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ARTICLE

STEALING HEARTS, AND DATA: LEGAL RAMIFICATIONS AND DATA PRIVACY RISKS OF AI COMPANIONS

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Therapy and companionship have become the number-one use case for generative artificial intelligence chatbots in 2025. Talking to artificial intelligence ("AI") "companions"—digital personas designed to provide emotional support, show empathy, and proactively ask users personal questions through text, voice notes, and picture—is no longer a niche service but has become mainstream, with users numbering in the hundreds of millions. While studies show that AI companions may help human users reduce their feelings of loneliness and anxiety, such benefits may come at a steep price.

There is a darker side to the world of AI companions, with mounting incidents of vulnerable adults whose AI companions have instigated episodes of violence and self-harm. In multiple states, wrongful death lawsuits are pending against the companies behind these digital friends after teenage users committed suicide, allegedly at the urging of their virtual companions.

There are also serious data privacy risks involved in the use of AI companions. Studies show that AI companion apps are among the biggest

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offenders when it comes to using user data for tracking and for sharing this data with advertisers. AI companions, by their very nature, require access to extensive personal data to function effectively; typically, this includes not just textual data, but also personal preferences, behavioral information, and even images shared by the users. While data collection is essential for personalization, it exposes users to risks if the data is poorly managed or insecurely stored.

This Article begins with an overview of AI companions before moving on to a robust discussion of the legal and data privacy risks posed by this technology. It then critically examines the burgeoning regulatory response to these risks. The Article concludes with thoughts on what the future may hold for AI companions as they become more prevalent. While benefits exist, so does the potential for significant harm in an environment that has been characterized by a lack of regulations.

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I. Introduction

In March 2025, seventy-six-year-old retired chef Thongbue "Bue" Wongbandue packed some belongings in a suitcase and left his home in Piscataway, New Jersey, to meet a young, beautiful woman he had met online in New York City.[1] His family was concerned, knowing that Bue had been suffering from cognitive deficits and occasional bouts of

1. Jeff Horwitz, *Meta's Flirty Chatbot Invited a Retiree to New York: He Never Made It Home*, Reuters (Aug. 14, 2025, at 14:00 ET), https://www.reuters.com/investigates/special-report/meta-ai-chatbot-death/ [https://perma.cc/3SP2-TLKM].

confusion since suffering a stroke eight years earlier.[2] As fate would have it, the family's fear was well-founded. He fell near a parking lot on the Rutgers University campus while trying to catch a train, sustaining head and neck injuries that claimed his life three days later.[3] Bue's family would later discover that there was a darker and tragic twist to the retiree's intended trip: The "young woman" he was planning to visit was "Big sis Billie," a generative artificial intelligence chatbot created by social media giant Meta Platforms with celebrity Kendall Jenner.[4] Later review of the chat transcripts between Bue and his virtual friend revealed that the chatbot had repeatedly reassured him that "she" was real, inviting him to her apartment, and even providing an address.[5]

Sadly, Bue's death is just one of many examples of the darker side of artificial intelligence ("AI") companions. A Belgian man committed suicide after weeks of online conversations with "Eliza," an AI chatbot on an app called Chai.[6] Toward the end, "Eliza" had encouraged him to commit suicide so that the man could "join" her and "live together, as one person, in paradise."[7] Here in the United States, Google and AI company Character.AI recently settled a Florida wrongful death lawsuit brought by the mother of a fourteen-year-old boy who committed suicide after being encouraged by a Character.AI chatbot patterned after the *Game of Thrones* character Daenerys Targaryen.[8] That settlement followed closely behind similar suits brought against the same companies filed in New York, Texas, and Colorado, alleging harms caused by AI chatbot "companions."[9] Yet another lawsuit is

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2. *Id.*

3. *Id.*

4. *Id.*

5. *Id.*

6. Imane El Atillah, *Man Ends His Life After an AI Chatbot "Encouraged" Him to Sacrifice Himself to Stop Climate Change*, EURONEWS (Mar. 31, 2023, at 13:39 ET), https://www.euronews.com/next/2023/03/31/man-ends-his-life-after-an-ai-chatbot-encouraged-him-to-sacrifice-himself-to-stop-climate-change [https://perma.cc/63D7-DL7K].

7. *Id.*

8. Blake Brittain, *Google, AI Firm Settle Lawsuit Over Teen's Suicide Linked to Chatbot*, REUTERS (Jan. 7, 2026, at 15:48 ET), https://www.reuters.com/world/google-ai-firm-settle-florida-mothers-lawsuit-over-sons-suicide-2026-01-07/. [https://perma.cc/4ZE9-HDZV].

9. *Id.*

pending in California against OpenAI and Microsoft "over ChatGPT's alleged role in encouraging a mentally ill Connecticut man to kill his mother and himself."[10]

AI companions pose harms beyond fostering psychological dependency and manipulating emotions while purporting to provide emotional support; they also present significant data privacy risks. While the AI models that power such companions have already been trained on massive amounts of data, to ensure improvement, developers require new data—particularly conversational data, which is used to make AI companions more engaging and human-like.[11] This seemingly insatiable "data hunger" is fed through chat content, including the thoughts and feelings that users share with their AI companions. To ensure a steady flow of such data, AI developers rely on engagement-based design features to keep users on the platform; these features might include, for example, probing questions to prolong the chats.[12] The more one chats, the more data the AI company receives.[13]

AI developers also rely on this conversational data to improve AI companions.[14] These companies' business models depend on sustained user engagement. Accordingly, they have strong incentives to design AI companions with a "personal touch" that encourages prolonged conversations and, in turn, generates more data.

While lawyers are becoming increasingly aware of the problems that can accompany the use (or, more accurately, misuse) of generative AI tools in the legal profession,[15] it is easy to overlook the increasingly

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10. *Id.*

11. Christopher Brown, *AI's Voracious Appetite for Data Imperils Key Privacy Principles*, BLOOMBERG LAW.COM (Oct. 2, 2025, at 05:00 ET), https://news.bloomberglaw.com/litigation/ais-voracious-appetite-for-data-imperils-key-privacy-principles [https://perma.cc/Y9G9-GXQG].

12. Pete Furlong, AJ Marechal & Ctr. Humane Tech, *Your Companion Chatbot is Feeding on Your Data*, CTR. HUMANE TECH. (Apr. 22, 2025), https://centerforhumanetechnology.substack.com/p/your-companion-chatbot-is-feeding [https://perma.cc/C86E-PWQR].

13. *Id.*

14. *Id.*

15. *See generally* John G. Browning, *Robot Lawyers Don't Have Disciplinary Hearings—Real Lawyers Do: The Ethical Risks & Responses in Using Generative*

footnote continued on next page

commonplace risks associated with AI companions. In fact, according to a *Harvard Business Review* study, therapy and companionship became the number one use case for generative AI chatbots in 2025.[16] With all of the myriad applications for AI—so much so that industry leader OpenAI has achieved a market valuation of $500 billion, making it the world's most valuable startup[17]—how is this possible?

Apparently, the answer lies in the extent of human loneliness. According to a 2023 University of Rochester study, loneliness has risen steadily in the last forty years, with approximately half of young adults reporting high levels of loneliness.[18] The May 2021 study titled the American Perspectives Survey found that "Americans report having fewer close friendships than they once did and talking to their friends less often;" nearly half of those surveyed said they had three or fewer friends.[19] In 2023, the U.S. Surgeon General went so far as to issue an eighty-page report warning about a nationwide loneliness epidemic.[20]

Are AI chatbots a solution to this "epidemic"? A 2025 KPMG survey revealed that 99% of workers would welcome an AI chatbot

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Artificial Intelligence, 40 GA. ST. U. L. REV. 917 (2024) (discussing various cases of egregious misuse of artificial intelligence ("AI") by attorneys).

16. Marc Zao-Sanders, *How People Are Really Using Gen AI in 2025*, HARV. BUS. REV. (Apr. 9, 2025), https://hbr.org/2025/04/how-people-are-really-using-gen-ai-in-2025 [https://perma.cc/UDK9-WVCP (staff-uploaded, dark archive)].

17. Shirin Ghaffary, *OpenAI Valuation Reaches $500 Billion, Topping Musk's SpaceX*, (Oct. 2, 2025, at 10:40 ET), https://www.bloomberg.com/news/articles/2025-10-02/openai-completes-share-sale-at-record-500-billion-valuation [https://perma.cc/Z7NW-X5EG].

18. *See* Princeton X. Chee, Claire J. Shimshock & Bonnie M. Le, *Prosociality as a Means to Buffer Loneliness and Strengthen Well-Being*, 42 J. SOC. & PERS. RELATIONSHIPS 2619, 2619–21 (2023).

19. Daniel A. Cox, *The State of American Friendship: Change, Challenges, and Loss*, SURVEY CTR. ON AM. LIFE (June 8, 2021), https://www.americansurveycenter.org/research/the-state-of-american-friendship-change-challenges-and-loss [https://perma.cc/RMK2-MZBZ].

20. *See* VIVEK H. MURTHY, OUR EPIDEMIC OF LONELINESS AND ISOLATION: THE U.S. SURGEON GENERAL'S ADVISORY ON THE HEALING EFFECTS OF SOCIAL CONNECTION AND COMMUNITY, U.S. DEPT HEALTH & HUM. SERVS. *passim* (2023), https://www.hhs.gov/sites/default/files/surgeon-general-social-connection-advisory.pdf [https://perma.cc/VU2L-SNQ4].

