

Troutman Pepper Locke Regulatory Oversight Newsletter – February 2026

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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.

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2025 STATE AG YEAR IN REVIEW

2025 State AG Year in Review

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

State attorneys general (AGs) are among the most active and influential regulators in the U.S., using broad statutory authority, political visibility, and growing technical knowledge to shape policy and enforcement across sectors. In 2025, they asserted their authority to shape the legal and regulatory environment across the U.S. through aggressive and coordinated action. Despite changing regulatory and political priorities, AGs continued to respond quickly to constituent concerns, tested new legal theories, and coordinated across state lines — often stepping in where federal oversight has receded or taken a different course. Their ability to act nimbly at the intersection of law, politics, and public policy ensures that state AGs will remain central players in the regulatory landscape in 2026 and beyond.

[Read more](#)

TROUTMAN PEPPER LOCKE SPOTLIGHT

2026 ABA Midyear Meeting

By [Chris Carlson](#)

[Register Here](#)

Friday, February 6 • 10:15–11:15 a.m. ET

San Antonio, Texas

Chris Carlson, co-chair of the ABA Committee on State Attorneys General and Department of Justice Issues, Section of State and Local Government Law, will moderate the CLE panel “SLTG CLE: Age-Verification of Internet Websites, Including Implications on ‘Social Media’ Laws” on Friday, February 6, at 10:15 a.m., during the 2026 ABA Midyear Meeting.

[Read more](#)

Pub K’s Government Contracts Annual Review Conference

By [Hilary Cairnie](#)

[Register Here](#)

Wednesday, February 11 • 11:20 a.m. – 12:20 p.m. ET

Ronald Reagan Building and International Trade Center

1300 Pennsylvania Ave NW

Washington, DC 20004

Troutman Pepper Locke is proud to sponsor Pub K’s Government Contracts Annual Review Conference in Washington, D.C. Hilary Cairnie will be a panelist on the “Investigations & Audits” session, being held on

Wednesday, February 11, at 11:20 a.m.

[Read more](#)

Three Troutman Attorneys to Serve on FDLI Committees for 2026

By [Bryan Haynes](#), [Agustin Rodriguez](#), and [Michael Jordan](#)

Troutman Pepper Locke is once again well represented on the [Food and Drug Law Institute's \(FDLI\) committees for 2026](#), underscoring the firm's continued leadership on issues affecting FDA-regulated industries, including tobacco and nicotine.

[Read more](#)

Economic Development: Maximize Your Growth Investment

By [Troutman Pepper Locke](#)

Your growing business deserves a law firm that delivers more than just legal advice. You deserve a strategic partner invested in your success. Troutman Pepper Locke's nationally integrated economic development team leverages experience across public finance, tax incentives, environmental compliance, and regulatory matters to maximize your investment and minimize your costs. With collaborative resources spanning multiple jurisdictions and practice areas, we craft comprehensive solutions that create lasting positive impact for your business.

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PODCAST UPDATES

REGULATORY OVERSIGHT

New Jersey's Big Bet on Disparate Impact: What the AG's New Rules Mean for Lenders and AI

By [Chris Willis](#), [Lori Sommerfield](#), and [Matthew Berns](#)

In this special crossover episode of *Regulatory Oversight* and *The Consumer Finance Podcast*, Chris Willis is joined by colleagues Lori Sommerfield and Matthew Berns to discuss New Jersey's sweeping new disparate impact regulations under the Law Against Discrimination. They break down one of the most comprehensive state-level disparate impact rules in the U.S., the contrasts with traditional federal standards, and implications for enforcement in financial services. The discussion dives into credit scores, underwriting models, AI and automated decision-making tools, and the difference between New Jersey's approach and the Trump administration's effort to scale back disparate impact at the federal level, offering practical takeaways for lenders and other covered entities navigating this shifting landscape.

[Read more](#)

State AGs in the Driver's Seat: Auto Finance Enforcement in the Trump 2.0 Era

By [Brooke Conkle](#), [Chris Capurso](#), [Chris Carlson](#), and [Namrata Kang](#)

In this episode of *Moving the Metal*, hosts Brooke Conkle and Chris Capurso are joined by Troutman colleagues Chris Carlson and Nam Kang from the firm's RISE Practice Group to unpack what "Trump 2.0" really means for dealers and auto finance companies. With the Consumer Financial Protection Bureau (CFPB) and other federal regulators pulling back, the group explains how state attorneys general (AGs) and state financial regulators are rapidly filling the void — often led by former CFPB staff now embedded in state offices — and why that creates a complex patchwork of unfair or deceptive acts or practices standards and enforcement approaches across 50 states. They discuss hot-button themes like affordability, junk fees, mini-CFPBs, and the growing role of state working groups, as well as how state AGs are leveraging prior CFPB theories, the California CARS rule, and copy?and?paste complaints.

