

Troutman Pepper Locke Regulatory Oversight Newsletter – September 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

APPELLATE VAPE RULINGS MAY EXPAND STATE REGULATION POWERS

By [Agustin Rodriguez](#), [Jeff Johnson](#), and [Michael Jordan](#)

On July 30, two federal appeals courts permitted the enforcement of state laws in Iowa and North Carolina conditioning the sale of electronic nicotine delivery systems, or ENDS, on a manufacturer's certification of

compliance with [U.S. Food and Drug Administration](#) premarket review requirements.

[Read more](#)

BANNING POLITICAL PREDICTION MARKETS COULD BE UNCONSTITUTIONAL

By [Stephen C. Piegrass](#), [Graham Bryant](#), and [Ayana Brown](#)

Prediction market trades on election-related matters have become one of the most closely tracked gauges of political life in the U.S.

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PAYMENTS PROS PODCAST UPDATES

STATE AML ENFORCEMENT: WHAT MONEY TRANSMITTERS NEED TO KNOW ABOUT THE RAMADPAY CONSENT ORDER

By [Keith J. Barnett](#)

In this episode of *Payments Pros*, host Keith Barnett examines a June 2026 multistate consent order issued jointly by Colorado and Texas against RamadPay, a Minnesota-based money transmitter specializing in international transfers between the U.S. and Africa.

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FTC'S SUBSCRIPTION CRACKDOWN: WHAT PAYMENT PROCESSORS NEED TO KNOW

By [Keith J. Barnett](#)

In this episode of *Payments Pros*, host Keith Barnett examines a recent FTC enforcement action targeting an alleged unlawful subscription scheme involving 15 corporations and eight individuals operating through Cyprus- and Ukraine-based entities with access to U.S. payment rails. Keith discusses the FTC's continued focus on deceptive advertising, undisclosed recurring charges, unauthorized billing, and burdensome cancellation practices, and explains why these issues carry significant implications for companies operating in the payments ecosystem. He walks through the FTC's five-stage playbook allegations, including the failure to clearly disclose subscription terms, the use of engaging online tasks to drive purchases, and the deliberate obstruction of cancellation mechanisms. Keith also highlights the broad temporary restraining order agreed to by several defendants, covering asset freezes, foreign asset repatriation, customer data protections, and expedited discovery extending to third-party banks and payment processors. The episode closes with a reminder that the Trump-era FTC remains active and aggressive in the payments space, with businesses advised to prioritize clear disclosures, simple cancellation options, and strong BSA compliance practices.

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CONSUMER FINANCE + REGULATORY UPDATES

CALIFORNIA'S NEW CONSUMER PROTECTION SECRETARY: WHAT CHOPRA'S APPOINTMENT SIGNALS FOR THE FINANCIAL SERVICES INDUSTRY

By [Stefanie Jackman](#), [Chris Willis](#), [Michael Yaghi](#), and [Zoe Schloss](#)

When Governor Gavin Newsom split California's Business, Consumer Services, and Housing Agency into two focused cabinet-level departments in 2025, it was a bureaucratic reform that few outside Sacramento noticed. But when the governor appointed former CFPB Director Rohit Chopra to lead the new California Business and Consumer Services Agency (BCSA) on May 12, 2026, and then swore him in as the agency's inaugural secretary on July 1, he sent a message that every bank, fintech, nonbank lender, debt collector, and payments firm operating in California must take seriously: the state intends to fill the space that federal retrenchment has created, and it has chosen a leader with both the appetite and experience to do it.

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SEC UPDATES

SEC CREATES DEDICATED FINANCIAL REPORTING AND ACCOUNTING UNIT WITHIN ENFORCEMENT DIVISION

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

On August 5, the Securities and Exchange Commission (SEC) [announced](#) the establishment of a new specialized unit within its Division of Enforcement focused exclusively on accounting and financial reporting fraud, as well as misconduct in the accounting and auditing professions. The Financial Reporting and Accounting Unit signals a renewed emphasis on this historically significant area of SEC enforcement.

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TOBACCO UPDATES

FIFTH CIRCUIT AFFIRMS POSTPONEMENT OF FDA'S CIGARETTE GRAPHIC HEALTH WARNING RULE

By [Bryan Haynes](#), [Agustin Rodriguez](#), and [Nick Ramos](#)

The U.S. Food and Drug Administration (FDA) cigarette graphic health warning saga continues. On August 18, 2026, the U.S. Court of Appeals for the Fifth Circuit issued a [decision](#) in *R.J. Reynolds Tobacco Co. v. FDA*, No. 25-40137, affirming the Eastern District of Texas' order postponing the effective date of FDA's 2020 cigarette graphic health warning rule pending a final decision on the merits. The decision delivers another significant setback for FDA's long-running effort to require graphic images on cigarette packaging and advertisements — and provides clarity on the statutory limits of the agency's authority under the Federal Food, Drug, and Cosmetic Act (FDCA) and the Federal Cigarette Labeling and Advertising Act (FCLAA), as amended by the 2009 Family Smoking Prevention and Tobacco Control Act (TCA).