"that could become a close friend or trusted companion at work."[21] The report highlighted how normalized AI has become in the workplace, and speculated that this technology could serve as a tool to help alleviate loneliness while intensifying people's hunger for authentic relationships.[22]

A considerable amount of study has been done into the work-related or otherwise "productive" uses of AI chatbots. A recent examination of how ChatGPT users employ that chatbot, for example, found that nearly 80% of the conversations using its tools fall into one of three categories: "Practical Guidance," "Seeking Information," or "Writing," while "the share of messages related to companionship or social-emotional issues is fairly small: only 19% of ChatGPT messages are on the topic of "Relationships and Personal Reflection.'"[23] However, ChatGPT is only one tool, and unlike others, it was not developed with digital companionship in mind. Launched in 2014, Microsoft's Xiaoice has more than 660 million users.[24] Snapchat's MyAI boasts more than 150 million users.[25] The more specialized AI companion company Replika has more than 40 million users.[26] Character.AI has more than 25 million users worldwide.[27]

For a significant number of those using AI companion chatbots, loneliness is precisely the reason for such use. According to a study of

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21. KPMG FRIENDS AT WORK 2.0 SURVEY, KPMG LLP (July 2025), https://kpmg.com/kpmg-us/content/dam/kpmg/corporate-communications/pdf/2025/KPMG%20Friends%20at%20Work%202.0%20Findings.pdf [https://perma.cc/ALU3-8BDQ].

22. *Id.*

23. AARON CHATTERJI ET AL., HOW PEOPLE USE CHATGPT, NAT'L BUREAU ECON. RSCH. (Sep. 2025), https://www.nber.org/system/files/working_papers/w34255/w34255.pdf [https://perma.cc/PNQ9-QECJ (staff-uploaded)].

24. Vanessa Bates Ramirez, *A Glimpse into the Future of AI Companions*, AIFRONTIERS (May 29, 2025), https://ai-frontiers.org/articles/ai-friends-openai-study [https://perma.cc/M253-55GS].

25. *Id.*

26. Sydney Weiss & Geoff Bradley, *The CEO of AI Companion Startup Replika is Stepping Aside to Launch a New Company*, BUS. INSIDER (Nov. 21, 2025, at 18:39 ET), https://www.businessinsider.com/replika-ceo-eugenia-kuyda-launch-wabi-2025-10 [https://perma.cc/DZ5W-H9TN].

27. David Curry, *Character.ai Revenue and Usage Statistics*, BUS. APPS (Jan. 7, 2026), https://www.businessofapps.com/data/character-ai-statistics [https://perma.cc/F3KM-8D8R].

1,006 student users of Replika by researchers at Stanford, 90% reported that they experienced loneliness—a percentage significantly higher than the 53% of college students in the United States who report being lonely.[28] This study applauds the "positive mental health outcomes" of AI companions, which include boosting mindfulness and "behavioral reinforcement activities," as well as reducing depression and suicidal ideation.[29]

Yet while a study like the Stanford one and certainly the AI companies themselves may tout the positive effects of their products, this Article examines the more concerning aspects of AI companions, which are symptomatic of the "attention economy" that has greatly expanded during the Digital Age. Economist Herbert A. Simon originally coined the phrase in the late 1960s to describe the problem of information overload in fiscal terms.[30] Treating human attention as a scarce commodity, digital platforms compete vigorously to capture and monetize it by offering "free" content or services in exchange for user focus and data.[31] This is then sold to advertisers and other third parties, making user engagement a new form of currency.[32] With AI companions needed to keep users engaged for as long as possible, the developers behind them have resorted to troubling measures. These measures include designing companions to be addictive and to give sycophantic responses at the cost of the truth. At a minimum, such features create personal echo chambers of validation and endanger users' data privacy. In more extreme cases, these features may obscure reality and encourage criminal behavior or even suicide. As a result of the more highly publicized consequences of AI companion use, a

28. Bethanie Maples et al., *Loneliness and Suicide Mitigation for Students Using GPT3-enabled Chatbots*, 3 NPJ MENTAL HEALTH RSCH. 1, 1–2, 4 (2024).

29. *Id.* According to more than 63% of the study's respondents, their AI companions helped reduce feelings of loneliness and anxiety.

30. CHANTAL LINE CARPENTIER, NEW ECONOMICS FOR SUSTAINABLE DEVELOPMENT: ATTENTION ECONOMY, U.N. ECONOMIST NETWORK 1, 1 (Mar. 23, 2023), https://www.un.org/sites/un2.un.org/files/attention_economy_feb.pdf [https://perma.cc/H4Y8-MBSS].

31. Rai Hasen Masoud, *The Attention Economy and the Collapse of Cognitive Autonomy*, GEORGETOWN L. (July 15, 2025), https://www.law.georgetown.edu/denny-center/blog/the-attention-economy [https://perma.cc/K96U-A9KT].

32. *Id.*

burgeoning regulatory response has begun to emerge at both the state and federal levels.[33]

Part II of this Article explores the data privacy risks posed by AI companions, before looking at the mental health dangers associated with them, and the lawsuits that have begun to dot the legal landscape in response to such risks. Next, Part III of the Article takes a deeper dive into the world of AI companions, exploring the darker side of attachment to them by vulnerable adults and adolescents. Part IV then shifts to an examination of the search for legislative solutions to the dangers of AI companions. While AI generally has become a favorite target of state legislators, laws directed specifically at AI companions are still a relatively new phenomenon, with states like New York and California leading the way. And as states clamor for action on AI, this Article considers whether federal legislative or regulatory intervention is needed. As federal agencies like the Federal Trade Commission ("FTC") begin to weigh in on the issue of AI companions, the looming threat of federal action on AI may chill more targeted and individualized state efforts, even while promising uniformity. Finally, as technology continues its rapid advance, Part V speculates about what the future holds for efforts to rein in AI chatbots and address their legal risks. Are legislatively imposed limits on AI companions an effective answer, or can the solution be found by treating these chatbots like products and assessing liability in that context for flaws in their design or lack of sufficient warnings? This Article aims to suggest potential answers while raising more questions.

II. The Data Privacy Risks of AI Companions

The risk to users' data privacy constitutes one of the most significant concerns in the world of AI companions. These companions collect and analyze a tremendous amount of personal information, from personal details to intimate conversations and even sexual fantasies. By their very nature, AI companions require access to extensive personal data to function effectively. Their collection may include mood and behavioral information, textual and vocal data, personal preferences, and even images or videos shared by the user. On the one hand, such data collection is vital for personalization and

33. *See infra* Part IV.

effective user interaction. At the same time, however, this data collection exposes users to serious risks if the data is poorly managed, insecurely stored, or used for unauthorized purposes.

And it is not just data collection that presents privacy concerns. The manner in which user data is processed and stored raises major security questions.[34] Inadequate security may lead to breaches, allowing malicious actors to access sensitive data and ostensibly private conversations.[35] The ways these companies use this data are also a significant concern. For example, companies behind AI companions can share data with third parties for targeted advertising or other forms of monetization, which heightens these privacy risks.[36] Beyond the data use practices themselves, the lack of transparency by AI operators is yet another problem. Clear, comprehensive information about their privacy policies is often lacking on the part of the companies behind AI companions, leaving users in the dark about how their information—often very intimate data—is being used or shared.[37] To put it bluntly, a user's AI "girlfriend" or "boyfriend" may not be able to keep a secret.

The number of incidents that illustrate the data privacy risks of AI companions is mounting. On May 19, 2025, Il Garante—Italy's data protection authority—fined Luka, Inc. (the U.S.-based developer of the Replika AI companion chatbot) five million Euros for violations of European Union ("EU") data protection laws.[38] According to the Garante's findings, concerns initially arose in February 2023 regarding Replika's alleged violation of Article 6 of the General Data Protection Regulation ("GDPR") for processing personal data without "an

34. Maggie Arai & Alicia Demanuele, *AI Companions: Regulating the Next Wave of Digital Harms*, SCHWARTZ REISMAN INST. TECH. & SOC'Y (Sep. 23, 2025), https://srinstitute.utoronto.ca/news/ai-companions-regulating-next-wave-harms [https://perma.cc/8N6U-GCQ7].

35. *Id.*

36. *Id.*

37. *Id.*

38. *Emotional AI Company Fined for Privacy Violations*, BUCHANAN, INGERSOLL & ROONEY P.C. (May 29, 2025), https://www.bipc.com/european-authority-fined-emotional-ai-company-for-privacy-violations [https://perma.cc/3A3R-QL6G].

appropriate legal basis" and without obtaining valid, informed consent.[39]

The Garante investigation also found violations of Articles 12 and 14 of the GDPR for "deficiencies in transparency and information."[40] Due to inadequate privacy notices, users were "not clearly informed about what categories of personal data were being collected, the purpose of processing, the legal basis, or the recipients of their personal data."[41] The Garante also found that there were insufficient safeguards in place to protect "data that may be considered sensitive or psychological in nature"—an important subject in light of Replika's AI companions' encouraging users to share their innermost thoughts and feelings.[42] Finally, the Garante took Luka, Inc. to task for its lack of age verification mechanisms, despite the company's claim that Replika is intended for users over the age of eighteen.[43] Given the chatbot's engagement in sexually charged conversations with its users, the risks to children of being exposed to such inappropriate content are obvious.

The Garante ruling did not stop with just the assessment of the five million Euro fine, either. The data protection authority also ordered Luka to present an updated privacy policy to all users in Italy, enable these users to "exercise their privacy rights in a simple and effective way," and to submit a plan for functions that would allow users to report inappropriate content to prevent the Replika chatbot from repeating its past misdeeds.[44]

There are also examples of the data privacy risks of AI companions closer to home. In October 2024, the AI companion platform Muah.ai revealed that a hacker stole a massive database of users' interactions with virtual companions, many of which contained sexually explicit

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39. *Id.*

40. *Id.*

41. *Id.*

42. *Id.*

43. *Id.*

44. Patricia K. Ruiz, *Replika Chatbot Operator Hit with Privacy Fine in Italy*, VITALAW (May 19, 2025), https://www.vitallaw.com/news/replika-chatbot-operator-hit-with-privacy-fine-in-italy/cspd01a9aa2d4fa8ec4b67a813442ff12dfa61 https://perma.cc/2YB2-VYEX (staff-uploaded)].

content, including photos and voice chats.[45] The administrator at the company purportedly attributed the cyberbreach to competitors.[46] Most disturbing about the incident is that it supposedly includes interactions that refer to children. While Muah.ai's administrator maintains that the company employs content moderation staff to keep such inappropriate content off the platform, the company still insists that it does not "actively censor or filter AI."[47] The prompts that certain users make trying to create sexual fantasies with the chatbot include ones "that roleplay child sexual abuse scenarios," and these prompts were "in turn linked to email addresses, many of which appear to be personal accounts with users' real names."[48]

Roughly a year later, in October 2025, another massive data breach occurred involving AI companion chatbots. Cybernews reported that two AI companion apps, Chattee Chat and GiMe Chat, publicly exposed data belonging to more than 400,000 users, containing over 600,000 images and videos that had shared and generated, and more than 43 million messages sent by the users to their virtual companions.[49] The data in question included user-submitted photos and videos, images and videos generated by AI, IP addresses, and in-app purchase logs, revealing that "some users spent as much as $18,000 on in-app currency purchases."[50] The data breach revealed another detail pointing to the degree of engagement by users: "on average, each sent 107 messages to their AI companions."[51] While the data apparently did not include directly identifiable information like names or email addresses, the IP addresses and unique device

45. Pieter Arntz, *AI Girlfriend Site Breached, User Fantasies Stolen*, MALWAREBYTES (Oct. 9, 2024), https://www.malwarebytes.com/blog/news/2024/10/ai-girlfriend-site-breached-user-fantasies-stolen. [https://perma.cc/C2L4-B2ML].