[Read more](#)

From Vegas to Venezuela: High-Stakes Predictive Markets

By [Stephen C. Piepgrass](#) and [Lu Reyes](#)

In this episode of *Regulatory Oversight*, host Stephen Piepgrass, who leads Troutman Pepper Locke's Regulatory Investigation Strategy and Enforcement (RISE) practice, is joined by partner Lu Reyes for a deep dive into the national security and enforcement implications of predictive markets. The discussion centers on a headline?grabbing Polymarket trade that appeared to anticipate former Venezuelan President Nicolás Maduro's capture and yielded roughly \$400,000 in profit, raising questions about insider trading and classified information leaks.

[Read more](#)

AI, Algorithms, and Accountability: Unpacking the Colorado AI Act with Senator Rodriguez

By [Ashley L. Taylor, Jr.](#) and [David Stauss](#)

In this episode of *Regulatory Oversight*, host Ashley Taylor is joined by Colorado Senate Majority Leader Robert Rodriguez and Troutman Pepper Locke Privacy + Cyber partner David Stauss for an in?depth discussion of the Colorado AI Act — widely viewed as the nation's first comprehensive legislative framework focused on high?risk AI systems and algorithmic discrimination. Senator Rodriguez explains how Colorado's work on consumer privacy laid the groundwork for AI regulation and walks through the origins, goals, and core provisions of the Act, including its emphasis on transparency, risk assessments, and protecting consumers in sectors such as employment, housing, health care, education, finance, and government services.

[Read more](#)

PAYMENTS PROS

Payments Year in Review 2025: Federal and State Developments – Part 1

By [Keith J. Barnett](#), [Jason Cover](#), and [Carlin McCrory](#)

In the first installment of a two-part Payments Year in Review series, hosts Keith Barnett, Carlin McCrory, and Jason Cover highlight the key federal developments that shaped the payments industry in 2025 and preview

what's ahead for 2026.

[Read more](#)

FTC UPDATES

FTC Sues JustAnswer Over Allegedly Deceptive Subscription Practices

By [Michael Yaghi](#) and [Namrata Kang](#)

The Federal Trade Commission (FTC) has [sued](#) JustAnswer LLC and its founder and CEO, Andrew Kurtzig, alleging that the online Q&A platform deceives consumers into costly recurring subscriptions without their informed consent, in violation of the Restore Online Shoppers' Confidence Act (ROSCA) and Section 5 of the FTC Act.

[Read more](#)

FTC Warns Companies Over Deceptive Online Review Practices

By [Michael Yaghi](#) and [Zoe Schloss](#)

The Federal Trade Commission (FTC) has sent [warning letters](#) to 10 unnamed companies for practices that may allegedly violate its new Consumer Review Rule. The letters flag potential use of fake or misleading reviews, undisclosed insider endorsements, and suppression of negative feedback. The FTC cautions that violations could trigger enforcement actions and civil penalties exceeding \$50,000 per violation.

[Read more](#)

FTC Announces Settlement With Crypto Firm Over Exploited Security Vulnerability

By [Clayton Friedman](#), [Trey Smith](#), and [Daniel Waltz](#)

The Federal Trade Commission (FTC) announced a proposed consent order with Illusory Systems Inc. (Illusory), a Utah-based blockchain infrastructure company that operates the Nomad Token Bridge. The settlement resolves the FTC's allegations that Illusory failed to live up to its stated data security commitments, leading to a 2022 cyberattack in which hackers stole approximately \$186 million in crypto assets from platform users. Under the proposed order, Illusory must return to consumers any recovered funds and implement enhanced information security measures.

[Read more](#)

FINANCIAL SERVICES UPDATES

Arizona AG Enters Consent Judgment With Medical Imaging Service Provider Over Failure to Provide Customers Refunds and Payment Options

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

Arizona Attorney General (AG) Kris Mayes recently announced a consent judgment with SimonMed Imaging MSO, LLC (SimonMed), alleging that the medical imaging service provider violated the Arizona Consumer Fraud Act

through billing practices the AG claimed were unfair and misleading. SimonMed provides management services, including billing, collections, information technology, and other business administrative services, to SMI Imaging, LLC (SMI), a wholly owned subsidiary of SimonMed Imaging LLC. According to its website, SimonMed Imaging LLC is the largest outpatient physician radiology group in the U.S., and its subsidiary SMI is the provider entity in connection with outpatient imaging clinics in Arizona. SimonMed expressly denies any liability or wrongdoing, and the consent judgment is not to be construed as an admission of wrongdoing or a violation of the law.

