

Regulatory Oversight Newsletter — May 2025

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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'S GENE FISHEL NAMED A 'GO TO LAWYER' IN CYBERSECURITY LITIGATION BY VIRGINIA LAWYERS WEEKLY

RICHMOND – [Samuel E. "Gene" Fishel](#), a member of Troutman Pepper Locke's Regulatory Investigations, Strategy and Enforcement (RISE) Practice, was recently named to *Virginia Lawyers Weekly's* ["Go To Lawyers"](#) 2025 list for cybersecurity litigation. The program recognizes top lawyers across the commonwealth in a given practice area based on nominations and an independent selection process.

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Podcast Updates

SOLICITORS GENERAL INSIGHTS: A DEEP DIVE WITH MISSISSIPPI AND TENNESSEE SOLICITORS GENERAL

By [Stephen C. Piepgrass](#) and [Jeff Johnson](#)

In this episode of our special *Regulatory Oversight: Solicitors General Insights* series, Jeff Johnson, a former deputy solicitor general in the Missouri Attorney General's office, welcomes Scott Stewart, solicitor general of Mississippi, and Matt Rice, solicitor general of Tennessee. The episode uncovers the intricacies of being a state solicitor general and the impact of their work on state and national levels.

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LEADERSHIP AND INNOVATION AT THE ILLINOIS AG'S OFFICE

By [Stephen C. Piepgrass](#) and [Stephanie Kozol](#)

In this episode of *Regulatory Oversight*, Stephanie Kozol and Chuck Slemp welcome Illinois Attorney General (AG) Kwame Raoul and Chief Deputy AG Brent Stratton. Raoul and Stratton share their career inspirations, unique journeys into politics, and the challenges they have faced in their political endeavors.

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INSIDE MAINE'S AG OFFICE: AG AARON FREY ON PUBLIC SERVICE

By [Stephen C. Piepgrass](#) and [Stephanie Kozol](#)

In this episode of *Regulatory Oversight*, Stephanie Kozol and Chuck Slemp welcome Maine Attorney General (AG) Aaron Frey to discuss the unique aspects of the Maine Office of the AG. The conversation begins with Frey sharing his personal background and motivations for entering public service, before delving into the distinctive process of electing the AG in Maine.

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DOJ Updates

RECENT DOJ INTERVENTION HIGHLIGHTS FCA USE AGAINST CUSTOMS FRAUD

By [Brendan Gaffney](#) and [Michael A. Schwartz](#)

With the Trump administration's new tariffs, some companies may be looking for ways to compensate for increased costs of imports. Companies operating in the international supply chain must be aware that any attempts to circumvent heightened duties may draw unwanted attention from the Department of Justice (DOJ) and/or whistleblowers through False Claims Act (FCA) enforcement. A recent complaint the DOJ filed in the Eastern District of California demonstrates how the DOJ and/or whistleblowers can use the FCA to pursue customs fraud.

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DOJ'S LATEST GUIDANCE ON THE DATA SECURITY PROGRAM – WHAT'S NEW?

By [Peter Jeydel](#), [James Koenig](#), [David Navetta](#), [Ronald I. Raether, Jr.](#), and [Laura Hamady](#)

The new Department of Justice (DOJ) Data Security Program (DSP) took effect on April 8. For an overview of the DSP, see our [earlier advisory](#) and [recent update](#).

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NEW DOJ NATIONAL SECURITY DIVISION DATA SECURITY RULES TAKE EFFECT ON APRIL 8: IS YOUR ORGANIZATION EXPOSED?

By [Peter Jeydel](#), [James Koenig](#), [David Navetta](#), and [Laura Hamady](#)

What's Happening?

Under the Department of Justice's (DOJ) "Preventing Access to U.S. Sensitive Personal Data and Government-Related Data by Countries of Concern or Covered Persons" rules (the Rules), allowing access outside the United States to certain types of sensitive personal data involving "countries of concern" may be restricted or prohibited beginning on April 8. See our [previous advisory](#) for more detail.