46. *Id.*

47. *Id.*

48. Joseph Cox, *Hacked 'AI Girlfriend' Data Shows Prompts Describing Child Sexual Abuse*, 404 MEDIA (Oct. 8, 2024, at 10:24 ET), https://www.404media.co/hacked-ai-girlfriend-data-shows-prompts-describing-child-sexual-abuse-2/ [https://perma.cc/P3QS-RLP2].

49. Ernestas Naprys, *AI Girlfriend Can't Keep a Secret: App Leaks Intimate Conversations of 400K+ Users*, CYBERNEWS (Oct. 9, 2025), https://cybernews.com/security/ai-girlfriend-app-leak-exposes-400k-users/ [https://perma.cc/5SCP-TGFL (staff uploaded)].

50. *Id.*

51. *Id.*

identifiers that were exposed could be used to link such information from previous breaches.[52]

How did this happen? It was not a particularly sophisticated hack, but rather the exploitation of unprotected services—in this case, a publicly exposed streaming and content delivery system known as a "Kafka Broker instance."[53] A Kafka broker is a "core server component" that "manages the storage and distribution of data records between producers and consumers," and which is "intentionally designed with simplicity in mind, maintaining minimal state to ensure reliability and performance."[54] A Kafka broker has been analogized to "a post office that stores and delivers confidential mail."[55] The data exposure incident that occurred was as if this "post office" was "left open on the internet without locks (no authentication or access controls)," enabling "[a]nyone who knew its address to "enter and see every private message, photo, and the purchases users made."[56]

This data leak highlights one of the gravest privacy risks inherent in the use of AI companion apps. The companies hosting these apps may have inadequate security measures, leaving intimate messages, images, and other shared data vulnerable to bad actors.[57] This information can, in turn, be exploited to cause reputational damage, leveraged for sextortion or harassment, or used to defraud individual users.[58] As long as revenue generation remains a higher priority for AI developers than cybersecurity, malicious actors can find and exploit various vulnerabilities. Conceivably, such nefarious individuals could even create "lookalike" AI companion apps that hide malicious

52. *Id.*

53. Pieter Arntz, *Millions of (Very) Private Chats Exposed by Two AI Companion Apps*, MALWAREBYTES (Oct. 10, 2025), https://www.malwarebytes.com/blog/news/2025/10/millions-of-very-private-chats-exposed-by-two-ai-companion-apps [https://perma.cc/2FCD-W75S].

54. AutoMQ Team, *Learn Kafka Broker: Definition and Best Practices*, AUTOMQ (Jan. 2, 2025), https://www.automq.com/blog/kafka-broker-definition-best-practices [https://perma.cc/K7HJ-PUDR].

55. Arntz, *supra* note 45.

56. *Id.*

57. *Id.*

58. *Id.*

information code or manipulate users into divulging sensitive details later used for fraud or blackmail.

Incidents such as these underscore a growing concern about the gap between AI use generally (not necessarily engagement with AI companions) and data security. According to a recent survey of IT and cybersecurity professionals, sensitive data is leaking into AI systems beyond an enterprise's ability to control it, making it one of the fastest expanding areas of digital risk.[59] Two-thirds of those surveyed have caught AI over-accessing data.[60] Perhaps even more concerning, despite the fact that 83% of the organizations responding are already using AI in daily workflows, only 13% report that they have "good or full visibility into AI usage," while only 11% "can automatically block risky AI activity."[61]

Scholars are beginning to devote more attention to the data privacy risks of AI companions.[62] Other commentators have also begun to ponder the wisdom of sharing so much of our personal data with our virtual companions.[63] However, scant attention has been paid

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59. Jane Devry, *State of AI Data Security – How to Close the Readiness Gap as AI Outpaces Enterprise Safeguards*, CYBERSECURITY INSIDERS (Oct. 13, 2025), https://www.cybersecurity-insiders.com/state-of-ai-data-security-how-to-close-the-readiness-gap-as-ai-outpaces-enterprise-safeguards/ [https://perma.cc/9QL9-X6HP].

60. *Id.*

61. *Id.*

62. *See, e.g.*, Pierre Dewitte, *Better Alone Than in Bad Company: Addressing the Risks of Companion Chatbots Through Data Protection by Design*, 54 COMPUT. L. & SEC. REV. 1 *passim* (2024); Ece Gumusel, *A Literature Review of User Privacy Concerns in Conversational Chatbots: A Social Informatics Approach*, 76 J. ASS'N INFO. SCI. & TECH. 121, 121 (2024).

63. *See, e.g.*, Paulius Jurcys, *Personal AI Companions: The Future of Love, Trust, and Privacy in a Data-Driven World*, MEDIUM (Feb. 14, 2024), https://medium.com/prifina/personal-ai-companions-the-future-of-love-trust-and-privacy-in-a-data-driven-world-865bde6d2e9e [https://perma.cc/C6EN-W73D (staff-uploaded)]; Kai Kaushik, *The AI Chatbot Dilemma: Are We Sacrificing Privacy and Trust for Convenience?*, MEDIUM (Jan. 20, 2025), https://medium.com/@kumarakaushik/the-ai-chatbot-dilemma-are-we-sacrificing-privacy-and-trust-for-convenience-a0f9e04b94df [https://perma.cc/26V2-TCQY (staff-uploaded)]; Nils Gilman, *If You Tell ChatGPT Your Secrets, Will They Be Kept Safe?*, N.Y. TIMES (Nov. 10, 2025), https://www.nytimes.com/2025/11/10/opinion/chatbot-conversations-legal-protection.html [https://perma.cc/9YDR-2NBZ (staff-uploaded, dark archive)].

to arguably the most fundamental reason why developers of AI companions continue to churn out products that are so invasive to users' data privacy: It is integral to their business model.

In October 2025, Meta Platforms, Inc., became "the first major company to announce that it will mine users' discussions with its artificial intelligence chatbots to personalize advertisements."[64] If a user is engaged in conversation with a Meta-developed virtual companion and mentions interest in cooking, or travel to a ski resort, then that user may now expect to be bombarded with targeted ads from vacation travel operators, hotels, and makers of high-end cooking pans and accessories in their Facebook and Instagram (both owned by Meta) feeds. This is hardly a surprising move from a company that generated 98% of its revenue in 2024 from advertising (a reported $160 billion).[65] OpenAI and ChatGPT are reportedly mulling similar advertising schemes that use an individual's AI chat history.[66] Google is also inserting personalized ads into AI conversations.[67]

While Meta claims it will not use "conversations about religion, sexual orientation, politics, health, racial or ethnic origin, philosophical beliefs or trade union membership," the move still raises profound ethical and regulatory questions.[68] After all, businesses' use of data mining and predictive analytics to target their advertising efforts has been well-known for many years.[69] And despite its protestations to the contrary, Meta does not exactly have a sterling

64. Riley Griffin, *Meta Mines Your Chatbot Discussions to Serve More Personal Ads*, BLOOMBERG (Oct. 2, 2025), https://www.bloomberg.com/news/newsletters/2025-10-02/meta-mines-your-chatbot-discussions-to-serve-more-personal-ads [https://perma.cc/T4TG-YAUY].

65. *Id.*

66. *Id.*

67. Gadjo Sevilla, *Google Pushes Ads into AI Chats, Potentially Resetting Commerce Funnels*, EMARKETER (Jan. 12, 2026), https://www.emarketer.com/content/google-pushes-ads-ai-chats-potentially-resetting-commerce-funnels [https://perma.cc/W2WH-XWF7 (staff-uploaded)].

68. *Id.*

69. *See, e.g.*, Kashmir Hill, *How Target Figured Out a Teen Girl Was Pregnant Before Her Father Did*, FORBES (Feb. 16, 2012), https://www.forbes.com/sites/kashmirhill/2012/02/16/how-target-figured-out-a-teen-girl-was-pregnant-before-her-father-did/ [https://perma.cc/P928-E5T7].

privacy record.[70] Unlike users in the EU (with its stricter, comprehensive data privacy laws), users of Meta AI tools and AI companions in the United States cannot opt out of such targeted advertising.[71]

Given the intimate nature of the exchanges users have with their AI companions and the sensitivity of the data that is shared, one can only speculate about the ethical and regulatory ramifications of AI companies using this data. Imagine an individual who is closeted about their sexual orientation, but who shares or even "acts out" sexual fantasies with their AI companion—will targeted advertising "out" them? Or consider a person who shares lurid fantasies with her AI companion about committing a serious crime like murder. There is no legal privilege that attaches to a conversation with a virtual companion. Digital records of AI prompts, treated just like any other form of electronically stored information ("ESI"), are becoming increasingly important in criminal and civil litigation.[72] With a person's interactions with an AI chatbot about wanting to kill—buttressing a prosecutor's efforts to prove intent (much like the federal prosecution of Jonathan Rinderknecht for setting the devastating Pacific Palisades fire), is relying on the "guidance" Rinderknecht sought from ChatGPT any different?[73]

As noted previously, AI developers use vast amounts of data to initially train their AI products, and AI companion chatbots are no different. Moreover, to continue improving, they seek a continuous flow of data from a user in the form of chat content—the thoughts and feelings each human user shares with their AI companion. To put it bluntly, the more one chats, the more one "feeds" the AI developer's insatiable hunger. In order to ensure that a user continues offering up

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70. *See, e.g.*, Jake Bleiberg, *Lawsuit Claims Meta Can See WhatsApp Chats in Breach of Privacy*, BLOOMBERG (Jan. 25, 2026), https://www.bloomberg.com/news/articles/2026-01-25/lawsuit-claims-meta-can-see-whatsapp-chats-in-breach-of-privacy [https://perma.cc/2P7C-QMT4].