[Read more](#)

New York AG Targets Monterey Finance Over Allegedly Deceptive Lease-to-Own Financing

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

On December 23, 2025, the New York Attorney General (AG) announced a settlement with Monterey Finance (Monterey) of approximately \$2.4 million in debt relief for 835 New York consumers and \$175,000 in penalties. The AG alleged that Monterey disguised high-cost lease agreements as traditional consumer financing, causing consumers to pay more than the sticker price for goods and services they believed they were purchasing.

[Read more](#)

Texas AG Settlement With Hyatt Reinforces Pricing Transparency Commitment

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

On December 30, 2025, Texas Attorney General (AG) Ken Paxton [announced](#) a \$1.25 million settlement with Hyatt Corporation (Hyatt). The settlement resolves a 2023 [lawsuit](#) alleging that Hyatt violated Texas consumer protection laws by requiring consumers to pay mandatory fees on top of advertised room rates. Under the agreement, Hyatt must clearly disclose any required fees added to a hotel room's price, reinforcing Texas's push for transparent online hotel pricing.

[Read more](#)

PAYMENTS UPDATES

How Payments Law Landscape Will Evolve In 2026

By [Ethan G. Ostroff](#), [Jason Cover](#), and [Carlin McCrory](#)

This article was originally published on [Law360](#) and is republished here with permission as it originally appeared on January 22, 2026.

Since the change in administration last year, much has changed in the payments law landscape. Federal regulators have been busy rescinding agency guidance, advisory opinions, interpretive rules and policy statements.

[Read more](#)

FINRA UPDATES

FINRA's Proposed Outside Activities Rule 3290

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

The Financial Industry Regulatory Authority (FINRA) has [proposed](#) a sweeping update to how broker-dealers handle outside business activities and private securities transactions. FINRA seeks to consolidate and replace Rules 3270 (Outside Business Activities of Registered Persons) and 3280 (Private Securities Transactions of an Associated Person) with a single new rule: Rule 3290 (Outside Activities Requirements). The proposal preserves the core investor protection concepts of the existing rules but refocuses them on investment-related activities.

[Read more](#)

MARKETING + ADVERTISING UPDATES

Florida AG Sues Retailers for Alleged Violations of Nicotine Product and Consumer Protection Laws

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

The Florida attorney general (AG) recently [initiated legal proceedings](#) against several Florida smoke shops, alleging violations of state law related to the sale and marketing of illegal nicotine products, particularly vapor products, to minors. The action targets multiple businesses, including 27 Smoke Shop Inc., A&A Smoke Shop LLC, Alami 9 LLC, Alami 10 LLC, Epic Novelty LLC, and Fuego Smoke Shop LLC. The complaint, filed in the Fifth Judicial Circuit, accuses these retailers of selling, shipping, or failing to remove from their inventory nicotine products that are classified as illegal contraband under Florida law, with a particular focus on products marketed to children.

[Read more](#)

Florida Court Stays TCPA Discovery While Weighing Whether Texts Are 'Calls'

By [Clayton Friedman](#) and [Zoe Schloss](#)

A federal judge in the U.S. District Court for the Southern District of Florida stayed discovery in a putative Telephone Consumer Protection Act (TCPA) class action while the court considers whether text messages qualify as "calls" under the statute's do-not-call (DNC) provisions. In [McGonigle v. Pure Green Franchise Corp.](#), the court granted the defendant's motion to stay, finding that the key issues can be resolved as questions of law without discovery. 2026 WL 111338 (S.D. Fla. Jan. 15, 2026).

[Read more](#)

Menards Settles Multistate Investigation Involving Well-Known Rebate Program

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

Last month, Ohio and nine other state attorneys general (collectively, the AGs) entered into an assurance of voluntary compliance (AV) with Menard Inc. d/b/a Menards, a Wisconsin-based home improvement retailer. The settlement resolved the AGs' allegations concerning deceptive rebate advertising and price gouging during the COVID-19 pandemic. Menards will pay \$4.25 million to the multistate group, in addition to making several changes

primarily related to the company's rebate and advertising business practices.

[Read more](#)

ARTIFICIAL INTELLIGENCE UPDATES

Texas Investigating Global Retail Over Labor Practices, Product Safety, and Privacy Practices

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

On December 1, Texas Attorney General (AG) Ken Paxton issued a [press release](#) announcing an investigation into Shein US Services LLC Corporate and its affiliates (Shein).

[Read more](#)

New Jersey Governor-Elect Sherrill Nominates Jennifer Davenport as New Jersey AG

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

On Monday, New Jersey Governor-elect Mikie Sherrill [announced](#) that she will nominate Jennifer Davenport to serve as the next attorney general (AG) of New Jersey. Davenport, a lifelong New Jersey resident, is currently employed at PSEG, where she serves as deputy general counsel and chief litigation counsel and previously served as senior director – compliance. Her nomination signals a continuation of strong enforcement and regulatory focus, informed by both extensive public-sector experience and recent private-sector roles.

