

Moving the Metal: The Auto Finance Podcast — State AGs in the Driver's Seat:**Auto Finance Enforcement in the Trump 2.0 Era****Hosts: Brooke Conkle and Chris Capurso****Guests: Chris Carlson and Nam Kang****Aired: 1/27/2026****Brooke Conkle (00:10):**

Welcome to *Moving the Metal*, the premier legally-focused podcast for the auto finance industry. I'm Brooke Conkle, a partner in Troutman Pepper Locke's Consumer Financial Services Practice Group.

Chris Capurso (00:19):

I'm Chris Capurso, of counsel in Troutman Pepper Locke's Consumer Financial Services Practice Group.

Brooke Conkle (00:24):

Today we'll be joined by our colleagues, Nam Kang, an associate in Troutman's Rise Group, and Chris Carlson, friend of the pod and partner in Troutman's RISE Group. Nam and Chris will help us unpack the regulatory picture at the state level, outlining the hotspots for state's attorneys general.

(00:40):

But before we jump in, let me remind you to please visit and subscribe to our blogs. We have two great ones that may be of interest to you: TroutmanFinancialServices.com and ConsumerFinancialServicesLawMonitor.com. And of course, we have a bevy of other podcasts that you might find interesting, including [The Consumer Finance Podcast](http://TheConsumerFinancePodcast.com), which as you might guess, is all things consumer finance-related.

(01:02):

[The Crypto Exchange](http://TheCryptoExchange.com), devoted to trends, challenges, and legal issues in Bitcoin, blockchain, FinTech, and RegTech. [FCRA Focus](http://FCRAFocus.com), a great podcast dedicated to all things credit reporting. And finally, [Payments Pros](http://PaymentsPros.com) focused exclusively on the payments industry. All of these insightful shows are available on your favorite podcast platform, so check them out.

(01:24):

Speaking of those platforms, if you like what you hear, please leave us a review and let us know how we're doing. We'd love to hear from you. Alternatively, please feel free to reach out to us directly. Our contact information can easily be found on the firm's website, troutman.com. If you enjoy reading our blogs or listening to our podcasts, please also check out our financial services

mobile app. To download, simply go to your iOS or Android app store and search for Troutman Pepper Locke.

(01:51):

Not only does our app have all of our blog content and podcast episodes in one handy place, it also has a listing of all of the firm's financially-focused attorneys. So check it out and see what you think.

(02:02):

For today, as I mentioned, we're joined by our esteemed colleagues, Nam Kang and Chris Carlson. Nam, welcome. And Chris, welcome back.

Nam Kang (02:09):

Happy to be here, Brooke and Chris.

Chris Carlson (02:11):

We must be doing something right because you keep bringing me back.

Brooke Conkle (02:14):

It's true.

Chris Carlson (02:15):

One can only dream.

Chris Capurso (02:17):

That's right. Well, I mean, we'll get started with the big question. Not the easiest question, but the big one that's probably on everybody's mind. This is the environment we've been calling Trump 2.0. Obviously, a lot has happened in the last year. One of the biggest things obviously in financial services is the pullback of the CFPB and this general idea of the federal government pulling back from where they were in the Biden administration.

(02:47):

I guess the question our listeners really want to know is what does that actually mean on the ground for auto and auto finance companies? Who's really enforcing the laws right now?

Nam Kang (03:00):

I think as the CFPB is pulling back on exams and enforcement, things are narrower, slower at the federal level, but then you really see state AGs and state financial regulators picking up that

gauntlet and filling the vacuum, especially for auto and auto finance companies. You will see that scrutiny heavily in blue and purple states throughout the country.

(03:28):

Chris?

Chris Carlson (03:30):

Yeah, I think you're exactly right. I think what is so fascinating from our perspective is that in a little ways, and we can geek out about this, the fact that so many of the CFPB employees that we previously worked with when they were in the federal government, they're seeping into states now.

(03:49):

There was a mini CFPB created by Pennsylvania in 2018, and that was the first mini CFPB. Following Trump 2.0, you've seen CFPB employees go to states across the country. And so, the same thoughts and the same regulations that the current CFPB director is withdrawing, they are thinking about, how do I pass regulations and how do I take enforcement actions that are consistent with that at the state level?

(04:16):

I think what we're seeing is it makes things even more complicated when you have a patchwork of 50 states to think about as opposed to one CFPB that is clearly articulating an aggressive agenda. You have 50 states that may have a different variety of what they view as an unfair and deceptive act in practice.

Brooke Conkle (04:36):

Well, Chris, on that note, what are the state attorneys general telling the auto and auto finance industry about where the lines are for what you can do and what you can't do?