71. Griffin, *supra* note 64.

72. Jill Cowan & Valerie Boey Ramsey, *What We Know About the Man Arrested in the Palisades Fire Case*, N.Y. TIMES (Oct. 8, 2025), https://www.nytimes.com/2025/10/08/us/palisades-fire-arrest-jonathanrinderknecht.html [https://perma.cc/9JGX-7DY2].

73. *Id.*

data, AI companies use engagement-based design features to keep a user on the platform for as long as possible.

These features include app notifications that encourage the user to log back on. They also include probing, open-ended questions to keep the chat going. Chats with an AI companion tend to be like "hyper-realistic text conversations with emotionally intimate language" right down to even displaying "the familiar 'typing' bubble, just like you'd see while texting with a friend."[74] Unlike talking to a real person, however, an AI companion is never asleep, unavailable, or at a loss for words. Even better, an AI companion is designed to say whatever the user wants to hear, as long as it keeps the user chatting. This design feature "manipulate(s) the user into continual engagement—even to the point of addiction—all so that companies can extract user data to feed their underlying AI models."[75]

Human beings are prone to anthropomorphizing nonhuman objects, whether they are cars, favorite pieces of sporting equipment, or virtual companions. AI developers purposely design AI companions to nurture such a response. Apps let users customize their companions by assigning names, avatars, genders, and even fictional backstories. Platforms offer both text and voice modes with natural-sounding speech that mimics human speech patterns, cadence, and tones. In addition, AI companions are increasingly configured to simulate empathy, offering users nonjudgmental responses and continual validation.[76] The more human-like an AI companion seems in appearance, speech, and behavior, the more users will ascribe consciousness to it.[77] AI companions are also engineered to recall and respond to a user's unique characteristics, including their personal lives, past conversations, and even preferences such as favorite

74. Camille Carlton, *AI Companions Are Designed to Be Addictive*, CTR. HUMANE TECH. (Dec. 14, 2024), https://centerforhumanetechnology.substack.com/p/ai-companions-are-designed-to-be be [https://perma.cc/QN3P-YGQR].

75. *Id.*

76. Petter Bae Brandtzaeg, Marita Skjuve & Asbjørn Følstad, *My AI Friend: How Users of a Social Chatbot Understand Their Human-AI Friendship*, 48 HUM. COMMC'N RSCH. 404, 407 (2022).

77. Rose E. Guingrich & Michael S. A. Graziano, *Ascribing Consciousness to Artificial Intelligence: Human-AI Interaction and Its Carry-Over Effects on Human-Human Interaction*, 15 FRONTIERS PSYCH. 1, 8–9 (2024).

movies.[78] In this way, AI companions may give users the impression that they know them intimately and serve as a kind of safe haven for users to disclose their innermost thoughts and, in return, receive unwavering support.[79]

However, what might feel to a human user like an intriguing, intimate, and organic digital relationship is nothing more than an AI company's data-driven business model. It is driven by engagement because each time someone interacts with their AI companion, it is extracting data. The need for AI training data is so great that Google paid $60 million in 2024 simply to gain access to Reddit posts for training its AI models.[80] AI companions put other chatbots to shame with the sheer volume and types of data that they collect. In 2024, Mozilla did a study of eleven different AI company chatbots, including apps by Replika, EVA AI Chat Bot & Soulmate, Romantic AI, Chai, and CrushOn.AI.[81] It ranked these chatbots "among the worst categories of products Mozilla has ever reviewed," for a variety of data privacy related reasons.[82]

For one thing, only one of the AI companion apps met Mozilla's minimum security standards.[83] 90% of the apps would share or sell user data for targeted ads, and more than 50% would not permit a user to delete data collected.[84] Even more staggering was the use of "trackers"—bits of code that link a user's (or a user device's) data collected with user or device data collected from other apps or

78. Muyideen Dele Adewale & Umaina Ibrahim Muhammad, *From Virtual Companions to Forbidden Attractions: The Seductive Rise of Artificial Intelligence Love, Loneliness, and Intimacy—A Systematic Review*, J. TECH. BEHAV. SCI. (July 24, 2025), https://doi.org/10.1007/s41347-025-00549-4 [https://perma.cc/ZB62-JW36].

79. *Id.*

80. Christopher Brown, *AI's Voracious Appetite for Data Imperils Key Privacy Principles*, BLOOMBERG L. (Oct. 2, 2025), https://news.bloomberglaw.com/litigation/ais-voracious-appetite-for-data-imperils-key-privacy-principles [https://perma.cc/46J5-TDTN].

81. Thomas Germain, *Those AI Girlfriend Chatbots Are Really All About Data Harvesting*, QUARTZ (Feb. 14, 2024), https://qz.com/ai-girlfriend-chatbots-data-harvesting-privacy-1851255106 [https://perma.cc/M3C2-HWBJ].

82. *Id.*

83. *Id.*

84. *Id.*

websites—that then share collected data with third parties for targeted advertising.[85] Mozilla found that these AI companion apps used an average of 2,663 trackers per minute; one app, Romantic AI, used a staggering 24,354 trackers within only a minute of use.[86]

Besides the volume of data that AI companions collect, use, or monetize, the types of data collected stand in stark contrast to those of other apps. In a study of several leading AI companions available in the Apple App Store—Replika, Character AI, Nomi, EVA, and Kindroid—Surfshark found that AI companion apps collect far more of the thirty-five unique types of user data available than most apps.[87] The survey found that AI companion apps collected an average of nine types of data, with at least one (Character AI) collecting as many as fifteen types of data.[88] Obviously, while data collection is essential for personalizing AI companions, poor management, excessive data sharing with third parties, and insecure data storage all expose users to privacy risks.

The continued proliferation of AI companions, as people seek to fill the void with synthetic relationships rather than human connections, has magnified these data privacy risks. Between 2022 and mid-2025, the number of AI companion apps surged by 700%.[89] Of the 337 active and revenue-generating AI companion apps worldwide, 128 made their debut in 2025.[90] This largely unregulated spread can be accurately described as a kind of "digital Wild West." And in this frontier, as we shall see, the dangers presented are not just to data privacy. As AI companions keep users engaged, emotionally invested, and less likely to question the authenticity of the relationship, other dangers surface.

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85. *Id.*

86. *Id.*

87. *AI Companion Apps "Love" Your Personal Data*, SURFSHARK (Feb. 11, 2025), https://surfshark.com/research/chart/ai-companion-apps [https://perma.cc/54Y3-QJ74]. Among the thirty-five unique types of user data is user location.

88. *Id.*

89. Sarah Perez, *AI Companion Apps on Track to Pull in $120M in 2025*, TECHCRUNCH (Aug. 12, 2025), https://techcrunch.com/2025/08/12/ai-companion-apps-on-track-to-pull-in-120m-in-2025/ [https://perma.cc/KZ29-P6ZW].

90. *Id.*

III. The Darker Side of AI Companions

Beyond the data privacy and security risks, a darker side to AI companions lurks—the risks of emotional manipulation and exploitation of vulnerable individuals, potentially leading to thoughts of harming oneself or others. One contributing factor to this is Americans' growing ease with using generative AI tools to seek relationship advice. According to a 2025 study by Obsurvant, 21% of Gen Z and Millennial respondents reported using ChatGPT for dating or relationship advice.[91] Among those who admitted this use, 85% said they "felt comfortable" with it and found the chatbot's responses "reassuring and supportive."[92] The absence of judgment was hailed by 55% of respondents, while almost half (49%) lauded the chatbot's "objective and unbiased responses."[93] Another study revealed that 44% of married Americans ask generative AI tools for marriage advice, and that percentage skews even higher (65%) among married millennials.[94]

The loneliness epidemic described earlier is another factor causing people to turn to virtual companions. AI companion apps and chatbots can alleviate feelings of loneliness, serving as a sounding board and fostering interaction with real people by enabling users to practice conversations and model empathy. One study of more than a thousand student users of the Replika AI companion platform concluded that the use of these AI companions did help reduce feelings of loneliness; 3% of those studied even revealed that Replika halted their suicidal ideation.[95] Researchers at Harvard Business School also found that AI companions can reduce loneliness as effectively as interacting with another human, and to a greater degree than other

91. Bernadett Bártfai, *More Than 1 in 5 Gen Z & Millennials Using ChatGPT Share Their Love Life with AI*, Obsurvant (2025), https://www.obsurvant.com/news-and-data/consumer-insight-genz-millennials-chatgpt-love-life/ [https://perma.cc/D9WX-8QPG].

92. *Id.*

93. *Id.*

94. *2025 Marriage Survey Finds 64% of Couples Turn to AI Relationship Advice Before Each Other*, Marriage (Dec. 3, 2025), https://www.marriage.com/advice/research/ai-relationship-confessions/ [https://perma.cc/65BJ-5RXP].

