

Regulatory Oversight Newsletter — June 2025

WRITTEN BY

[Ayana D. Brown](#) | [Nick C. Gouverneur](#) | [Christy A. Matelis](#) | [Bradley C. Weber](#) | [Warren F. Myers](#) | [Lauren Morgan Fincher](#) | [Jessica M. Birdsong](#) | [Kyara M. Rivera Rivera](#) | [Troy C. Homesley](#) | [Blake R. Christopher](#) | [Lane R. Page](#) | [Cole White](#) | [Stephen C. Piepgrass](#) | [Ashley L. Taylor, Jr.](#) | [Bryan M. Haynes](#) | [Hilary S. Cairnie](#) | [Jean E. Smith-Gonnell](#) | [Samuel E. "Gene" Fishel](#) | [Michael A. Lafleur](#) | [Trey Smith](#) | [Michael Yaghi](#) | [Clayton S. Friedman](#) | [Kim Phan](#) | [Natalia A. Jacobo](#) | [Chris Willis](#) | [Namrata Kang](#) | [Michael B. Jordan](#) | [Bonnie Gill](#) | [Nicholas Ramos](#) | [Dascher Pasco](#) | [Agustin E. Rodriguez](#) | [Christopher Carlson](#) | [Daniel Waltz](#)

Regulatory Oversight Blog

Make sure to visit Troutman Pepper Locke's [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

TROUTMAN PEPPER LOCKE EXPANDS GOVERNMENT CONTRACTS PRACTICE WITH PARTNER MICHAEL BARNICLE

CHICAGO – [Michael Barnicle](#) has joined Troutman Pepper Locke as a partner and will lead the firm's Government Contracts practice. His extensive experience and unique background in government contracting, national security, international trade, and cybersecurity matters will significantly expand the services the firm can provide to its government contractors.

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STATE AGS FILL THE AI REGULATORY VOID

By [Clayton Friedman](#), [Ashley L. Taylor, Jr.](#), [Gene Fishel](#), and [Warren F. "Jay" Myers](#)

Ashley Taylor, Clayton Friedman, Gene Fishel, and Jay Myers of Troutman Pepper Locke LLP discuss actions by state attorneys general under existing and AI-specific laws to address misuse and legal violations of AI.

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TROUTMAN PEPPER LOCKE TOBACCO + NICOTINE TEAM TO ATTEND THE NEXT GENERATION NICOTINE DELIVERY CONFERENCE

By [Troutman Pepper Locke Tobacco Practice](#), [Bryan Haynes](#), [Agustin Rodriguez](#), and [Michael Jordan](#)

Bryan Haynes, Agustin Rodriguez and Michael Jordan of the [Troutman Pepper Locke Tobacco + Nicotine team](#) will attend the [Next Generation Nicotine Delivery Conference](#) in Miami, Florida next week.

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Podcast Updates

STATE AGS UNITE: NEW PRIVACY TASK FORCE SIGNALS SHIFT IN REGULATORY POWER DYNAMICS

By [Kim Phan](#), [Stephen C. Piepgrass](#), and [Chris Willis](#)

In this crossover episode of *The Consumer Finance Podcast* and *Regulatory Oversight*, Chris Willis, Kim Phan, and Stephen Piepgrass provide insights on a new joint privacy task force among several state AGs, known as the Consortium of Privacy Regulators. The consortium recently outlined goals to share state resources and align enforcement priorities regarding consumer harm and privacy rights. In response to an anticipated shift of regulatory scrutiny from federal agencies to state leaders, this episode focuses on specific steps financial services companies should consider when dealing with consumer privacy, data, complaints, and inquiries to ensure compliance and mitigate potential investigations and enforcement actions.

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FROM CELL PHONES TO TRACTORS: THE RIGHT TO REPAIR MOVEMENT DRIVES ON

By [Stephen C. Piepgrass](#), [Bradley Weber](#), and [Christy Matelis](#)

In this episode of *Regulatory Oversight*, Stephen Piepgrass is joined by colleagues Brad Weber and Christy Matelis from the firm's Antitrust Practice Group to explore the evolving landscape of right-to-repair laws across the United States.

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AI LEGISLATION: THE STATEWIDE SPOTLIGHT

By [Gene Fishel](#), [Kim Phan](#), [Stephen C. Piepgrass](#), and [Chris Willis](#)

Join us for a special crossover episode of *The Consumer Finance Podcast* and *Regulatory Oversight*, where Chris Willis, Kim Phan, and Gene Fishel delve into the evolving world of state AI legislation. As AI becomes a pivotal tool in the financial services industry, understanding the implications of new laws is crucial. This episode focuses on Colorado's comprehensive AI law and its potential influence on other states, exploring key issues such as algorithmic discrimination, privacy, and cybersecurity. Gain insights into best practices for compliance and learn how state attorneys general are stepping up enforcement in the absence of federal action. Don't miss this informative discussion bridging consumer finance and regulatory oversight.

