

# Troutman Pepper Locke Regulatory Oversight Newsletter – April 2026

## CONTACTS

Stephen C. Piepgrass | Daniel N. Anziska | Christopher Carlson | Jay A. Dubow | Lauren Morgan Fincher | Clayton S. Friedman | Bryan M. Haynes | David J. Navetta | Agustin E. Rodriguez | Ghillaine A. Reid | Ashley L. Taylor, Jr. | Michael Yaghi | Matthew J. Berns | Graham K. Bryant | Samuel E. "Gene" Fishel | Jeff P. Johnson | Warren F. Myers | Zie Alere | Karla Ballesteros | Jessica M. Birdsong | Ayana D. Brown | Brianna L. Dally | Sydney Goldberg | Nick C. Gouverneur | Troy C. Homesley | Michael B. Jordan | Namrata Kang | Michael A. Lafleur | Bill E. LaRosa | Christy A. Matelis | Carlin A. McCrory | Philip D. Nickerson | Lane R. Page | Dascher Pasco | Nicholas Ramos | McKayla Riter | Kyara M. Rivera Rivera | Timothy Shyu | Trey Smith | Daniel Waltz | Zoe Schloss

---

## 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.

## IN THIS ISSUE:

- [Troutman Pepper Locke Spotlight](#)
- [Payments Pros Podcast Updates](#)
- [Federal Appellate Updates](#)
- [Privacy + Data Updates](#)
- [FTC Updates](#)
- [Health Care + Life Sciences Updates](#)
  
- [Antitrust Updates](#)
- [Labor + Employment Updates](#)
- [Tobacco Updates](#)
- [Prediction Market Updates](#)
- [SEC Updates](#)
- [Political Law Updates](#)
- [Other Multistate Updates](#)

---

## TROUTMAN PEPPER LOCKE SPOTLIGHT

**Virginia Attorney General Jay Jones Shifts Office Priorities**

By [Ashley L. Taylor, Jr.](#), [Graham Bryant](#), and [Gene Fishel](#)

*This article was originally published by [Virginia Lawyers Weekly](#) and is republished with permission.*

Upon taking office Jan. 17, Democratic Virginia Attorney General Jay Jones issued a series of pronouncements in quick succession that signal his administration's core priorities, and that are sure to reverberate through Virginia's legal landscape. They include actions involving [consumer protection](#), [health data privacy](#), [immigration](#), [education](#), and environmental issues.

[Read more](#)

### **Troutman Strategies and RISE Expand Government Affairs and Regulatory Capabilities With Three Strategic Additions**

By [Troutman Pepper Locke](#)

Troutman Strategies and Troutman Pepper Locke's Regulatory Investigations, Strategy + Enforcement (RISE) team announced the addition of three professionals who deepen the firm's federal, state, and regulatory capabilities: Jason A. Smith with the RISE team in Washington, D.C., and New York, Audra Hill as state affairs coordinator in Georgia, and Brian Mann as a government affairs specialist on the federal team in Washington, D.C.

[Read more](#)

### **Troutman Pepper Locke Expands Virginia Appellate and State Enforcement Capabilities**

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

Graham K. Bryant, former principal deputy solicitor general and director of Virginia Appellate Litigation in the Office of the Attorney General of Virginia, has joined Troutman Pepper Locke's Regulatory Investigations, Strategy + Enforcement (RISE) practice group and Virginia Appellate team. Graham's practice centers on Virginia-focused appellate and regulatory matters, drawing on his experience handling high-stakes constitutional and policy litigation in Virginia's courts and in federal courts, including multiple matters before the U.S. Supreme Court.

[Read more](#)

---

## **PAYMENTS PROS PODCAST UPDATES**

### **Beyond the Buzzwords: Building Bank-Fintech Partnerships That Survive Exams**

By [Carlin McCrory](#)

In this episode of *Payments Pros*, host Carlin McCrory is joined by Marissa Tartarini of Elliott Davis to explore how banks can build sustainable, scalable fintech partnerships in a shifting regulatory environment. They begin with the foundational risk questions banks should ask before choosing a partner — speed to market, in-house expertise and

gaps, strategic fit, and risk appetite — then turn to practical legal and compliance considerations, including staffing, board oversight, and the need for tailored partnership agreements. Marissa and Carlin discuss the challenges of managing multiple fintech programs at once, maintaining up-to-date policies and marketing, and ensuring that growth does not outpace governance and BSA/AML controls. They highlight what separates successful programs from those that fail, lessons from terminated partnerships, and how to prepare for increasingly technical regulatory exams. Carlin and Marissa close the episode with a look at how regulators' and banks' views of fintech partnerships have evolved and what that means for the future of bank-fintech collaboration.