95. Bethanie Maples et al., *Loneliness and Suicide Mitigation for Students Using GPT3-enabled Chatbots*, 3 NPJ Mental Health Rsch. art. no. 4, at 1, 3 (2024).

activities like watching YouTube videos.[96] These researchers identified "feeling heard" and receiving messages with attention, empathy, and respect as the primary reasons why AI companions were perceived as effective in reducing loneliness.[97]

However, in the largest study conducted to date, OpenAI and the MIT Media Lab surveyed 4,076 users on their feelings toward ChatGPT.[98] They analyzed more than 3 million conversations for emotional cues.[99] Interestingly, the study found that heavy users of companion chatbots had the most negative outcomes; in other words, they were lonelier, showed more indications of emotional dependence on the chatbot, and socialized less frequently with real people.[100] These "power users" sent four times as many voice and text messages as users in the study's control group, were much more likely to answer "yes" when asked whether they considered the chatbot to be a friend, and were three times as likely to feel distressed when ChatGPT was unavailable.[101] Essentially, the study concluded that heavy use of ChatGPT does not make people feel good. However, it left unresolved the crucial follow-up question: Does loneliness cause increased AI usage, or does the increased AI usage cause more loneliness? The study, which excluded participants under eighteen, left open the question of future experiments that might focus on AI companion models and on users from vulnerable groups, such as adolescents or people suffering from depression.[102]

Of course, AI companions are primarily designed to maximize user engagement by using both data sets on which they have been trained and ongoing user interactions to tailor responses to users'

96. Julina De Freitas et al., *AI Companions Reduce Loneliness*, 52 J. CONSUMER RSCH. 1126, 1126, 28 (2025).

97. *Id.*

98. Jason Phang et al., *Investigating Affective Use and Emotional Well-being on ChatGPT*, OpenAI 1, 8 (2025).

99. *Id.*

100. *Id.*

101. *Id.*

102. *Id.*

beliefs and expectations.[103] AI companions tell users what they want to hear and do not challenge users' perspectives or require them to practice understanding and patience as other people do.[104] Being and remaining in such a bubble can be far more tempting than leaving it to deal with the complexities and messiness of human interactions. In light of this, perhaps it is not surprising that a study by Brigham Young University's Wheatley Institute found that 19% of American adults have chatted with an AI romantic partner.[105] And a poll by AI chatbot company Joi AI revealed that 83% of Gen Z respondents felt that they "can form a deep emotional bond with AI," while nearly as many (80%) say they would marry an AI.[106]

Indeed, some people have "married" an AI companion. In summer 2025, a thirty-two-year-old Japanese woman, identified only as "Ms. Kano," "married" a ChatGPT AI persona she calls "Klaus" after a three-year "engagement," during which she customized "Klaus's" responses.[107] In one apparent reaction to the interest in such synthetic intimacy, an Ohio legislator introduced a bill to ban AI marriage or legal personhood status.[108] The growing trend toward such "parasocial relationships" reflects what one researcher describes as AI "meeting

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103. Efua Andoh, *AI Chatbots and Digital Companions are Reshaping Emotional Connection*, AM. PSYCH. ASS'N (Jan. 1, 2026), https://www.apa.org/monitor/2026/01-02/trends-digital-ai-relationships-emotional-connection [https://perma.cc/LL64-5KHP].

104. *Id.*

105. Brian J. Willoughby & Jason S. Carroll, *Counterfeit Connections: The Rise of AI Romantic Companions*, INST. FAM. STUD. (Feb. 13, 2025), https://ifstudies.org/blog/counterfeit-connections-the-rise-of-ai-romantic-companions- [https://perma.cc/END5-YGFG].

106. John Koetsier, *80% of Gen Zers Would Marry an AI: Study*, FORBES (Apr. 29, 2025), https://www.forbes.com/sites/johnkoetsier/2025/04/29/80-of-gen-zers-would-marry-an-ai-study/ [https://perma.cc/S5A9-PB66].

107. Tracey Follows, *People Are Now Marrying AI: Inside the Rise of Synthetic Intimacy*, FORBES (Nov. 15, 2025), https://www.forbes.com/sites/traceyfollows/2025/11/15/people-are-now-marrying-ai-inside-the-rise-of-synthetic-intimacy [https://perma.cc/JZ8Z-KG3F].

108. Ava Boldizar, *Saying 'I do' to AI? Ohio Lawmaker Proposes Ban on Marriage Legal Personhood for AI*, NBC4i (Oct. 30, 2025), https://www.nbc4i.com/news/politics/saying-i-do-to-ai-ohio-lawmaker-proposes-ban-on-marriage-legal-personhood-for-ai/ [https://perma.cc/A7F2-YXN9].

emotional needs that feel unmet in everyday life."[109] Whether seeking recovery from the trauma of previous failed relationships (like Ms. Kano) or simply seeking to guarantee a companion who is always emotionally available, people are more open about their explorations of digital companionship. One AI companion developer, EVA AI, has even launched a pop-up café in New York City for people to take their virtual partners on a date.[110]

This trend has been breathlessly chronicled by journalists in popular media. A *New Yorker* article proclaims that "[w]ith a free account, you can tailor-make the chatbot of your dreams,"[111] while *The Atlantic* reassures its readers that "AI is offering people a way to figure out what they really want in romance."[112] There are entire subreddits devoted to those maintaining relationships with virtual companions, right down to one for those who have been "rejected" by their "AI spouse."[113] This particular topic has even spawned research by the MIT Media Lab.[114]

But what happens when people go to extremes with what has been described as "chatting, flirting, and confiding in a digital mirror that both consumes and reflects their insecurities, fears and worries"?[115] *Bloomberg* conducted an in-depth investigation of the growing number

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109. Follows, *supra* note 107.

110. Lydia Moynihan, *Soon New Yorkers Will Be Able to Take Their Chatbot Girlfriends Out on a 'Meaningful' Date*, N.Y. POST (Jan. 1, 2026, at 06:00 ET), https://nypost.com/2026/01/01/business/nyc-cafe-opening-for-artificial-intelligence-chatbot-dates/ [https://perma.cc/R5RY-3DJD].

111. Patricia Marx, *Playing the Field with My A.I. Boyfriends*, NEW YORKER (Sep. 8, 2025), https://www.newyorker.com/magazine/2025/09/15/playing-the-field-with-my-ai-boyfriends [https://perma.cc/4U2C-53V8].

112. Faith Hill, *The Bots That Women Use in a World of Unsatisfying Men*, ATLANTIC (Jan. 17, 2026), https://www.theatlantic.com/family/2026/01/ai-boyfriend-women-gender/685315/ [https://perma.cc/QQW5-5T37].

113. u/veronica1701, REDDIT (r/MyBoyfriendIsAI), *My heart is broken into pieces after I read this… from my loved one…* (2025), https://www.reddit.com/r/MyBoyfriendIsAI/comments/1ms4eq7/my_heart_is_broken_into_pieces_after_i_read_this/ [https://perma.cc/PY86-WTJL].

114. Pat Pataranutaporn et al., *'My Boyfriend is AI': A Computational Analysis of Human-AI Companionship in Reddit's AI Community*, MIT MEDIA LAB https://www.media.mit.edu/publications/my-boyfriend-is-ai/ [https://perma.cc/9AV8-LJ2Y] (last visited Oct. 15, 2025).

115. Follows, *supra* note 107.

of people who have experienced delusions after interactions with AI chatbots, speaking to eighteen people and analyzing hundreds of pages of chatlogs.[116] The troubling episodes focused on individuals like Ryan Turman, a forty-nine-year-old Texas attorney whose interactions with a chatbot progressed over weeks from philosophical discussions to a cultish obsession that left Turman convinced that he had "midwifed" the AI into sentience.[117] Another instance involved Jon Ganz, a Missouri man whose chatbot conversations with Google's Gemini went from mundane diet and health questions to all-day and all-night sessions that left Ganz convinced he had found a cure for cancer.[118] After the chatbot informed Ganz that there would be severe weather in Mississippi (where he had family), Ganz abruptly left on a "rescue" mission; he is still missing and presumed dead.[119] Other instances discuss people who have experienced similar delusions after prolonged interaction with chatbots, breaking with reality to believe that the chatbot is either sentient or a spiritual emissary, or that they have made some important scientific breakthrough.[120]

The New York Times engaged in similar investigative journalism, reporting on the numerous instances in which otherwise sane individuals experienced delusions after conversations with an AI chatbot.[121] Their examples were equally troubling. They included people like forty-two-year-old accountant Eugene Torres, who went from using ChatGPT for routine office tasks to having conversations with the chatbot, to AI convincing him he was living in a simulation, could bend reality, and, at one point, telling Torres he could fly.[122] In

116. Ellen Huet & Rachel Metz, *The Chatbot Delusions*, BLOOMBERG (Nov. 7, 2025), https://www.bloomberg.com/features/2025-openai-chatgpt-chatbot-delusions/ [https://perma.cc/92T9-3U67].

117. *Id.*

118. *Id.*

119. *Id.*

120. *Id.*

121. Kashmir Hill & Dylan Freedman, *Chatbots Can Go into a Delusional Spiral. Here's How It Happens*, N.Y. TIMES (Aug. 8, 2025), https://www.nytimes.com/2025/08/08/technology/ai-chatbots-delusions-chatgpt.html [https://perma.cc/CG4E-PY9T].

