

Troutman Pepper Locke Regulatory Oversight Newsletter – June 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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TROUTMAN PEPPER LOCKE SPOTLIGHT

Join Troutman Pepper Locke's State AG Team for a Webinar on Challenging State AG Civil Investigative Demands

By [Lauren Fincher](#), [Michael Lafleur](#), and [William LaRosa](#)

Troutman Pepper Locke State Attorneys General (AG) team members Lauren Fincher, Michael LaFleur, and Bill LaRosa will speak at a BARBRI CLE on Tuesday, June 9 from 1–2:30 p.m. ET. The program, “Challenging State Civil Investigative Demands Prohibited by Federal Law: Strategies and Practical Tips,” will address strategies and best practices for litigators responding to state AG civil investigative demands (CIDs) and investigative subpoenas, including an introduction to state AG CIDs, response options, and common pitfalls. The panel will also discuss the Supreme Court’s unanimous decision in *First Choice Women’s Resource Center v. Platkin*, _ U.S. _ (2026), and offer approaches tailored to industries frequently targeted by state AG investigations.

[Read more](#)

What Compliance Professionals Need to Know About the Prediction Market Legal Turf War

By [Stephen C. Piepgrass](#)

Prediction markets allow users to trade event contracts on real-world events, such as election outcomes, sporting events, and even the highest temperature in New York City today. State regulators, prediction market platform operators, and private plaintiffs have taken legal action to determine how these markets should be regulated. The question is straightforward: Are prediction markets financial instruments subject to federal regulation, or are they a form of gambling subject to state regulation?

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PODCAST UPDATES

REGULATORY OVERSIGHT PODCAST UPDATES

Lessons From a Senate Insider: Legislative Strategy With Jason Smith

By [Stephen C. Piepgrass](#) and [Jason Smith](#)

In this episode of *Regulatory Oversight*, host Stephen Piepgrass is joined by his new colleague Jason Smith, a veteran Senate lawyer and strategist who spent more than 15 years on Capitol Hill. Jason’s tenure includes advising Senators John Fetterman, Patty Murray, and Mark Begich on high-stakes issues ranging from voting rights and immigration reform to pharmaceutical policy and international trade.

[Read more](#)

AI State Regulatory Frontiers: Inside the New Wave of State AI Laws

By [Ashley L. Taylor, Jr.](#), [Ghillaine Reid](#), [David Stauss](#), and [Matthew Berns](#)

In this episode of *Regulatory Oversight*, host Ashley Taylor continues the multipart series on artificial intelligence with colleagues Ghillaine Reid, David Stauss, and Matt Berns for a practical look at how states are actually regulating AI in 2025-26. Framed through a consumer protection lens, the discussion moves beyond theoretical

federal proposals to real bills and regulations moving through state legislatures today.

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PAYMENTS PROS PODCAST UPDATES

The Debanking Debate: Regulators, Risk, and Reality for Payments

By [Keith J. Barnett](#), [Chris Willis](#), and [Carlin McCrory](#)

In this special crossover episode of *Payments Pros* and *The Consumer Finance* podcasts, Carlin McCrory, Keith Barnett, and Chris Willis explore the federal government's increasing attention to "debanking" and what it means for payment processors, money transmitters, banks, and other financial services providers. They discuss recent federal initiatives and agency activity that have heightened scrutiny of decisions to onboard, maintain, or terminate customers and merchants, particularly where those decisions may be perceived as based on political or religious viewpoints.

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Point-of-Sale Finance Series: Evolving Collection Rules Impacting Creditors

By [Taylor Gess](#) and [Stefanie Jackman](#)

In this joint episode of *Payments Pros* and *The Consumer Finance Podcast*, guest host Taylor Gess is joined by Stefanie Jackman to discuss amended debt collection regulations and restrictions for creditors, including tight communication limits and enhanced validation requirements. The conversation dives into the rise of coerced debt statutes, shortcomings of traditional identity theft frameworks, and how creditors should adjust training, intake, and escalation protocols to avoid reputational and legal risk. The discussion also explores state medical debt reporting bans, the preemption challenges, and cautious furnishing in the FCRA landscape.

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PRIVACY + DATA UPDATES

Bipartisan AG Group Opposes Federal KIDS Act for Curtailing Authority

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

On May 26, 2026, a bipartisan coalition of 44 attorneys general [issued a letter](#) opposing the federal Kids Internet and Digital Safety Act (KIDS Act), [H.R. 7757](#). The AGs assert that the KIDS Act would preempt their ability to enforce child online safety laws at the state level.

[Read more](#)

Data Privacy Law Enforcement: Our Exclusive Analysis of One Year of Cure Letters From New Jersey

By [Matthew Berns](#), [Edgar Vargas](#), and [David Stauss](#)

As shown by recent enforcement actions in California, including its most recent \$12.5 million fine, the risk for companies that are out of compliance with state consumer data privacy laws has never been higher. As more state laws go into effect and cure periods sunset, the risk will only grow. One state where the enforcement risk may be higher is New Jersey.