[Read more](#)

---

## FEDERAL APPELLATE UPDATES

### **Eleventh Circuit Upholds Florida's Lab-Grown Meat Ban Against Preemption Challenge**

By [Matthew Berns](#) and [William LaRosa](#)

On March 23, 2026, the U.S. Court of Appeals for the Eleventh Circuit rejected an effort to preliminarily enjoin Florida's ban on lab-grown meat. The Eleventh Circuit held that the Poultry Products Inspection Act (PPIA) does not preempt the state law because the outright ban on lab-grown meat does not regulate poultry facilities, operations, or ingredients.

[Read more](#)

---

## PRIVACY + DATA UPDATES

### **Algorithmic and Surveillance-Based Pricing in State AGs' Crosshairs**

By [Troutman Pepper Locke State Attorneys General Team](#), [David Navetta](#), [Karla Ballesteros](#), and [Brianna Dally](#)

On March 16, 2026, New York Attorney General (AG) Letitia James [rallied](#) in support of the "One Fair Price Package" — a pair of bills aimed at curbing algorithmic and surveillance pricing in New York. Together, the bills would prohibit the use of personalized algorithmic pricing based on consumer data, ban electronic shelf labels in large food and drug retailers, and create robust enforcement mechanisms and private rights of action. The announcement from New York comes shortly after New Jersey Governor Mikie Sherrill backed legislation to ban what she has called "surveillance" pricing, and after California Attorney General Rob Bonta [announced](#) an investigative sweep focused on businesses that use consumer data to individualize prices for their goods or services earlier this year.

[Read more](#)

### **Alabama Enacts App Store Accountability Act Requiring Age Verification and Parental Consent**

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

States including Texas, Utah, Louisiana, and California have begun shifting children's online safety obligations from individual apps and websites to app stores and operating systems. Alabama has now joined that trend. These laws generally require centralized age checks, parental consent tracking, and tighter coordination between app stores and developers, and they are already generating litigation risk, including a pending First Amendment

challenge to the Texas statute.

[Read more](#)

## **Federal Judge Holds Generative AI Communications Are Not Privileged in Decision Likely to Impact Litigation and Regulatory Enforcement**

By [Troutman Pepper Locke State Attorneys General Team](#) and [Lauren Hancock Miller](#)

As the use of artificial intelligence (AI) becomes more prevalent in day-to-day life and in the legal field, in particular, thorny questions arise regarding the implications of that use. One such question is whether exchanges with a publicly available generative AI platform in connection with pending litigation are protected by the attorney-client privilege or the work product doctrine. In a matter of first impression nationwide, U.S. District Judge Jed S. Rakoff of the Southern District of New York answered that question in the negative and required a defendant to provide the prosecution documents memorializing litigation-related communications with a generative AI platform.<sup>[1]</sup> Applying traditional principles governing the attorney-client privilege and the work product doctrine, the court reasoned that the communications did not involve an attorney-client relationship, were not confidential, were not made for the purpose of obtaining legal advice, and did not reflect an attorney's trial strategy.<sup>[2]</sup> The ruling will likely impact whether legal protections are afforded to AI communications, prompts, and output in both litigation and regulatory inquiries, including state attorneys general (AG) investigations.

[Read more](#)

---

## **FTC UPDATES**

### **FTC Revives Negative Option Rulemaking**

By [Clayton Friedman](#), [Michael Yaghi](#), [Zoe Schloss](#), and [Namrata Kang](#)

On March 11, 2026, the Federal Trade Commission (FTC) issued an advance notice of proposed rulemaking (ANPRM) on negative option marketing. The ANPRM restarts the agency's effort to regulate subscriptions and automatic renewals after the Eighth Circuit vacated the prior "Click to Cancel" rule, from the Biden administration era, on procedural grounds. Comments are due 30 days after *Federal Register* publication.

[Read more](#)

---

## **HEALTH CARE + LIFE SCIENCES UPDATES**

### **Vermont AG Settles With United Counseling Services Emphasizing Public Safety and Organizational Reforms**

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

On March 12, 2026, Vermont Attorney General (AG) Charity Clark [announced](#) a settlement with United Counseling Service of Bennington County, Inc. (UCS), an organization contracted with Vermont's Medicaid program to provide services to vulnerable adults in Vermont. The [settlement agreement](#) resolves Vermont's allegations related to service failures that resulted in alleged safety risks to Medicaid recipients and the public, and requires UCS to pay the state \$483,464 and implement various "dramatic organizational reforms" to improve oversight and

monitoring.

[Read more](#)

### **New York AG Settles Ghost Network Investigation**

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

New York Attorney General (AG) Letitia James reached a [\\$2.5 million settlement](#) with health insurer EmblemHealth following an investigation of the behavioral health provider “ghost networks.” “Ghost networks” are provider networks in which many of the providers listed in the insurer’s directory of “in-network” providers are actually unavailable, not accepting new patients, or not actually participating in the network. The investigation also focused on compliance with state and federal behavioral health parity laws. As part of the settlement, the insurer will pay more than \$2.5 million and undertake changes to its policies and procedures.