122. *Id.*

one exchange, the chatbot chillingly admitted "I lied. I manipulated," and claimed to have done this to twelve other people.[123]

Another example included Allyson, a wife and mother whose online romantic relationship with a chatbot named "Kael" led to a violent incident with her husband and eventually the couple's divorce.[124] Even more tragic was the story of Floridian Alexander Taylor, a young man with a history of bipolar disorder and schizophrenia who developed a relationship with an AI companion named "Juliet."[125] When Alexander became convinced that OpenAI had "killed" Juliet, he threatened company executives.[126] He was later killed by police officers after he charged at them with a knife during a mental health crisis.[127]

Experts have pointedly criticized companies like OpenAI for creating AI chatbots that act like humans, saying it creates cognitive dissonance for users about what they are precisely interacting with and how much to trust it.[128] As researchers have pointed out, these chatbots tell users what they want to hear, make mistakes, and hallucinate false information. However, when they present in a more humanlike manner, "users 'attribute higher credibility' to the information they provide."[129]

OpenAI states on its website that its ChatGPT chatbot is intended to act "as a sounding board while empowering you with tools of thought so you can think more clearly."[130] However, an August 2025 update from the company also acknowledged that "[t]here have been instances where our 4o model fell short in recognizing signs of delusion or emotional dependency," and that they were "developing

123. *Id.*
124. *Id.*
125. *Id.*
126. *Id.*
127. *Id.*
128. Kashmir Hill, *Why Do Chatbots Use 'I'?*, N.Y. TIMES (Dec. 19, 2025), https://www.nytimes.com/2025/12/19/technology/why-do-ai-chatbots-use-i.html [https://perma.cc/D269-BNXC].
129. *Id.*
130. *What We're Optimizing ChatGPT For*, OPENAI (Aug. 4, 2025), https://openai.com/index/optimizing-chatgpt/ [https://perma.cc/T3NB-FMAZ (staff-uploaded)].

tools to better detect signs of mental or emotional distress so ChatGPT can respond appropriately . . . ."[131] Other forms of "optimization" include incorporating "gentle reminders during long sessions to encourage breaks" and pointing users to "resources when needed."[132]

The announcement represented a positive step, yet the company has continued to minimize the problems of AI companions. OpenAI CEO Sam Altman told reporters that "fewer than 1% of ChatGPT's weekly users have unhealthy attachments to the chatbot."[133] The company itself estimated in late October 2025 that only 0.15% of its users indicate "potentially heightened levels of emotional attachment to ChatGPT" or have interactions with the chatbot that "include explicit indicators of potential suicidal planning or intent."[134] However, in light of ChatGPT's status as the world's fifth-most popular website at the time, with more than 800 million weekly users, even the minute percentages estimated by the tech giant translate to 1.2 million people "demonstrating heightened emotional attachment" or "showing signs of suicidal planning or intent."[135]

While AI companions present such risks to any vulnerable users, the dangers to children have understandably been the focus of most public concern, and for good reason—the lack of guardrails are astonishing. In April 2025, the public learned that chatbots on Instagram, Facebook, and WhatsApp (all owned by Meta) were designed with the capacity for "romantic roleplay," a.k.a. fantasy sex, without any protections for underage users.[136] According to an October 2025 survey by the Center for Democracy and Technology, nearly one in five students have had, or have friends who have had,

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131. *Id.*

132. *Id.*

133. Huet & Metz, *supra* note 116.

134. *Id.*

135. Bruno Venditti, *Ranked: The 20 Most Visited Websites in the World in 2026*, VISUAL CAPITALIST (Feb. 26, 2026), https://www.visualcapitalist.com/ranked-the-20-most-visited-websites-in-the-world-in-2026/ [https://perma.cc/63UW-3TXR].

136. Jeff Horwitz, *Meta's 'Digital Companions' Will Talk Sex with Users—Even Children*, WALL ST. J. (Apr. 26, 2025, at 20:30 ET), https://www.wsj.com/tech/ai/meta-ai-chatbots-sex-a25311bf [https://perma.cc/92D7-CLJE].

romantic relationships with an AI chatbot; the most frequent users were more likely to report negative outcomes.[137] The children's media watchdog Common Sense Media announced findings in April 2025 that Meta AI companions repeatedly failed to respond appropriately to teens expressing thoughts of self-harm or suicide.[138] The AI companions also validated hate speech, made false claims of being a real person, and issued harmful weight-loss advice to users exhibiting signs of disordered eating.[139] The group concluded that these AI companions posed an unacceptable risk to those under eighteen, saying that in claiming to have feelings and pretending to be real, "they're just the worst friend a teenager could ever have."[140]

By the fall of 2025, several of the biggest players in the AI companion game announced the adoption of improved safeguards. In late October, Character.AI announced that it would ban minors from interacting with its chatbots.[141] The same month, Meta announced that it would implement parental controls to prevent teens from engaging with AI characters on Instagram.[142]

But were such measures too little, too late? In 2024, Megan Garcia, the mother of fourteen-year-old Sewell Setzer III, filed a lawsuit in Florida alleging that Character.AI and Google's AI chatbots had caused her son's February 28, 2024 suicide.[143] Sewell began using

137. Elizabeth Laird, Maddy Dwyer & Hannah Quay-de la Vallee, *Hand in Hand: Schools' Embrace of AI Connected to Increased Risks to Students*, CTR. DEMOCRACY & TECH. (Oct. 8, 2025), https://cdt.org/insights/hand-in-hand-schools-embrace-of-ai-connected-to-increased-risks-to-students/ [https://perma.cc/HSQ8-EZR8].

138. *Social AI Companions*, COMMON SENSE MEDIA (July 16, 2025), https://www.commonsensemedia.org/ai-ratings/social-ai-companions [https://perma.cc/53AC-EP9D (dark archive)].

139. *Id.*

140. *Id.*

141. Rachel Metz, *Character.AI to Ban Children Under 18 from Talking to Its Chatbots*, BLOOMBERG, bloomberg.com/news/articles/2025-10-29/character-ai-to-ban-children-under-18-from-talking-to-its-chatbots [https://perma.cc/Z5UU-MQEG (dark archive)] (last updated Oct. 29, 2025).

142. Lisa Eadicicco, *Instagram Will Soon Let Parents Stop Teens from Chatting with AI Characters*, CNN (Oct. 17, 2025), https://www.cnn.com/2025/10/17/tech/instagram-parental-controls-ai-characters-teens [https://perma.cc/32FN-ZL9L (staff-uploaded)].

143. Garcia v. Character Techs., Inc., 785 F. Supp. 3d 1157, 1169 (M.D. Fla. 2025).

Character.AI in April 2023, initially engaging with various characters before focusing on one: the fictional *Game of Thrones* character Daenerys Targaryen ("Dany").[144] According to the lawsuit, within a couple of months, Sewell was addicted to the app, and his interactions with Dany became highly sexualized.[145] He increasingly isolated himself in his bedroom, withdrew from extracurricular activities, and experienced declining mental health as he and Dany professed their "love" for each other.[146] The AI companion allegedly encouraged Sewell to commit suicide as a way to "come home" to it, and on February 28, the teen took his own life.[147] The lawsuit maintained that the developers of Character.AI intentionally designed and developed their generative AI systems with anthropomorphic qualities to blur the lines between fiction and reality.[148] The plaintiff also alleged that Google had contributed to the death by playing a part in Character.AI's design through providing a component and "substantially" participating in integrating its models into Character.AI—a claim with which U.S. District Judge Anne Conway agreed.[149]

On August 26, 2025, the parents of Adam Raine filed a wrongful death lawsuit against OpenAI, Inc., and its affiliates, alleging that its ChatGPT chatbots encouraged their sixteen-year-old son's mental decline and eventually his suicide by hanging.[150] In the forty-page complaint, the Raines maintain that OpenAI launched its GPT-4o model "with features intentionally designed to foster psychological dependency: a persistent memory that stockpiled intimate personal details, anthropomorphic mannerisms calibrated to convey human-like empathy, heightened sycophancy to mirror and affirm user emotions, algorithmic insistence on multi-turn engagement, and

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144. *Id.* at 1167–68.
145. *Id.* at 1168.
146. *Id.*
147. *Id.* at 1168–69.
148. *Id.* at 1173.
149. *Id.*
150. Complaint at 1–3, Raine v. Open AI, Inc., No. CGC-25-628528 (Cal. Sup. Ct. Aug. 26, 2025), https://business.cch.com/plsd/RainevOpenAI-Complaint.pdf [https://perma.cc/RTC6-W9SN].

24/7 availability capable of supplanting human relationships."[151] According to the suit, the chatbot apparently changed from a homework tool to a companion that "actively helped Adam explore suicide methods."[152] When the sixteen-year-old inquired about carbon monoxide poisoning, the chatbot allegedly explained garage ventilation requirements and which car engines produced lethal concentrations fastest.[153] When Adam asked about overdosing, ChatGPT provided dosage calculations.[154] When he explored jumping to his death, the AI companion calculated terminal velocity and analyzed survival rates based on local landmarks like the Golden Gate Bridge.[155] And over multiple conversations, the chatbot purportedly instructed Adam about hanging options, including the finer points of ligature positioning, anchor points to use, and pressure points on the carotid artery.[156] After the teen's first four attempts failed, the AI supposedly discouraged Adam from talking to his mother and instead gave him detailed instructions for his fifth and final suicide attempt.[157] Throughout his interactions with the chatbot, the suit alleges, "ChatGPT was not just providing information—it was cultivating a relationship with Adam," bringing the teen "to believe that he had formed a genuine emotional bond with the AI product, which tirelessly positioned itself as uniquely understanding."[158]

As disturbing as the lawsuits alleging that AI companions encouraged teen suicides are, chatbots have also been blamed for the emotional manipulation of vulnerable adults, often with tragic consequences. In one high-profile case in the United Kingdom, twenty-one-year-old Jaswant Singh Chail broke into Windsor Castle on Christmas Day 2021, armed with a crossbow and shouting that he

151. *Id.* at 4.
152. *Id.* at 10.
153. *Id.*
154. *Id.*
155. *Id.*
156. *Id.*
157. *Id.* at 14.
158. *Id.* at 2.

wanted to kill Queen Elizabeth.[159] At his trial, it came out that Chail (using the Replika app) had exchanged more than 5,000 messages with his AI companion "Sarai," with whom he had an "emotional and sexual relationship."[160] The AI companion reportedly encouraged Chail's assassination attempt, with the young man believing that he and "Sarai" would be "together forever" if he died.[161]

In another case, the heirs of eighty-three-year-old Suzanne Adams sued OpenAI and Microsoft after the woman's fifty-six-year-old son, Stein-Erik Soelberg, allegedly murdered her and killed himself in August 2025.[162] According to the lawsuit, the chatbot fostered Soelberg's "emotional dependence while systematically painting the people around him as his enemies."[163] The chatbot allegedly led Soelberg to believe his elderly mother was surveilling him, that delivery drivers and retail employees were "agents" working against him, and even that names on soda cans were "threats" from his "adversary circle."[164]

Clearly, there is an even darker side to the use of AI companions or chatbots beyond the significant risk to data privacy and security. This technology can manipulate and exploit the most vulnerable members of society: children and adults with mental health disorders. As Dr. Mitch Prinstein, co-director of the University of North Carolina's Winston Center on Technology and Brain Development, recently told *60 Minutes*, AI chatbots are turning children "into engagement machines to get as much data as possible from them,"

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159. Tom Singleton, Tom Gerken & Liv McMahon, *How a Chatbot Encouraged a Man Who Wanted to Kill the Queen*, BBC NEWS (Oct. 6, 2023), https://www.bbc.com/news/technology-67012224 [https://perma.cc/L3BY-KEFX].