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Health Care and Life Sciences Updates

CONNECTICUT AG PURSUING COMPANIES FOR ALLEGEDLY SELLING UNLAWFUL WEIGHT LOSS DRUGS

By [Troutman Pepper Locke State Attorneys General Team](#) and [Jessica Birdsong](#)

Connecticut Attorney General (AG) William Tong has taken legal action against two online distributors, Triggered Brand and Made In China, for allegedly selling research-grade GLP-1 weight loss drugs directly to Connecticut consumers without prescriptions or medical oversight. These drugs, marketed as research compounds, lack Food and Drug Administration (FDA) approval for human use. The lawsuit against Triggered Brand alleges violations of the Connecticut Unfair Trade Practices Act (CUTPA) and seeks civil penalties. Additionally, Tong has issued a civil investigative demand to Made In China to gather information regarding its marketing and sales practices.

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ARIZONA AG SECURES MORE THAN \$30M IN RESTITUTION AFTER OBTAINING CRIMINAL CONVICTION IN HEALTH CARE FRAUD SCHEME

By [Troutman Pepper Locke State Attorneys General Team](#) and [Troy Homesley](#)

On May 8, the Superior Court of Arizona in Maricopa County ordered a health care company to pay more than \$30 million in restitution to the Arizona Health Care Cost Containment System (AHCCCS) due to the company's alleged fraudulent billing practices. The underlying criminal convictions and the resulting restitution order reflect a broader trend among state attorneys general (AG), who are taking a more active role in prosecuting and pursuing various forms of health care fraud.

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CONNECTICUT DENTISTS BITE OFF MORE THAN THEY CAN CHEW; SETTLE FALSE CLAIMS ALLEGATIONS FOR NEARLY \$500,000

By [Troutman Pepper Locke State Attorneys General Team](#) and [Nick Gouverneur](#)

On May 9, Connecticut Attorney General (AG) William Tong, in collaboration with the U.S. Attorney's Office for the District of Connecticut, announced a \$495,721 false claims settlement with Advanced Dental Center PC (Advanced Dental) and its owners, Tal Yossefi and Elad Yossefi. The settlement resolves allegations that the business violated both state and federal False Claims Act (FCA) statutes by receiving so-called "recruiting fees" for each Connecticut Medicaid patient referred to the business. No liability was admitted as part of the settlement.

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ILLINOIS AND MINNESOTA AGS JOIN FTC'S LAWSUIT AGAINST PRIVATE EQUITY FIRM

By [Troutman Pepper Locke State Attorneys General Team](#) and [Jessica Birdsong](#)

Illinois Attorney General (AG) Kwame Raoul and Minnesota AG Keith Ellison have joined the Federal Trade Commission (FTC) in a lawsuit to block the acquisition of Surmodics Inc. by GTCR BC Holdings LLC, two major manufacturers of critical medical device coatings. The regulators allege that the merger is anticompetitive, violating Section 7 of the Clayton Act and Section 5 of the FTC Act.

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[Other State AG Enforcement Updates](#)

LEGAL FILING SERVICES PROVIDER AGREES TO PAY \$95,000 IN REFUNDS TO RESOLVE COLORADO AG'S ALLEGATIONS REGARDING DECEPTIVE SOLICITATIONS

By [Troutman Pepper Locke State Attorneys General Team](#), [Lane Page](#), and [Namrata Kang](#)

Compliance Services Colorado, Inc. (CSC) and Colorado Compliance Services, LLC (CCS) (collectively, the parties) recently entered into an Assurance of Discontinuance (AOD) with Colorado Attorney General (AG) Phil Weiser to resolve allegations that, beginning in August 2023, CSC sent deceptive solicitations to businesses in violation of the Colorado Consumer Protection Act.

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NEW JERSEY AG PLATKIN REACHES \$450M PFAS SETTLEMENT WITH 3M

By [Troutman Pepper Locke State Attorneys General Team](#) and [Ayana Brown](#)

On May 13, New Jersey Attorney General (AG) Matthew Platkin announced a proposed \$450 million settlement agreement with 3M regarding allegations that, among other issues, contamination of perfluoroalkyl and polyfluoroalkyl substances (PFAS) emanated from a site now owned by 3M. The settlement resolves these claims and New Jersey's broader claims that the state and its agencies have or may have in the future regarding PFAS. The settlement agreement remains subject to court approval.