Chris Carlson (04:48):

Well, let me start by saying obviously regulatory actions take time. When you are regulating through enforcement, an enforcement action and a typical state attorney's general investigation is not happening in a public forum. We expect these enforcement actions to take time, but we're seeing those actions starting through issuing subpoenas.

(05:14):

One signal that we saw in the end of last year was that Director Chopra, the former CFPB director, has been hired by the Democratic Attorney's General Association to lead an affordability working group. That sends a signal to members and auto finance companies that

the same types of policy agendas that you saw from the federal government, you should expect from Democratic Attorneys General. And so, we are seeing those signals now.

(05:43):

The question of how you should respond, I think we continue to advise clients you should not pull back on compliance based on the fact that the CFPB isn't taking action.

Nam Kang (05:54):

One thing to add there, I think we've also seen an uptick in state AGs copying and pasting the same sort of lawsuits and enforcement actions that were brought by the CFPB. I think we've seen that in New York by New York AG. I don't think that enforcement level and that high level of scrutiny has gone away.

Chris Capurso (06:16):

Well, it's interesting you bring up former Director Chopra, who now has a new job, as you mentioned. We flash back to the end of 2024. From Thanksgiving 2024 until Director Chopra resigned from the CFPB, it seemed like there were daily pronouncements of just things because every day there was something new coming out of the CFPB. Now it's different.

(06:39):

I guess the first question is, how has the CFPB specifically stepped back from that level of production? And second, is there anything from that Chopra era that you're seeing, as you mentioned, seeping into the states?

Chris Carlson (06:57):

I'll let Nam answer the question of what specific enforcement and policies are you seeing seep into the states. I think from the CFPB perspective, it's been almost fascinating. The actions you're seeing out of the CFPB are twofold. One, how do we limit our size, and you're seeing that through court battles that are ongoing.

(07:19):

But even more, the actions that they're releasing are withdrawing Biden era regulations or Biden era press releases. When you hear them take those actions, the press releases that follow are what they refer to in the sake of clarity, in the sake of avoiding business confusion. We and our great clients love the idea of avoiding confusion.

(07:42):

Notwithstanding, we continue to say, it's like when you kill that spider that my four-year-old keeps reading books about that carries their babies on their back. Now you have 50 states that now you have plenty of confusion on how enforcement is acting.

Nam Kang (07:57):

I think on the state side, there are still some things that I think states are still looking to the CFPB or still doing some of the things that were under the Biden administration. I think the junk fees are a classic example where junk fees were a focus of the Biden administration, and that is still continuing on under Trump 2.0.

(08:21):

The FTC rule was enacted last year, and states have also started to enact their own laws. I think we're going to see a lot of uptake in the scrutiny on junk fees and pricing. I think that goes along with the affordability initiative by Director Chopra. But that's also under the Trump administration, that's a priority, but affordability was something that President Trump really cares about.

(08:51):

I think there are some issues that are going to have bipartisan support on both the federal and the state level by all regulators.

Chris Carlson (09:00):

Let me double down on exactly what Nam ended with, which is there is bipartisan focus on affordability. The National Association of Attorneys General, their 2026 initiative is affordability. That is a bipartisan group of attorneys general that dates back decades.

(09:18):

When they think about the initiative, that was something that both sides of the aisle had an impact on. I think last time I was on the podcast, I said that I talked to a regulator and they referred to fees as the new F-word. I think we're seeing that continually, and how many times we've talked about mandatory add-ons in terms of financing, and are individuals being treated in the same way when purchases are being made? All those can fall within the broad definition of affordability.

Brooke Conkle (09:51):

Nam and Chris, when we look at auto enforcement, are there any particular themes that you're seeing from the state attorneys general?

Nam Kang (09:58):

I think one of the things that we saw coming from enforcement actions last year, product design and safety as consumer protection, that was a big theme where you have safety issues or technical defects being scrutinized, and then you have emissions, companies that were emissions defeat devices framed as deceptive marketing and unfair practices. Those come to my mind when I think about auto enforcement.

Chris Carlson (10:30):

I think another focus, and it just comes through the fact that state attorneys general consumer protection units are continuing to grow. When I started in West Virginia, there were six consumer lawyers. There are so many states that have bulked up their consumer protection units in a way that one thing we really are looking at is whether the era of the multi-state investigation is dwindling to an end.

(10:58):

When you see these larger and larger state consumer protection units saying, "I'm just going to take this on. I can't wait for a three-year investigation." At the end of last year, there were two multi-states that came out. We've known about those multi-states for four and five years. States are saying, "Should I involve myself in these slow-rolling multi-state matters or should I just be quick and efficient, and move towards consumer relief and call balls and strikes on behalf of my own state?"

