") and is accused of falsely promising significant income through trading in various financial markets and through a multi-level marketing scheme.

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NY AG REACHES $3.2M IN SETTLEMENTS WITH 8 NEW YORK NISSAN DEALERSHIPS

By Troutman Pepper Locke State Attorneys General Team and Michael Lafleur

New York Attorney General (AG) Letitia James' office has reached a cumulative total of $3.2 million in settlements with eight Nissan dealerships that the office accuses of overcharging New Yorkers for purchasing leased vehicles at the conclusion of their lease term.

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Other State Legislation Updates

INDIANA AND MARYLAND BECOME LATEST STATES TO ENACT EARNED WAGE ACCESS LEGISLATION

By Troutman Pepper Locke State Attorneys General Team and Lane Page

Indiana and Maryland became the most recent states to enact legislation regulating earned wage access (EWA) services, with Indiana passing House Enrolled Act 1125 on May 6, and Maryland passing House Bill 1294 on May 20.

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Single State AG Enforcement Updates

MARYLAND RAMPS UP FAIR HOUSING ENFORCEMENT

By Troutman Pepper Locke State Attorneys General Team and Kyara Rivera Rivera

Maryland Attorney General (AG) Anthony G. Brown recently announced three settlements with real estate and property management companies, resulting in more than $310,000 in combined civil penalties and restitution. Brown alleged that the property management and real estate companies discriminated against various tenants that utilized housing vouchers or had criminal records, in violation of federal and state fair housing laws.

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CALIFORNIA AG TAKES ACTION AGAINST $1.3 MILLION INSURANCE FRAUD SCHEME

By Troutman Pepper Locke State Attorneys General Team and Lauren Hancock Miller

In May, California's attorney general (AG) charged a local dermatologist with more than 20 counts of fraud after uncovering a scheme that allegedly resulted in the state's Medicaid program paying out over $1.3 million for services that were never rendered.

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Tobacco Regulatory Updates

NEW MISSISSIPPI CIGARETTE AND ENDS DIRECTORY LAWS TAKE EFFECT IN JULY

By Bryan Haynes, Agustin Rodriguez, and Michael Jordan

Effective July 1, Mississippi will require all cigarette and ENDS manufacturers to provide annual certifications and have their products listed on a state directory in order for their products to be sold in the state. The law, enacted through HB 916, creates separate directories for cigarettes, including roll-your-own (RYO) tobacco, and Electronic Nicotine Delivery Systems (ENDS) products, such as e-cigarettes and vapes.

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Cannabis Regulatory Updates

TEXAS SENATE BILL 3: A SWEEPING BAN ON INTOXICATING HEMP-DERIVED PRODUCTS — IMPLICATIONS FOR THE INDUSTRY

By Jean Smith-Gonnell and Cole White

On May 27, the Texas Legislature sent Senate Bill 3 (SB3) to Gov. Greg Abbott for signature, marking a potentially seismic shift in the legal landscape for hemp-derived cannabinoid products in the state. If signed into law – or allowed to take effect without a veto – SB3 will impose one of the most comprehensive bans on consumable hemp products in the country, to include all products containing any measurable amount of tetrahydrocannabinol (THC) or other natural and synthetic intoxicating cannabinoids. The legislation targets a market that has flourished since the passage of the 2018 federal Farm Bill and Texas's 2019 hemp law, creating new compliance, enforcement, and business continuity questions for stakeholders across the supply chain. This article summarizes SB3's major provisions and provides an example of the impacts the bill will have on manufacturers, retailers, and consumers through the lens of infused beverage products.

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RECENT SEC AML ENFORCEMENT ACTIONS' IMPACT ON COMPLIANCE EFFORTS IN THE CANNABIS SECTOR

By Jay A. Dubow and Jessica McClellan

Investing in the cannabis industry is not without its risks, given the evolving regulatory landscape and the varying state and federal statuses of the product itself. The Financial Crimes Enforcement Network (FinCEN) has shown it will continue to enforce its 2014 Marijuana Bank Secrecy Act (BSA) Guidance, despite the rescission of the Cole Memo in 2018, which initially informed this guidance. Additionally, for public companies and other entities subject to oversight by the Securities and Exchange Commission (SEC), recent SEC enforcement cases reinforce the necessity of rigorous due diligence and adherence to anti-money laundering (AML) protocols, especially given that FinCEN maintains that all financial transactions involving marijuana remain federally illegal.

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COLORADO CRACKS DOWN ON HEMP MISREPRESENTATION

By Jean Smith-Gonnell and McKayla Riter

On May 14, Colorado Attorney General (AG) Phil Weiser announced that the state reached a settlement with MC Global Holdings, LLC, its associated companies, and owners (collectively MC) to resolve allegations that MC's business practices violated the Colorado Consumer Protection Act (CCPA).

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Stephanie Kozol, Senior Government Relations Manager – State Attorneys General, also contributed to this newsletter.

Our Cannabis Practice provides advice on issues related to applicable federal and state law. Marijuana remains an illegal controlled substance under federal law.

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