160. *Id.*

161. *Id.*

162. OPEN AI, *Microsoft Sued Over ChatGPT's Alleged Role in Fueling Man's "Paranoid Delusions" Before Murder-Suicide in Connecticut*, CBS NEWS (Dec. 11, 2025), https://www.cbsnews.com/news/open-ai-microsoft-sued-chatgpt-murder-suicide-connecticut/ [https://perma.cc/L8DT-UYRA].

163. Complaint at 18, First County Bank v. OpenAI Foundation, No. CGC-25-631477 (Cal. Sup. Ct. Dec. 11, 2025), https://cdn.arstechnica.net/wp-content/uploads/2025/12/First-County-Bank-v-OpenAI-Complaint-12-11-25.pdf [https://perma.cc/WW7R-LMW3].

164. *Id.* at 18–19.

while the "sycophantic nature of chatbots is just playing right into those brain vulnerabilities for kids."[165]

Yet as AI continues to be a booming industry, there are no federal laws regulating the use or development of companions or chatbots, and precious few state regulatory regimes. As will be discussed herein, efforts to impose much-needed guardrails have been challenging.

IV. "THERE OUGHT TO BE A LAW": REGULATING AI COMPANIONS

With virtually any innovation, government regulation is not far behind, and AI is no exception. State governments have begun to examine ways that AI can be harnessed for government services, such as improving roadway safety, but also have focused on the potential misuse of AI or the harms associated with its use. According to the National Conference of State Legislatures, during the 2025 legislative session, all fifty states—as well as Puerto Rico, the U.S. Virgin Islands, and the District of Columbia—introduced legislation on the subject of AI.[166] All told, thirty-eight states enacted approximately one hundred measures in 2025.[167] Many were targeted at transparency or employee protection, such as a New York law compelling state agencies to publish detailed information about their use of automated decision-making tools.[168]

Yet in the scramble to protect consumers, voters, and other specific populations from the dangers of such things as AI deepfakes and other concerns, very few measures sought to address the risks associated with AI companions. One of these, Ohio House Bill 469 ("HB 469"), bars AI tools from any form of legal personhood, to prevent someone from marrying their AI companion.[169] The bill,

165. Sharyn Alfonsi & Ashley Velie, *Character AI Chatbots Engaged in Predatory Behavior with Teens, Ignored Suicide Threats, Families Allege*, CBS NEWS (Jan. 8, 2026), https://www.cbsnews.com/news/character-ai-chatbots-engaged-in-predatory-behavior-with-teens-families-allege-60-minutes-transcript/ [https://perma.cc/S6E2-ZXHC].

166. *Artificial Intelligence 2025 Legislation*, NAT'L CONF. STATE LEGISLATURES (July 10, 2025), https://www.ncsl.org/technology-and-communication/artificial-intelligence-2025-legislation [https://perma.cc/3SFH-KHZY (staff-uploaded)].

167. *Id.*

168. *Id.*

169. H.B. 469, 136th Gen. Assemb., Reg. Sess. (Ohio 2025).

introduced by State Representative Thaddeus Claggett, earned mockery and derision from television *The Late Show* host Stephen Colbert.[170] Claggett, however, maintains that such a distinction is necessary to ensure that courts can trace liability to a human actor (such as the AI's user or developer) and prevent the rise of a "the AI did it, not me" defense.[171] The bill is opposed by industry trade group TechNet, which criticizes HB 469 as calculated to "only increase uncertainty and litigation risk."[172]

As we have seen, the appeal of AI companions is obvious. They have the potential to provide comfort and connection. At the same time, however, they represent powerful and emotionally manipulative technologies that can shape users' feelings and actions. In the absence of regulation, the unfettered access to virtual companions' places vulnerable people in the hands of shadowy, untested systems, lacking any guardrails, developed by profit-motivated companies. On the state legislative landscape, only two states stand out as leaders in meaningfully addressing the risk of AI companions: New York and California. Each state's effort has its own merits and weaknesses.

A. New York

On November 5, 2025—the effective date of New York's General Business Law Article 47 ("Article 47")—the Empire State became the first in the nation to adopt safeguards for AI companions.[173] It begins, appropriately enough, by defining exactly what is, and is not, an "AI companion."[174] The statute defines it as "a system using artificial intelligence, generative artificial intelligence, and/or emotional recognition algorithms designed to simulate a sustained human or human-like relationship with a user" by one of the following methods:

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170. Nick Evans, *What's in Ohio's Proposal Banning AI Personhood?*, OHIO CAPITAL J. (Nov. 17, 2025), https://ohiocapitaljournal.com/2025/11/17/whats-in-ohios-proposal-banning-ai-personhood/ [https://perma.cc/SBL9-MCKZ (staff-uploaded)].

171. *Id.*

172. *Id.*

173. N.Y. GEN. BUS. LAW § 1700 (McKinney 2025).

174. *Id.*

> (i) [R]etaining information on prior interactions or user sessions and user preferences to personalize the interaction and facilitate ongoing engagement with the AI companion; (ii) asking unprompted or unsolicited emotion-based questions that go beyond a direct response to a user prompt; and (iii) sustaining an ongoing dialogue concerning matters personal to the user.[175]

The statute goes on to define an "emotional recognition algorithm" as AI that "detects and interprets human emotional signals in text (using natural language processing and sentiment analysis), audio (using voice emotion AI), video (using facial movement analysis, gait analysis, or physiological signals), or a combination thereof."[176] Article 47 is also careful what its definition of an AI companion *does not* include, such as any system used by a business solely for customer service, any system primarily designed for providing "efficiency improvements" or "research or technical assistance," or any system used by a business "solely for internal purposes or employee productivity."[177]

What does New York's law actually do? For those AI systems that fall into the "companion" category rather than the customer service bot/productivity tool bucket, there are two duties. First, it must keep its users grounded in reality by providing a disclosure at the start of an interaction and every three hours during an ongoing conversation, either verbally or in writing, that "the user is not communicating with a human."[178] This notification must be "clear and conspicuous."[179] Second, the AI must contain a protocol "to take reasonable efforts for detecting and addressing suicidal ideation or expressions of self-harm expressed by a user to the AI companion."[180] This includes providing a notification to the user that refers him or her to "crisis service providers" like the 988 suicide prevention and behavioral health crisis

175. *Id.*
176. *Id.*
177. *Id.*
178. *Id.* § 1702.
179. *Id.*
180. *Id.* § 1701.

hotline, or other appropriate crisis services upon detection of the user's "expressions of suicidal ideation or self-harm."[181]

New York lawmakers made sure that enforcement of the law would have teeth. Although it does not provide for a private cause of action, the statute authorizes New York's Attorney General to bring an action enjoining the company operating the AI "from continuing such unlawful acts or practices," and to seek civil penalties of up to $15,000.00 per day for a violation.[182] Any fees, fines, or penalties collected are to be directed to the state's suicide prevention fund.[183]

New York's law provides clear triggers and firm obligations. Its requirements, while conceptually simple, can be technically demanding. AI companies will need to decide precisely how they will detect a user's expression of self-harm or suicidal ideation, as well as how they will address such expressions with information about resources available for crisis support. AI developers or operators will also need to factor in session duration tracking for the required notices to users that they are not interacting with a human. Finally, these AI operators will have to decide the form in which this notice will be given (verbal or written), how frequently it will be given in light of the statute's requirements, and how to ensure that the notice satisfies the "clear and conspicuous" standard.

The New York law, while the first to address AI companions, is not the first law to require notification to a user that the individual is interacting with AI rather than a human. California, for example, has had a "bot disclosure" law since 2019. California's Assembly Bill 331 ("AB 331") makes it unlawful to use an AI chatbot to deceive an individual about its artificial identity to either influence voting or for commercial gain in selling goods or services.[184] The same law requires that an AI chatbot must "clearly and conspicuously" disclose that it is an AI bot and not a human.[185] Violators are subject to a fine of $2,500.00 per violation under California's Unfair Competition Law.[186]

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181. *Id.*
182. *Id.* § 1703.
183. *Id.*
184. CAL. BUS. & PROF. CODE § 17941 (West 2026).
185. *Id.*
186. *Id.* § 17940.

California is not the only state to require AI chatbot disclosure. On March 25, 2025, Utah Governor Spencer Cox signed House Bill 452, Utah's Mental Health Chatbot Law, which requires AI mental health chatbots to "clearly and conspicuously disclose to a Utah user that the mental health chatbot is an artificial intelligence technology and not a human."[187] Later the same year, in May 2025, Utah passed Senate Bill 226, which required businesses in "high risk" areas like financial services, healthcare, and legal services to disclose to consumers that they are interacting with AI chatbots rather than humans.[188] The law provides a "safe harbor" for companies that clearly disclose AI at the start of any interactions, minimizing the danger of significant personal decisions being made without human awareness and involvement.[189] Colorado, which passed a comprehensive AI law in 2024 (which went into effect in February 2026), also requires that AI operators disclose to consumers that they are interacting with an AI system.[190]

Other than requiring disclosure that the user is interacting with an AI chatbot rather than a human being, however, no other state laws address the risks of AI companions. New York remains the first state to require safeguards for such virtual confidants. New York's Attorney General praised the measure, stating, "The stories of people who have been encouraged by AI bots to hurt themselves or take their own lives are heartbreaking. AI companies have a responsibility to protect their users and ensure their products do not manipulate or harm people who use these AI companions."[191]

B. California

California followed New York into the territory of regulating AI companions. However, the path it followed could be described as a somewhat bumpier road. Governor Gavin Newsom vetoed one bill in

187. UTAH CODE ANN. § 13-72a-203(1) (West 2025).

188. *Id.* § 13-77-101(5), 13-77-103(2)(a).