[Read more](#)

---

## **ANTITRUST UPDATES**

### **Federal Approval Is No Safe Harbor: State AGs Redefine Merger Risk in Trump 2.0 as 8 States Sue to Block \$6.2B Nexstar-Tegna Merger**

By [Daniel Anziska](#), [Clayton Friedman](#), [Christy Matelis](#), and [Brad Smutek](#)

On March 19, 2026, a group of eight state attorneys general (AGs) filed a lawsuit to block the \$6.2 billion acquisition of Tegna Inc. by Nexstar Media Group, two of the largest American broadcast companies. The suit came after federal regulators cleared the transaction, sharpening an increasing divide between the administration and states’ views on the same transactions.

[Read more](#)

### **State AGs Reject Federal Live Nation Deal and Press Ahead**

By [Chris Carlson](#), [Clayton Friedman](#), [Ashley L. Taylor, Jr.](#), and [William LaRosa](#)

State attorneys general (AGs) from across the political spectrum have refused to join the U.S. Department of Justice’s (DOJ) midtrial settlement with Live Nation. The bipartisan multistate coalition vowed to “keep fighting this case without the federal government,” underscoring that state AGs are increasingly prepared to part with the DOJ and take the lead in complex enforcement actions.

[Read more](#)

---

## **LABOR + EMPLOYMENT UPDATES**

### **Trucking and Delivery Company Settles New Jersey Worker Misclassification Allegations**

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

PDX North, Inc. (PDX), a last-mile automotive parts distribution company, recently settled with the New Jersey

Department of Labor and Workforce Development (NJDOLE) and New Jersey Office of the Attorney General (OAG) (collectively, the state) to resolve allegations that PDX violated New Jersey’s worker classification laws.

[Read more](#)

---

## TOBACCO UPDATES

### **FDA Issues Draft Guidance on Flavored ENDS PMTAs**

By [Bryan Haynes](#), [Agustin Rodriguez](#), and [Zie Alere](#)

On March 9, the U.S. Food and Drug Administration (FDA) released a draft guidance document describing the agency’s perspective on premarket tobacco product applications (PMTAs) for flavored electronic nicotine delivery systems (ENDS).

[Read more](#)

### **North Carolina Court Affirms Sealed Container Defense in Vape Battery Malfunction Case**

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

The North Carolina Court of Appeals recently issued a decision strengthening the “sealed container” defense available to non-manufacturing sellers in products liability cases. In [Weaver v. AMV Holdings LLC](#), the court found in favor of a vape retailer and distributor after a lithium-ion battery malfunctioned in a customer’s pocket, causing serious burns. For retailers and distributors — particularly those dealing with lithium-ion batteries — this decision underscores the continued viability of sealed container defenses.

[Read more](#)

### **Changes to California’s Prop 65 Warnings: Four Things Nicotine Product Sellers Should Know**

By [Bryan Haynes](#) and [Michael Jordan](#)

California recently [finalized changes](#) to its Proposition 65 (Prop 65) warning rules that included significant changes to short-form warning statements for product labels. These changes directly affect nicotine-containing products — including e-cigarettes, e-liquids, oral nicotine products, and other consumer goods that can expose consumers to nicotine.

[Read more](#)

---

## PREDICTION MARKET UPDATES

### **Prediction Markets Company’s Preemptive Lawsuits Aim to Carve Out a Federal Safe Harbor for Prediction Markets**

By [Stephen C. Piepgrass](#) and [Ayana Brown](#)

On March 11, Kalshi filed a lawsuit in the U.S. District Court for the Southern District of Iowa against Attorney General (AG) Brenna Bird and members of the Iowa Racing and Gaming Commission. Kalshi’s complaint asks

the court to declare that the Commodity Exchange Act (CEA) and the Commodity Futures Trading Commission's (CFTC) "exclusive jurisdiction" over trading on designated contract markets preempt Iowa's gambling and election wagering provisions as applied to Kalshi's event contracts.

[Read more](#)

### **Arizona Files First-Ever Criminal Suit Against Kalshi**

By [Stephen C. Piepgrass](#) and [Ayana Brown](#)

Arizona Attorney General Kris Mayes has filed against Kalshi what appears to be the first criminal case in the U.S. against a federally regulated prediction market platform. The state alleges Kalshi is operating an illegal gambling enterprise and facilitating unlawful election wagering by Arizona residents.