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Privacy Updates

\$51.75M SETTLEMENT IN CLEARVIEW AI BIOMETRIC PRIVACY LITIGATION ILLUSTRATES CREATIVE RESOLUTION FOR STARTUPS FACING PARALLEL LITIGATION AND ENFORCEMENT ACTION

By [Troutman Pepper Locke State Attorneys General Team](#), [David Navetta](#), [Lauren Geiser](#), [Daniel Waltz](#), and [Nick Gouverneur](#)

Introduction

On Thursday, March 20, a federal judge in the Northern District of Illinois granted final approval to a settlement agreement under which Clearview AI (Clearview) agreed to pay an estimated \$51.75 million to a nationwide class if one of several contingencies takes place. This approved settlement agreement resolves *In Re: Clearview AI, Inc. Consumer Privacy Litigation*, No. 1:21-cv-00135 (N.D. Ill.), a multidistrict suit alleging that the company's automatic collection, storage, and use of biometric data violated various privacy laws, including Illinois' Biometric Information Privacy Act (BIPA). The unorthodox settlement not only preserves Clearview's business model, but may also insulate Clearview from subsequent or parallel regulatory investigations without requiring the company to jeopardize the liquidity necessary for continued growth. Ultimately, this settlement seems to represent a good outcome for the company, especially in light of the fact that it was achieved over the objections from 23 state attorneys general (AG). U.S. District Judge Sharon Johnson Coleman stated that the settlement is fair, reasonable, and adequate.

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CALIFORNIA AG ANNOUNCES INVESTIGATIVE SWEEP TARGETING GEOLOCATION DATA

By [Troutman Pepper Locke State Attorneys General Team](#), [Gene Fishel](#), and [Brianna Dally](#)

On March 10, California Attorney General (AG) Rob Bonta [announced](#) an investigative sweep of the location data industry for potential noncompliance with the California Consumer Privacy Act (CCPA).

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STATE AGS AND THE FTC WARN OF 23ANDME RISKS FOLLOWING BANKRUPTCY ANNOUNCEMENT

By [Troutman Pepper Locke State Attorneys General Team](#) and [Gene Fishel](#)

Several state attorneys general (AGs) and the Federal Trade Commission (FTC) have begun scrutinizing ancestry tracking company 23andMe following its recent announcement that it has filed for Chapter 11 bankruptcy. As part of these efforts, the AGs have issued alerts on ways consumers can exercise their rights under state privacy laws, and the FTC has issued letters stressing potential risks to U.S. bankruptcy trustees. 23andMe, which was founded in 2006, has collected DNA and associated genetic material on seven million American customers to provide information related to those customers' ancestry.

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Consumer Protection Updates

FDA'S NEW LEAD GUIDELINES: A MILESTONE FOR SAFER BABY FOODS

By [Troutman Pepper Locke State Attorneys General Team](#) and [Sydney Goldberg](#)

In recent years, the safety of baby food has become a top priority for state attorneys general (AG) and federal agencies. In April 2021, the U.S. Food and Drug Administration (FDA) announced its “[Closer to Zero](#)” plan to “reduce dietary exposure to contaminants to as low as possible, while maintaining access to nutritious foods.” However, multiple coalitions of state AGs have been vocal in advocating for more stringent and urgent measures. Over the last four years, these coalitions have urged the FDA to take decisive action to ensure the safety of baby food products, particularly as it relates to the presence of toxic metals. In January 2025, the FDA issued final guidance setting action levels for lead in processed foods intended for babies and young children under the age of two.

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MASS. AG EMERGES AS KEY PLAYER IN CONSUMER PROTECTION

By [Ashley L. Taylor, Jr.](#), [Warren F. “Jay” Myers](#), and [Sydney Goldberg](#)

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[Massachusetts Attorney General](#) Andrea Campbell has emerged as a significant figure in the landscape of consumer protection and corporate accountability. Her actions and initiatives have positioned her as a thought leader among state attorneys general, particularly in the context of national efforts to safeguard consumer rights.

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Gaming Updates

LONE STAR CRACKDOWN: AMID A PATCHWORK OF STATE REGULATIONS, TEXAS MOVES TO BAN

LOTTERY COURIER SERVICES

By [Stephen C. Piegrass](#), [Cole White](#), and Natalia Jacobo

In a significant regulatory shift, the Texas Lottery Commission has enacted an immediate ban on lottery ticket courier services in the state, effective February 24. This decisive move marks a stark departure from the commission's previous position that it lacked jurisdiction over these couriers. State officials in Texas backing the change assert that groups who buy mass quantities of lottery tickets using unregulated lottery couriers avoid safeguards in the regulatory system and undermine public trust in the lottery system.

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Single State AG Enforcement Updates

CRYPTO INVESTMENT FIRM AGREES TO PAY NEW YORK AG \$200M TO RESOLVE MARKET MANIPULATION ALLEGATIONS REGARDING SALE OF FAILED TOKEN

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

On March 24, cryptocurrency investment firm Galaxy Digital Holdings (Galaxy) entered into an assurance of discontinuance (AOD) with New York Attorney General (AG) Letitia James to resolve allegations that Galaxy engaged in misrepresentations when it promoted the failed algorithmic cryptocurrency Luna from 2020 to 2022.