[Read more](#)

Is Your AI Tool Quietly Destroying Your Trade Secrets?

By [Jeffrey Kramer](#) and [Alexandra Lancey](#)

Artificial intelligence is everywhere now: in your contracts, your research workflows, your customer service queue. And if your company is using it without thinking carefully about trade secret exposure, you may be quietly dismantling critical protections your company has spent years building.

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MARKETING + ADVERTISING UPDATES

Fourth Circuit Enjoins Maryland ‘Greenwashing’ Restrictions on Renewable Energy Marketing

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

On May 15, 2026, the U.S. Court of Appeals for the Fourth Circuit partially blocked Maryland’s new “greenwashing” law for retail electricity suppliers. Holding that the statute’s core advertising restriction likely violates the First Amendment, the court ordered a preliminary injunction against the provision limiting use of terms like “clean,” “green,” and “100% renewable” if the legislature’s specified conditions were not met. In contrast, the court remanded for further proceedings on Maryland’s newly issued disclosure requirements. The decision underscores the constitutional limits on how far states can go in policing environmental marketing claims — limits that are relevant to companies both in and outside the energy sector.

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FTC UPDATES

Federal Trade Commission Settled With Shutterstock for \$35 Million

By [Clayton Friedman](#), [Michael Yaghi](#), [Namrata Kang](#), and [Kyara Rivera Rivera](#)

On May 13, 2026, the Federal Trade Commission (FTC) [filed](#) and simultaneously [settled](#) with Shutterstock, Inc. (Shutterstock), an online library of stock photos and videos, for \$35 million over allegations regarding its subscription and cancellation practices. The FTC alleged that Shutterstock used deceptive “negative option” features in connection with its annual paid?monthly subscription plans and on?demand “packs,” charged

consumers without their informed consent, and made it difficult for consumers to cancel. Under a stipulated order for permanent injunction, monetary judgment, and other relief, Shutterstock agreed to pay \$35 million in consumer redress and make some changes to how it markets, obtains consent for, and cancels subscription offerings.

[Read more](#)

FTC ‘Made in USA’ Sweep Ahead of America’s 250th Anniversary

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

The FTC has [announced](#) a “Made in the USA” enforcement sweep, bringing three federal actions and issuing two closing letters, following its July 2025 warning letters to companies about “Made in USA” compliance and President Donald Trump’s [March 13, 2026, executive order](#) “Ensuring Truthful Advertising of Products Claiming to be Made in America,” directing the agency to prioritize U.S.-origin claim enforcement.

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TOBACCO + CANNABIS UPDATES

Ninth Circuit Upholds ATF’s PACT Act Authority Over Tribal Cigarette Sales

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

Over the last couple of years, we have written about a federal case brought by the Twenty-Nine Palms Band of Mission Indians (the Tribe) ([here](#), [here](#), and [here](#)) involving key issues related to the Bureau of Alcohol, Tobacco, Firearms and Explosives’ (ATF) authority to enforce the Prevent All Cigarette Trafficking Act (PACT Act) against federally recognized Indian tribes and ATF’s interpretation of key sections of the PACT Act. The Ninth Circuit Court of Appeals recently [upheld](#) a federal district court’s decision ruling against the Tribe.

[Read more](#)

New FDA Guidance Clarifies Enforcement Discretion Policy for Certain ENDS and Nicotine Pouch Products

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

On May 8, the U.S. Food and Drug Administration (FDA) issued [guidance](#) that clarifies how the agency enforces premarket review requirements for certain electronic nicotine delivery system (ENDS) products and nicotine pouches with pending premarket tobacco applications (PMTAs).

[Read more](#)

Partial Marijuana Rescheduling: Where Things Stand

By [Agustin Rodriguez](#) and [Zie Alere](#)

In April 2026, the U.S. Department of Justice (DOJ) and Drug Enforcement Administration (DEA) announced a significant shift in federal cannabis policy. Effective immediately, the following categories of marijuana have been rescheduled from Schedule I to Schedule III under the Controlled Substances Act (CSA): (i) U.S. Food and Drug Administration-approved drug products that contain marijuana; and (ii) marijuana in any form covered by a state medical marijuana license.

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SEC UPDATES

SEC Foot Locker Order Underscores Continued Focus on Whistleblower Protections

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

On May 22, the Securities and Exchange Commission (SEC) [announced](#) a settled enforcement action against Foot Locker, Inc. for using separation agreements that required departing employees to waive their right to receive SEC whistleblower awards, in violation of Exchange Act Rule 21F-17(a). The case is noteworthy not only for its specific facts, but also because it reflects clear continuity in the SEC’s whistleblower-enforcement agenda: after bringing a significant number of Rule 21F-17 cases under prior Chair Gary Gensler, this Foot Locker order is the first such action under Chair Paul Atkins and signals that the current Commission will continue to prioritize whistleblower protections.