[Read more](#)

### **CFTC Issues New Guidance for Prediction Markets**

By [Stephen C. Piepgrass](#), [Zoe Schloss](#), and [Cole White](#)

On March 12, 2026, the Commodity Futures Trading Commission's (CFTC) Division of Market Oversight issued [Staff Advisory Letter No. 26-08](#) to all designated contract markets (DCMs), signaling a supportive stance toward prediction markets and other event-based derivatives, including contracts based on the outcome of sporting events. While reiterating existing compliance obligations, the advisory emphasizes the agency's interest in fostering innovation and growth in these markets within the framework of the Commodity Exchange Act. At the same time, the CFTC released an advance notice of proposed rulemaking seeking broad public comment on whether and how to further regulate event contracts.

[Read more](#)

### **Tennessee Federal Court Addresses State Authority Over Sports-Event Contracts**

By [Stephen C. Piepgrass](#) and [Ayana Brown](#)

A recent decision from the U.S. District Court for the Middle District of Tennessee marks a significant development in the ongoing dispute over whether sports event contracts offered on prediction market platforms are properly regulated by the Commodity Futures Trading Commission (CFTC) or whether such contracts should be regulated by the states as sports betting. Tennessee officials had issued a cease and desist order contending that certain sports-linked event contracts were akin to unlicensed sports wagering under state law. Prediction contract platform provider, Kalshi, responded by filing suit in federal court, arguing that these contracts were "swaps" governed exclusively by the Commodity Exchange Act and subject to the CFTC's jurisdiction, not Tennessee's sports betting framework.

[Read more](#)

---

## **SEC UPDATES**

### **DC Federal District Court Confirms *Jarkesy* Does Not Bar SEC From Seeking Industry Bars in Follow-On**

## Proceedings

By [Jay Dubow](#) and [Ghillaine Reid](#)

In [Sztrom v. SEC](#), the U.S. District Court for the District of Columbia confirmed that the U.S. Supreme Court's 2024 decision in [SEC v. Jarkesy](#), which curtailed the Securities and Exchange Commission's (SEC) ability to seek civil penalties in its administrative forum, does not eliminate the agency's long-standing ability to pursue industry bars through administrative follow-on proceedings. The opinion underscores that, even after [Jarkesy](#) and other recent limits on agency power, the SEC may still use its in-house process to determine whether to bar previously enjoined defendants from the securities industry, with independent review limited to the courts of appeals.

[Read more](#)

## SEC–CFTC ‘Historic’ MOU Signals New Phase of Harmonized Oversight and Innovation-Focused Regulation

By [Jay Dubow](#) and [Ghillaine Reid](#)

On March 11, the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) signed a [memorandum of understanding](#) (MOU) that both agencies describe as “historic.” The MOU is intended to reset the relationship between the agencies by reducing turf battles, avoiding duplicative regulation, and providing clearer, technology-neutral oversight — particularly in markets where securities and derivatives regimes overlap, including crypto. While it does not change either agency's statutory authority, it creates a formal framework for coordination that will materially affect how policy, examinations, and enforcement play out in practice.

[Read more](#)

---

## POLITICAL LAW UPDATES

### Political Law Quarterly – Q1 2026

By [Warren F. “Jay” Myers](#), [Sydney Goldberg](#), and [Timothy Shyu](#)

Political activities sit at the intersection of law, policy, and reputation. Companies operating in highly regulated industries cannot avoid political law issues, and it is frequently more complex than expected.

[Read more](#)

---

## OTHER MULTISTATE UPDATES

### State AGs Settlement With WeChat Requiring Proactive Anti-Fentanyl Money Laundering Controls

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

A bipartisan coalition of seven state attorneys general (AG) reached a settlement with the Chinese-owned messaging and payment platform WeChat under which the company committed to take steps to combat the use of its platform in fentanyl-related money laundering. The agreement focuses on improving law enforcement cooperation, preserving and producing user data in response to law enforcement requests, and proactively

detecting illicit activity on the service. The settlement is part of a broader enforcement campaign by state AGs to push online platforms to adopt proactive measures to monitor illicit activity on their services and improve cooperation with law enforcement.

[Read more](#)

## **Virginia AG Joins Multistate Suit Over CFPB Funding Signaling More Aggressive Enforcement in the Commonwealth**

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

Virginia Attorney General (AG) Jay Jones has joined an ongoing lawsuit by 23 Democratic AGs challenging Consumer Financial Protection Bureau (CFPB) Acting Director Russell T. Vought's interpretation of the CFPB's statutory funding mechanism that would leave the agency without operating funds.

[Read more](#)

---

*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.*

## **RELATED INDUSTRIES + PRACTICES**

- [Antitrust](#)
- [Enforcement Actions + Investigations](#)
- [Federal Trade Commission \(FTC\)](#)
- [Gaming](#)
- [Health Care + Life Sciences](#)
- [Labor + Employment](#)
- [Payments + Financial Technology](#)
- [Private Equity](#)
- [Regulatory Investigations, Strategy + Enforcement](#)
- [Securities Investigations + Enforcement](#)
- [State Attorneys General](#)
- [Tobacco + Nicotine](#)