[Read more](#)

New York Enacts Laws Requiring Advertising Disclosures and NIL Consent for Artificial Intelligence

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

On December 11, 2025, New York Governor Kathy Hochul signed into law two bills governing the use of artificial intelligence (AI) in advertising. The governor's office described the bills as "first-in-the-nation legislation to protect consumers and boost AI transparency in the film industry." Both bills unanimously passed through the New York Legislature.

[Read more](#)

CANNABIS UPDATES

Colorado AG Fines Cannabis Company for Violating Prior Settlement

By [Troutman Pepper Locke State Attorneys General Team](#), [Agustin Rodriguez](#), and [Nick Ramos](#)

On January 5, 2026, Colorado Attorney General (AG) Phil Weiser [announced](#) that MC Global Holdings and affiliated persons and entities (collectively, MC) had been fined for allegedly violating the terms of a May 2025 assurance of discontinuance. The defendants, who are engaged in manufacturing, packaging, labeling, distributing, and/or selling industrial hemp products under the brand Vivimu, agreed to a fine of \$575,000, of which \$500,000 will be suspended as long as they comply with the terms of the new agreement.

[Read more](#)

LEGISLATIVE UPDATES

South Dakota AG Proposes Legislation to Authorize Seizure of Digital Currency

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

On January 6, South Dakota Attorney General (AG) Marty Jackley announced a package of proposed legislation to modernize various aspects of the state's criminal statutes. Among the proposals is a bill that would expressly authorize law enforcement to seize cryptocurrency as part of a criminal investigation. The measure reflects a growing concern that digital currency occupies a central role in much criminal activity and that legislation may be necessary in some jurisdictions to address those concerns.

[Read more](#)

New York Expands Consumer Protection Law Giving the AG Broader Powers

By [Troutman Pepper Locke State Attorneys General Team](#), [Joseph DeFazio](#), [William D. Foley, Jr.](#), [Stefanie Jackman](#), [Lori Sommerfield](#), [Chris Willis](#), and [Shawn Brenhouse](#)

On December 19, 2025, New York Governor Kathy Hochul signed into law the Fostering Affordability and Integrity through Reasonable (FAIR) Business Practices Act. The FAIR Act, which was proposed by Attorney General (AG) Tish James, represents the first major update to the state's primary consumer protection law in 45 years and significantly broadens the statute's reach.

[Read more](#)

SUPREME COURT UPDATES

Supreme Court to Decide Key Question on SEC Disgorgement

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

On January 9, the U.S. Supreme Court [granted](#) certiorari in *Ongkaruck Sripetch v. U.S. Securities and Exchange Commission* (SEC). The case arises out of an SEC civil enforcement action in the Ninth Circuit and squarely presents an important remedial question that the Court left open in *Liu v. SEC*, i.e., what counts as a "victim" for purposes of SEC disgorgement, and does the SEC have to show that investors actually lost money before it can obtain that relief?

[Read more](#)

Justices' Separation-Of-Powers Revamp May Hit States Next

By [Matthew Berns](#), [Ryan J. Strasser](#), and [Troy Homesley](#)

Trump v. Slaughter, [argued](#) before the [U.S. Supreme Court](#) in December, likely will put an end to the era of independent federal regulatory agencies.

[Read more](#)

OTHER SINGLE STATE AG UPDATES

Kim Kardashian's Clothing Company Settles With New Jersey AG After Collecting Sales Tax on Tax-Exempt Items

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

On his last day in office, New Jersey Attorney General (AG) Matt Platkin announced a [consent order](#) resolving a consumer fraud investigation into Skims Body, Inc. for charging consumers in New Jersey sales tax on items that are exempt under state law. Founded by Kim Kardashian, Skims is primarily an online retailer of apparel. The company agreed to pay \$200,000 in civil penalties and to comply with the consent order's injunctive terms.

[Read more](#)

Texas AG Settles Lawsuit That Cracked Down on COVID-Era Egg Prices

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

On January 15, Texas Attorney General (AG) Ken Paxton announced that the state had settled its long-running lawsuit against Cal-Maine Foods, Inc. over the prices that the company charged for eggs in the first months of the COVID-19 pandemic. Notably, Cal-Maine avoided making any monetary payment as part of the settlement, instead agreeing to donate more than two million eggs to Texas food banks.

[Read more](#)

Minnesota Attorney General Sues Nonprofit and President for Alleged Governance Violations

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

On January 6, Minnesota Attorney General (AG) Keith Ellison filed a lawsuit against the Minnesota nonprofit corporation Act for Cause (AFC) and its president, Rajesh Mehta. While the stated mission of AFC was to help needy individuals with securing employment and housing, the lawsuit alleges that Mehta used the charity for various self-dealing purposes.

[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.

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