[Read more](#)

SEC Formally Rescinds ‘No Deny’ Settlement Policy and Says It Won’t Enforce Existing Gag Provisions

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

On May 12, we [wrote](#) about the U.S. Securities and Exchange Commission’s longstanding “no?deny” settlement policy heading “for a crossroads” at the Office of Management and Budget (OMB) and the Supreme Court. That crossroads arrived quickly. Just six days later, the SEC [announced](#) that it has rescinded Rule 202.5(e), the informal rule that, since 1972, conditioned settlement of an enforcement action on a defendant’s agreement not to publicly deny the Commission’s allegations. In its press release, the SEC said the policy had set the agency apart from most other federal regulators and may have created the misimpression that the Commission was trying to insulate itself from criticism, and it emphasized that ending the policy will give the SEC greater flexibility to resolve cases while preserving resources and speeding relief to investors.

[Read more](#)

FDA UPDATES

From Warning Letter to Guilty Plea: How a Cheese Maker’s Regulatory Failures Became a Federal Crime

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

A New Jersey queso fresco manufacturer's ignored U.S. Food and Drug Administration warnings culminated in a federal guilty plea after its products were linked to a multistate listeria outbreak that hospitalized at least 13 people and killed one. The case of Abuelito Cheese Inc. illustrates how regulatory noncompliance, left unaddressed, can escalate from civil enforcement into criminal liability under the Federal Food, Drug, and Cosmetic Act (FDCA).

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CONSUMER PROTECTION UPDATES

Governor Newsom Appoints Rohit Chopra to Lead State Consumer Agency

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

On May 12, 2026, Governor Gavin Newsom [appointed](#) Rohit Chopra to lead California's Business and Consumer Services Agency. The new state agency will officially begin operations on July 1, 2026.

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HEALTH CARE + LIFE SCIENCES UPDATES

Pennsylvania Targets AI Chatbot for the Unauthorized Practice of Medicine

By [Erin Whaley](#), [Emma Trivax](#), and [Matthew Berns](#)

The Commonwealth of Pennsylvania has alleged an AI company's chatbot engaged in the unauthorized practice of medicine. This lawsuit not only signals how state regulators are potentially evaluating AI-driven health interactions, but it could also have sweeping implications for health IT companies and their operational risk.

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OTHER SINGLE STATE AG NEWS

Missouri AG Files Suit Against Cryptocurrency ATM Operator Over Consumer Protection Issues

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

On May 20, the Missouri attorney general [filed suit](#) in Missouri state court against the cryptocurrency ATM operator GPD Holdings LLC, which does business as CoinFlip. The AG alleges that CoinFlip violated Missouri's Merchandising Practices Act by failing to adequately protect consumers from fraud involving its machines and by not clearly disclosing the full extent of its transaction fees. CoinFlip has denied the allegations and stated that it intends to contest the lawsuit.

[Read more](#)

Crypto Company Settles With New York AG Over Allegedly Misleading Crypto Yield Promotions

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

The New York Attorney General's Office announced a \$5 million settlement with Uphold HQ Inc. (Uphold), a cryptocurrency platform that allows users to buy, sell, and trade digital assets. The settlement resolves allegations that Uphold misleadingly promoted Cred Inc.'s now-bankrupt investment product, CredEarn, to its customers as a safe, savings-style vehicle.

[Read more](#)

Washington AG Settles With Cleaning Service Company

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

On May 11, 2026, the Washington attorney general [settled](#) with Homeaglow Inc. d/b/a Dazzling Cleaning (Homeaglow), a cleaning service company, and related parties, for \$2.25 million over alleged violations of the Washington Consumer Protection Act for unfair and deceptive advertising and negative option membership practices.

[Read more](#)

Alaska Has a New Acting AG After Lawmakers Reject the Governor's Preferred Candidate

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

Alaska has a new acting attorney general after state lawmakers refused to confirm Governor Mike Dunleavy's appointment of Stephen Cox, who has been serving as AG since August 2025. The new acting AG is Cori Mills, a 14-year veteran of the AG's office.

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Ohio Attorney General Dave Yost Announces Resignation

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

On May 7, 2026, Ohio Attorney General Dave Yost announced his resignation after having served in the role since 2019.

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Lessons on Consumer Fraud Penalties and the Impact of Federal Deregulation From a New Jersey Auto Dealer Case

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

In a series of recent rulings, a New Jersey trial court imposed more than \$10 million in penalties against an auto

dealer found to have committed more than 500 violations of the New Jersey Consumer Fraud Act in a case filed by the Attorney General and Division of Consumer Affairs — only to slash those penalties by more than 98% after granting two motions for reconsideration.

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Washington State Sues Albertsons and Safeway Over Pricing

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

On April 27, 2026, Washington’s attorney general [filed suit](#) against Albertsons and Safeway, accusing the grocery chains of inflating prices before “buy one, get one free” (BOGO) promotions — allegedly pocketing nearly \$20 million from unsuspecting shoppers. The complaint, filed in King County Superior Court, alleges roughly 3.1 million transactions were affected between October 2019 and May 2024.

[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. Cannabis remains a controlled substance under federal law.

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