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PRICE TRANSPARENCY: MASSACHUSETTS ADOPTS NEW CONSUMER PROTECTION RULES

By [Troutman Pepper Locke State Attorneys General Team](#) and [Warren F. "Jay" Myers](#)

The Massachusetts attorney general's (AG) office has finalized new consumer protection regulations aimed at eliminating hidden "junk fees" and improving price transparency. Set to take effect on September 2, the regulations apply across a broad range of industries and are intended to curb alleged practices that obscure the actual cost of goods and services.

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ILLINOIS AG RAOUL REACHES \$12M SETTLEMENT WITH ALTERNATIVE ENERGY COMPANY

By [Troutman Pepper Locke State Attorneys General Team](#) and [Kyara Rivera Rivera](#)

On April 16, Illinois Attorney General Kwame Raoul announced a [\\$12 million settlement](#) through a consent decree with Direct Energy Services LLC (Direct Energy). Direct Energy is an alternative retail electric supplier (ARES) and an alternative retail gas supplier (ARGS). Companies like Direct Energy are certified by the Illinois Commerce Commission to sell electricity and gas to residential consumers. This settlement arises from Raoul's allegations that Direct Energy misled consumers, causing them to pay substantially more for energy than they would have if they had remained with their default public utility company. Specifically, Raoul alleged that Direct Energy falsely promised lower rates, while actually charging energy rates more than 230% higher than the public utility.

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Government Contracts

EO 14265: NAVIGATING DEFENSE PROCUREMENT REFORMS

By [Hilary Cairnie](#) and [Bonnie Gill](#)

In keeping with President Donald Trump's affinity for issuing executive orders (EO) — 139 in total, Nos. 14147–14285, between Jan. 20, 2025, and April 24, 2025 — he recently issued EO 14265, "Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base." In a nutshell, the Department of Defense (DoD) is directed to take aggressive steps to deregulate the procurement process and to exploit existing reform initiatives to achieve a more efficient and nimble procurement process. The order focuses on four major deregulatory priorities, the collective effect of which will, in theory, constitute a "comprehensive overhaul" of the current defense acquisition system.

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Tobacco and Nicotine Updates

FDA AND CBP SEIZE NEARLY \$34M WORTH OF ILLEGAL E-CIGARETTES IN JOINT OPERATION

By [Bryan Haynes](#) and [Nick Ramos](#)

In the first major enforcement action involving the importation of illegal tobacco products by the new administration, and on the heels of the appointment of the new acting director of the U.S. Food and Drug Administration (FDA) Center for Tobacco Products, FDA and U.S. Customs and Border Protection (CBP) [seized](#) illegal e-cigarettes valued at nearly \$34 million. This operation underscores the ongoing efforts by federal agencies to combat the influx of unauthorized tobacco products into the U.S.

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FEDERAL COURT PUMPS THE BRAKES ON IOWA VAPE DIRECTORY

By [Agustin Rodriguez](#) and [Nick Ramos](#)

We previously wrote about this case last January, [here](#) and [here](#), when Iowans for Alternatives to Smoking & Tobacco, Inc., Global Source Distribution, LLC, and others filed a complaint and motion for a preliminary injunction in federal district court against the Iowa Department of Revenue (the Department), challenging [Iowa House File 2677](#) (HF 2677), a law imposing certification and directory requirements on vapor products sold in Iowa. On May 2, the court [granted](#) plaintiffs' motion for preliminary injunction and enjoined the Department from implementing and enforcing HF 2677's vapor product directory provisions. The court held that the Department could, however, continue to enforce the provisions of HF 2677 requiring nonresident vapor product manufacturers not registered to do business in the state as a foreign corporation or business entity to appoint and continually engage an agent for service of process. The parties have a status conference before the court scheduled for May 29.

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Cannabis Regulatory Updates

A PATH FORWARD FOR COLO. POT PRODUCTS AFTER FAILED SAFETY TEST

By Jean Smith-Gonnell and Cole White

In the rapidly evolving landscape of Colorado's cannabis industry, maintaining compliance with state regulation is not just a legal obligation but a critical component of business strategy. As cannabis products undergo rigorous testing, the potential of product contamination looms large, posing significant challenges for licensees.

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CAN CRYPTOCURRENCIES SOLVE CANNABIS BUSINESS BANKING CHALLENGES?

By Jean Smith-Gonnell

Jean Smith-Gonnell, a leader of Troutman Pepper Locke's Cannabis Industry practice, was quoted in the May 21, 2025 *MJBizDaily* article, "[Can Cryptocurrencies Solve Cannabis Business Banking Challenges?](#)"

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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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