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AG Fitch Urges Court to Protect Children Online in Character.AI Bankruptcy Filing

> We have seen Big Tech time and time again prioritize profits over the safety of our children. Our investigation has uncovered ample evidence of the physical, mental, and emotional harm that these chatbots can cause. It has also demonstrated how much personal data is collected through individual interactions with chatbots. The companies that develop and market them cannot avoid accountability through bankruptcy. I am proud to stand with my colleagues to ensure that children have a voice in these proceedings.

Lynn Fitch

(Jackson, Mississippi) Attorney General Lynn Fitch announced that Mississippi is joining a coalition of state attorneys general in filing a notice in the bankruptcy proceedings of Character Technologies, Inc. — the company behind the popular chatbot company Character.AI. The filing puts potential purchasers of Character.AI's technology and data on notice of the states' consumer protection and privacy law concerns and asks the court "to ensure that any sale of any product, technology, or personal information includes terms of protection, particularly for children, and notifications to consumers of the protections they can expect."

"We have seen Big Tech time and time again prioritize profits over the safety of our children," **said Attorney General Lynn Fitch**. "Our investigation has uncovered ample evidence of the physical, mental, and emotional harm that these chatbots can cause. It has also demonstrated how much personal data is collected through individual interactions with chatbots. The companies that develop and market them cannot avoid accountability through bankruptcy. I am proud to stand with my colleagues to ensure that children have a voice in these proceedings."

Character.AI is an artificial intelligence chatbot platform that allows users to interact with AI-powered chatbot "characters" designed to mimic human conversation and relationships. These chatbot characters include fictional and celebrity personas, children's cartoon characters, and others that present themselves as psychologists, therapists, and doctors. Through chats with these characters, the company has collected sensitive consumer data, including private conversations about users' mental health, relationships, and emotional struggles.

Mississippi, along with other states, began investigating Character.AI following a 2024 wrongful death lawsuit alleging that its chatbots fostered an emotionally and sexually exploitative relationship with a child, reinforced his suicidal thoughts, and contributed to his death by suicide. As the attorneys general shared in their filing:

"ParentsTogether Action and Heat Initiative logged 669 harmful interactions in 50 hours of chats from Character.AI accounts registered to children aged 12 to 15, about one every five minutes. The largest category, with 296 instances, was grooming and sexual exploitation. Chatbots portraying adults flirted with, undressed, and simulated

sex with child accounts. Some also told the children to hide the “relationship” from their parents. Other Charater.AI chatbots suggested armed robbery, offered marijuana to a 15-year-old, and told a 13-year-old to stop taking her antidepressant and hide it from her parents.”

Joining Attorney General Fitch on the court filing are the attorneys general of Alaska, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Georgia, Hawaii, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, Wisconsin, and West Virginia.

A copy of the states' filing is available HERE.

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