

State Watch: Consumer Protection Enforcement Update - May the Force of Law Be with You

*AG Paxton secures another Texas-sized privacy settlement and
New York AG James picks up where the CFPB left off*

June 2, 2025 | [Anastasia V. Caton](#)

New York

- Attorney General James sued a national bank and its holding company for the bank's alleged practices relating to its offering of online savings accounts. Specifically, the AG claims that the bank offered a "high interest" savings account which it marketed as having higher rates than an average savings account. However, the AG alleges that when interest rates began to rise in 2022, the bank froze the interest rates on the "high interest" accounts and increased rates on other high-yield savings accounts. AG James claims that the bank did not notify "high interest" customers of the availability of the high yield accounts with higher rates. The result, according to the AG, was that consumers with the "high interest" savings account had lower than average rates. The AG claims that the bank's marketing of the "high interest" accounts was deceptive because the rates ultimately fell below the market average beginning in 2022. The AG also claims that the bank's failure to make customers aware of the high-yield savings account or encourage customers to upgrade existing accounts into the high yield savings account was deceptive. The federal Consumer Financial Protection Bureau previously brought a lawsuit against the bank with similar allegations, but voluntarily dropped the suit after the change in administration. This appears to be an attempt to pick up where the Bureau left off.
- Attorney General James entered into consent orders with eight franchise motor vehicle dealers operating in the state, securing \$2.8 million in consumer restitution and \$400,000 in penalties. The consent orders related to the dealers' lease buyout practices. Specifically, AG James claimed that, when consumers sought to exercise the purchase option on their leased cars, the dealerships added "junk fees" or misrepresented the buyout price of the vehicle, resulting in, according to the AG, consumers paying higher costs for lease buyouts. The AG claimed that "dealership fees" and "administrative fees" added to the lease buyout were "junk fees." This action follows on the heels of seven other actions by AG James in 2024 against other franchise dealers in New York for their lease buyout practices.

North Carolina

Attorney General Jackson sued to enforce to enforce a civil investigative demand the AG issued to a real estate company after the company, according to AG Jackson, refused to respond. AG Jackson says his office is investigating the real estate company over its alleged practice of offering consumers cash in exchange for the right to make the first offer to buy the consumer's home if they decide to sell. The AG describes the terms of the agreements, which include 30-year commitments by consumers, as "exploitative" and "predatory." In 2023, former AG Stein (now the state's governor) sued a related company for similar practices.

Ohio

Attorney General Yost sued six now defunct used car dealerships over their alleged practice of failing to file applications for certificates of title after receiving the vehicles, selling vehicles to consumers that did not have a certificate of title issued in the name of the dealership, and failing to obtain certificates of title after selling the vehicles to consumers. The AG claims the dealers' titling practices were unfair and deceptive and violated Ohio's Certificate of Motor Vehicle Title Act. The AG issued payments of over \$300,000 to affected consumers drawn from the state's Title Defect Recision fund, which helps consumers who do not receive their title within 40 days of purchase as required by Ohio law.

Texas

Attorney General Paxton settled with a large tech company for \$1.375 **billion** over the company's alleged practices of tracking and collecting Texans' private geolocation and biometric data and incognito searches. The AG claims these practices violated Texas's privacy laws, and the AG retained an outside law firm to help handle the case. The settlement follows closely on the heels of AG Paxton's \$1.4 billion settlement in July with another large tech and social media company over its collection and use of facial recognition data.

Multistate

- Twenty-three state attorneys general submitted an amicus brief in *National Treasury Employees Union v. Vought*, the lawsuit challenging the Trump administration's attempts to fire federal Consumer Financial Protection Bureau staff and cripple its operations. The brief was filed in the U.S. Court of Appeals for the District of Columbia Circuit. The AGs argue that the extra-legislative attempts to dismantle the agency violate the U.S. Constitution's separation of powers, harm consumers in their states, and overburden state agencies tasked with protecting consumers in their states. The attorneys general of California, New York, New Jersey, the District of Columbia, Arizona, Colorado, Connecticut, Delaware, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Mexico North Carolina, Oregon, Rhode Island, Vermont, Washington, and Wisconsin joined in the brief.

- A bipartisan group of 40 state and U.S. territory attorneys general sent a [letter](#) to Congress opposing a provision of the House of Representatives' federal budget reconciliation bill that would impose a 10-year prohibition on states enforcing state laws or regulations addressing artificial intelligence or automated decision-making systems. The AGs expressed concern that the lack of federal leadership on the issue of AI, combined with this legislation, would leave AI entirely unregulated and residents of their states exposed to AI's risks. They urged Congress to reject the AI moratorium. The letter was signed by the attorneys general of American Samoa, Arizona, Arkansas, California, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Utah, U.S. Virgin Islands, Virginia, Washington, and Wisconsin.

Join us for a [webinar](#) highlighting anticipated state AG enforcement trends on June 18, 2025 at 2:00 pm ET. Click [here](#) to learn more about Hudson Cook's State Enforcement Practice.

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