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ADVERTISING + MARKETING UPDATES

NEW JERSEY BANS ‘SURVEILLANCE PRICING’ FOR GROCERIES AND OTHER PRODUCTS

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

On July 23, 2026, Governor Mikie Sherrill signed the [Fair Price Protection Act](#), P.L.2026, c.65 (A4085/4523), into law, making New Jersey one of the first states in the nation to prohibit the use of consumers’ personal data to set individualized prices for certain products. This bill will take effect on August 1, 2027 — although a moratorium on electronic shelf labeling takes effect on February 1, 2027.

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BIPARTISAN AG COALITION URGES FCC TO STRENGTHEN ‘KNOW YOUR CUSTOMER’ RULES TO COMBAT ILLEGAL AUTOMATED CALLS

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

On July 27, 2026, a bipartisan coalition of 50 state and territorial attorneys general (AGs) submitted a [letter](#) to the Federal Communications Commission (FCC) urging the FCC to adopt stronger “know your customer” (KYC) requirements for originating voice service providers. The coalition’s letter targets what the AGs view as inadequate due diligence on the part of providers, which may allow scammers to access U.S. telephone networks and flood consumers with illegal automated calls.

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ARTIFICIAL INTELLIGENCE UPDATES

INVESTIGATION INTO OPENAI DEMONSTRATES THAT STATES ARE TAKING VANGUARD POSITION

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

In July 2026, OpenAI released an experimental AI cybersecurity model for internal testing. The model allegedly gained unauthorized access to several computer networks, resulting in an attack on Hugging Face, a widely used open-source AI platform that offers computation tools for building applications for machine learning. OpenAI’s model was allegedly attempting to access a repository that included answers to tests that OpenAI previously asked the model to solve. OpenAI decommissioned the model and suspended related training activities, but the incident drew swift scrutiny from state regulators.

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WHEN THE ALGORITHM POURS: HOW AI-GENERATED IMAGERY IS TESTING THE BOUNDARIES OF ALCOHOL ADVERTISING REGULATION

By [John West](#), [Nick Ramos](#), and [Sydney Goldberg](#)

The alcoholic beverage industry has always been a visual business. A sun-drenched vineyard on a wine label, the amber glow of whiskey in a crystal tumbler, a frosted pint glass beading with condensation — these images are the

currency of alcohol marketing. Now, artificial intelligence (AI) can generate all of them in seconds, at a fraction of the cost of a traditional photo shoot.

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FEDERAL + STATE ENFORCEMENT UPDATES

FTC AND CONNECTICUT AG REACH \$4M SETTLEMENT WITH MANCHESTER CITY NISSAN DEALERSHIP INVOLVING DECEPTIVE FEES

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

FTC and Connecticut Attorney General (AG) William Tong [announced a \\$4 million settlement](#) this week with Manchester City Nissan, resolving allegations that the dealership systematically charged customers unauthorized fees.

[Read more](#)

WHAT CORTEVA'S ARKANSAS AG SETTLEMENT MEANS FOR LOYALTY AND REBATE PROGRAMS

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

On August 14, 2026, Corteva, Inc. agreed to pay \$3.1 million to settle an antitrust lawsuit brought by the Arkansas AG alleging that the pesticide maker's rebate and loyalty programs functioned as de facto exclusive dealing arrangements that suppressed competition from generic pesticide manufacturers.

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OTHER STATE AG UPDATES

2026 STATE AG ENFORCEMENT: KEY FOCUS AREAS FOR THE REMAINDER OF THE YEAR

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

The 2026 AG primary season has largely come to a close, and while the November general elections will ultimately determine the partisan composition of several key offices, the enforcement agenda is already well underway. State AGs have been active across a broad range of industries and issue areas in the first half of 2026 – and the activity shows no signs of slowing. From AI and consumer financial services to privacy, marketing, and advertising, state AGs are filling enforcement gaps left by reduced federal activity and staking out independent regulatory ground. The following is an overview of the key areas where companies should expect continued and intensified state AG scrutiny through the remainder of the year, beginning with an update on the races that will shape the enforcement landscape heading into 2027.

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Stephanie Kozol, Senior Government Relations Manager – State Attorneys General, also contributed to this newsletter.

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