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RHODE ISLAND AG TARGETS REAL ESTATE MANAGEMENT AND DEVELOPMENT FIRM FOR ALLEGED UNFAIR AND DECEPTIVE ACTS AND PRACTICES

By [Troutman Pepper Locke State Attorneys General Team](#) and [Blake Christopher](#)

In mid-April, Rhode Island Attorney General (AG) Peter F. Neronha announced a settlement with A.R. Building Company, Inc. (ARBC), a national real estate management and development business with properties throughout Rhode Island. The settlement resolved allegations of unfair trade practices with respect to prospective tenants.

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MASSACHUSETTS AG INDICTS HEALTH CARE PROVIDERS AND OWNERS FOR SUBMISSION OF ALLEGEDLY FALSE MEDICAID CLAIMS

By [Troutman Pepper Locke State Attorneys General Team](#), [Michael Lafleur](#), and [Daniel Waltz](#)

The Office of Massachusetts Attorney General (AG) Andrea Campbell announced the criminal indictment of several Massachusetts-based health care providers and their owners in connection with allegedly false claims they submitted to the Massachusetts Medicaid program, MassHealth. In what Campbell characterized as a fraud and kickback arrangement, the defendants submitted more than \$7.8 million in false claims for reimbursement associated with urine drug tests and home health services that were not provided, not medically necessary, or not

properly authorized.

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FLORIDA AG SETTLES ALLEGED MOVING BROKERAGE SCHEME, BANNING DEFENDANTS AND SECURING \$4M IN JUDGMENTS

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

On March 21, Florida Attorney General (AG) James Uthmeier's Consumer Protection Division announced the resolution of ongoing litigation against a network of moving brokerage companies accused of misleading consumers. These companies, including Gold Standard Moving and Storage, allegedly misrepresented their services by claiming to offer professional, door-to-door moving services when they were operating as brokers, quoting low prices to secure large up-front deposits and then outsourcing the moving tasks to unvetted third-party carriers. According to the AG's office, this practice frequently led to consumers allegedly facing additional and unexpected costs.

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Cannabis Regulatory Updates

TESTING TURMOIL: THE LEGAL AND BUSINESS IMPLICATIONS OF INCONSISTENT CANNABIS TESTING STANDARDS

By Jean Smith-Gonnell and [Cole White](#)

This article was originally published in [Reuters](#) and [Westlaw Today](#) on April 25, 2025.

Cannabis businesses operating in state-legal markets face a patchwork of testing requirements that vary from one jurisdiction to another. In the absence of federal oversight, each state has developed its own testing rules, including for licensing labs, required contaminants to test for, sampling procedures, and allowable remediation of contaminated products.

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INDIANA AG PUSHES BACK ON THC LEGISLATION

By Jean Smith-Gonnell, [Chris Carlson](#), and [Nick Ramos](#)

On April 21, Indiana Attorney General (AG) Todd Rokita issued a [letter](#) to state legislators addressing the pressing issue of legal loopholes surrounding intoxicating hemp-derived products containing delta-8 THC, delta-10 THC, or HHC. These products have garnered significant attention due to their psychoactive effects similar to Delta-9 THC, the primary compound in marijuana. In 2023, Rokita issued an [official opinion](#) concluding that these types of products are currently illegal in Indiana. Rokita's letter discusses the proposed [Senate Bill 478](#), which, among other things, seeks to regulate craft hemp, craft hemp flower products, and THC. Rokita concluded that the proposed bill would make these products legal, does not meaningfully regulate them, and encourages the

legislature to reconsider the legislation.

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WHISTLEBLOWER LAWSUIT AGAINST METRC RAISES SIGNIFICANT COMPLIANCE AND ACCOUNTABILITY CONCERNS FOR THE LEGAL CANNABIS INDUSTRY

By Jean Smith-Gonnell and [Cole White](#)

METRC, Inc., the predominant provider of seed-to-sale tracking software used by state regulatory bodies overseeing legal cannabis markets across the U.S., faces serious allegations detailed in a recent lawsuit filed in Oregon. The lawsuit, brought by a former executive at METRC, accuses the company of whistleblower retaliation and wrongful termination under Oregon law. Central to the plaintiff's complaint are allegations that METRC knowingly ignored substantial compliance violations within its tracking systems in California, potentially facilitating illegal diversion of cannabis products. The litigation raises critical concerns for cannabis regulatory compliance, not only in Oregon and California but also in the 25 other jurisdictions that rely on METRC's systems.

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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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