(11:28):

And so, that's something we want to look at, but it's also something that there's a level of comfort for a company when they have a multi-state that can result in global peace. I reach a multi-state with 50 states in DC. My issue's over at the state perspective. That doesn't happen the same if you have three investigations in one litigation and a settlement that could potentially result in a pop off of a few more investigations.

(11:51):

The complexity of multi-state, individual state investigations really can just not be anxiety inducing for a company, but it's far more complicated than dealing with a traditional multi-state.

Nam Kang (12:05):

I think there's more coordination amongst states for that reason. It's easier to have a multi-state than an independent state because you can share resources. I think you'll have Democratic AG Association or the National Association of Attorneys General, and there's so many working groups, and there are templates being shared, theories, discovery strategies that can really help all of them instead of just one taking the lead.

Chris Capurso (12:36):

Yeah. This idea of individual state action, and to Chris's point earlier, 50 different states with 50 different interpretations of what a UDAP is, it fits along with what Brooke and I have been talking about with the California Cars Rule, where you had a federal one at a high level like the CFPB, you had a federal mechanism that may have had things in it you didn't want, but it was federal and it was going to be all over.

(13:02):

Now you have the California Cars Rule, and uh-oh, is that going to be in every state? And is every state going to be like 80% of that, and the other 20% is just a wild card? That's what it sounds like. It sounds like there's the chance anyway for just those slight differences create some real compliance headaches, right?

Chris Carlson (13:18):

Exactly. I mean, you had how many podcasts about the cars rule? The opposite that will happen here, which is there'll be a subpoena that companies don't even know about that is alleging a violation of the cars rule represents a UDAP in that state. The first signal that you'll get is a settlement or a lawsuit that happened a year after the subpoena was issued, and you don't have clear guidance until that time.

(13:44):

And so, that's why it's so important really to have boots on the ground and understand what these policy priorities are so that you are mitigating towards that. As opposed to there's very few states that are waiting around and following the rulemaking process at the state level, which typically takes a lot of time when you can very promptly take enforcement.

Brooke Conkle (14:04):

Nam and Chris, for our listeners who run auto finance companies, dealers, groups, or FinTechs in the auto space, what are the top three to four concrete steps that they can take away, and items that they really should be focusing on right now?

Nam Kang (14:19):

I can get us started with one. I think really knowing your high risk states and hotspots, just identifying not only where business presence is, but where AGs really are active in this industry, and just overlaying that footprint.

(14:39):

I think paying special attention to states that have adopted abusive standards, or expanded AG enforcement powers, or have passed legislation around junk fees, or EWA, or BNPL by not pay later frameworks, I think that legislation is going to get enforced. Especially when enacted in 2025, you're going to see that enforcement in 2026. I think just gearing up for that.

Chris Carlson (15:07):

I think at a macro level, state attorneys general enforcement actions often are driven by public or private scrutiny, whether it's consumer complaints that have continued to bubble up to the surface, or a media article. You shouldn't be waiting for that, but when you think about the CFPB, they're often taking actions against the leaders in the space.

(15:32):

That's not as true at the state level because if you get a number of complaints against... If you're in the industry and you have 10% of the market share, so you don't view yourself as one of the big guys in this space. Notwithstanding, if you have consumer complaints, states are going to go after you because that has such an impact in your state as opposed to the CFPB that's more focused on national messaging.

Chris Capurso (15:55):

Well, great discussion. We'll have to check in again at some point during the year and see what exactly is happening. Obviously with the way Trump 2.0 started six months later, it was wildly different than I think even most people thought it would be in January. It's going to be a very interesting discussion to have as we see the year unfold.

(16:14):

With that, we'll wrap it up for today's podcast. Thank you to our audience for tuning in. Don't forget to check out our blogs where you could subscribe to the entire blog or just the specific content you find most helpful. That's the ConsumerFinancialServicesLawMonitor.com and the TroutmanFinancialServices.com blogs.

(16:30):

While you're at it, why don't you head on over to troutman.com and sign up for our Consumer Financial Services mailing list so you can stay abreast of current issues with our insightful alerts and advisories, and receive invitations to our industry insider webinars. I should plug, this is a bit of a teaser, but very soon we'll be coming out with the Consumer Financial Services Year-End Review that the Troutman CFS Group does every year.

(16:52):

So you'll see that awesome publication as well as a lot of materials going over the different sections of that, including this podcast. We'll have a Year-End Reviews podcast to discuss what we wrote in that document. Of course, please mark your calendars for this podcast, *Moving the Metal*, which we'll be releasing every two weeks in 2026.

(17:11):

That will be generally on the second and fourth Tuesdays of each month. As always, if you have any questions or if we can help in any way, please reach out to us. Until next time.

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