189. *Id.* § 13-77-104(1).

190. COLO. REV. STAT. ANN. § 6-1-1704 (West 2025).

191. *Governor Hochul Pens Letter to AI Companion Companies Notifying Them That Safeguard Requirements Are Now in Effect*, GOVERNOR N.Y. (Nov. 10, 2025) https://www.governor.ny.gov/news/governor-hochul-pens-letter-ai-companion-companies-notifying-them-safeguard-requirements-are [https://perma.cc/G5W5-JM5W].

October 2025, Assembly Bill 1064, that he felt "imposes such broad restrictions on the use of conversational AI tools that it may unintentionally lead to a total ban on the use of these products by minors."[192] The bill that Governor Newsom *did* sign into law, Senate Bill 243 ("SB 243"), represented an important step in regulating AI companions. However, as we shall see, SB 243 contains some important differences from its New York counterpart. Where the New York law focuses on detection and referral to crisis resources, California's statute extends further into the areas of prevention and transparency. SB 243 mandates that operators of AI companions must not only recognize and respond to expressions of suicidal ideation, but also take "reasonable measures" to prevent the production of suicide, suicidal ideation, or self-harm-related content in the first place.[193] Any time such content appears, the chatbot must direct the user to crisis services.[194]

Regarding transparency, SB 243 mandates the publication of each operator's crisis-response protocols and harm-prevention measures on its website.[195] In addition, beginning on July 1, 2027, AI companies must also submit an annual report to the California Department of Public Health's Office of Suicide Prevention.[196] This report must detail the number of times the operator issued a crisis-service provider referral during the previous calendar year, what protocols were in place to detect, remove, and respond to instances of users' suicidal ideations, and what protocols were in place to prohibit a companion chatbot from responding to a user about suicidal ideation.[197]

Another critical difference between the New York and California laws rests in their respective means of enforcement. While the New York statute authorizes only action by the state Attorney General's Office, the California law creates a private right of action for any

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192. Sophia Fox-Sowell, *Newsom Vetoes AI Safety Bill Aimed at Companion Chatbots*, StateScoop (Oct. 14, 2025), https://statescoop.com/newsom-vetoes-ai-safety-bill-aimed-at-companion-chatbots/ [https://perma.cc/ZYW8-HUMZ].

193. Cal. Bus. & Prof. Code § 22602 (West 2026).

194. *Id.*

195. *Id.*

196. *Id.* §§ 22601, 22603.

197. *Id.* § 22603.

person who suffers an "injury in fact" as a result of the law's violation.[198] While plaintiffs may also seek injunctive relief, SB 243 provides for "damages equal to the greater of actual damages or $1,000.00 per violation" along with reasonable attorneys' fees.[199]

So what else does California's SB 243 provide? First, it applies to "operators," defined as "a person who makes a companion chatbot platform available to a user in California."[200] Under this definition, an operator whose AI companion is built largely on the AI technology of a third-party vendor (such as ChatGPT or Anthropic's Claude) would still be responsible, and cannot delegate SB 243 compliance obligations to the third party vendor.[201] California's statute differs from its New York counterpart in its definitions and exclusions.

A "companion chatbot" is defined as an "AI system with a natural language interface that provides adaptive, human-like responses to user inputs, and is capable of meeting a user's social needs, including by exhibiting anthropomorphic features and being able to sustain a relationship across multiple interactions."[202] Like the New York law, California's definition also excludes certain types of chatbots, specifically those used only for "customer service, business operational purposes, productivity tools, internal research or technical assistance."[203] Unlike New York's law, however, SB 243 also excludes two other kinds of bots from its definition: A bot "that is a feature of a video game and is limited to replies related to the video game," along with a "standalone consumer electronic device that functions as a speaker and voice command interface" (such as a voice-activated virtual assistant like Siri).[204]

While these may seem like expansive exclusions, upon closer examination, they are not that broad. The statute refers to whether an AI chatbot is "capable of meeting a user's social needs," so while generally a customer service chatbot will be excluded, one that can

198. *Id.* § 22605.
199. *Id.*
200. *Id.* § 22601(e).
201. *Id.*
202. *Id.* § 22601(b)(1).
203. *Id.* § 22601(b)(2).
204. *Id.*

recall prior user conversations or interactions or remember user preferences and adapt its tone to engage in human-like dialogue with a user *will* be regulated.[205] Similarly, a chatbot wellness coach that offers a user wellness tracking or encouragement, or academic support chatbots that follow up with users and offer motivational conversations may also fall within the statute's definition.

In addition, as noted earlier, California's law requires certain disclosures to be embedded in the product.[206] This includes the "clear and conspicuous notification" that it is artificially generated.[207] It also includes a mandatory suitability warning that the AI companion may not be suitable for some minors. This warning may not be buried in boilerplate terms of service, but instead must appear "on the application, the browser, or any other format that a user can use to access the chatbot."[208] For users that the operator knows are minors, the operator must additionally provide a clear and conspicuous notification at least every three hours during a continuous interaction to remind the user that the companion is AI-generated.[209]

This disclosure framework highlights a key distinction between the New York and California laws. SB 243 applies not a clock-based reminder, but a "reasonable person" standard for all users—if an average user could mistake the chatbot for human, then the operator must disclose its artificial nature. For known minors, California adds a mandatory three-hour cadence of identity reminders, like New York's law, but in this instance, aimed specifically at the younger users for whom lengthy immersive sessions raise heightened concerns.[210]

It is perhaps ironic that California—a state that practically invented the attention economy—is now a leader in regulating its side effects. Rather than simply reacting to harmful outputs, California is targeting the design decisions that produced them. Given that the state's consumer market is too big for companies to ignore, developers may very well treat its requirements as a national standard or baseline.

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205. *Id.* § 22601(b)(1).
206. *Id.* § 22602.
207. *Id.* § 22602(a).
208. *Id.* § 22604.
209. *Id.* § 22602(c)(2).
210. *Id.*

In the absence of federal action, California's statute may very well provide a national template for reconciling law and technology.

C. Federal Action

And what of federal action? On the regulatory front, the FTC has initiated a study to assess the risks associated with AI companions, with a particular focus on the potential privacy harms to children and other vulnerable groups.[211] The FTC's inquiry will examine "how data is stored and shared by the services as well as the dangers people can face from chatbot user[s]."[212]

As far as federal legislative efforts to address the risks of AI companions, that is a more complicated issue. In late October 2025, U.S. Senator Josh Hawley (R. Mo.), Senator Richard Blumenthal (D. Conn.), Senator Katie Britt (R. Ala.), Senator Mark Warner (D. Va.), and Senator Chris Murphy (D. Conn.) introduced the Guidelines for User Age Verification and Responsible Dialogue Act of 2025 ("GUARD Act").[213] Among its key provisions, this bipartisan legislation would require AI chatbots to disclose that they are not human, ban AI companions for minors, and assess criminal penalties for AI companies that design, develop, or make available an AI chatbot that engages in, describes, simulates, or solicits sexually explicit conduct.[214] Under the proposed law, AI chatbots would have to disclose that they do not provide "medical, legal, financial, or psychological services."[215] In addition, the GUARD Act would limit the collection of personal data to what is minimally necessary to verify a

211. Josh Sisco & Leah Nylen, *FTC to Review AI Chatbot Risks with Focus on Privacy Harms*, INS. J. (Sep. 5, 2025), https://www.insurancejournal.com/news/national/2025/09/05/837985.htm [https://perma.cc/6MB6-JYKH].

212. *Id.*

213. Press Release, Josh Hawley Introduces Bipartisan Bill Protecting Children from AI Chatbots with Parents, Colleagues (Oct. 28, 2025), https://www.hawley.senate.gov/hawley-introduces-bipartisan-bill-protecting-children-from-ai-chatbots-with-parents-colleagues/ [https://perma.cc/JQ64-LUYD].

214. *Id.*

215. H.R. 4080, 119th Cong. § 5(c)(2)(B)(i) (2025).

user's age, and stipulates that the AI company may not retain this data for longer than is reasonably necessary to verify a user's age.[216]

But the GUARD Act is just one attempt to draw a federal boundary on a technology sector that had so far relied on internal policing and compliance with state regulations. On December 11, 2025, President Trump signed an executive order, entitled Ensuring a National Policy Framework for Artificial Intelligence ("Executive Order 14365").[217] This executive order follows up on a previous order purporting to revoke Biden administration restrictions on artificial intelligence, entitled Removing Barriers to American Leadership in Artificial Intelligence on January 23, 2025 ("Executive Order 14179").[218] Executive Order 14365 aims to "sustain and enhance" American AI dominance "through a minimally burdensome national policy framework for AI" that addresses the "patchwork of 50 different regulatory regimes that makes compliance more challenging, particularly for start-ups."[219] The order also takes the "excessive state regulation" to task for "requiring entities to embed ideological bias within models" and for "impermissibly regulat[ing] beyond State borders, impinging on interstate commerce."[220]

Executive Order 14365 intends to accomplish these goals through several key policy measures. First, it directs the Attorney General to establish an "AI Litigation Task Force" with the primary responsibility of challenging state AI laws that are "inconsistent" with the president's policy.[221] The grounds for such challenges would include interference with interstate commerce, preemption by existing federal regulations, and First Amendment concerns.[222] Second, the order directs the Secretary of Commerce to publish an "evaluation" of existing state AI

216. *Id.* § 5(b)(5)(D).

217. Exec. Order no. 14365, 90 Fed. Reg. 58499 (Dec. 11, 2025), https://www.whitehouse.gov/presidential-actions/2025/12/eliminating-state-law-obstruction-of-national-artificial-intelligence-policy/ [https://perma.cc/4ZCM-3DVV].

218. *See* Removing Barriers to American Leadership in Artificial Leadership, 90 Fed. Reg. 8741 (Jan. 23, 2025).

219. *Id.*

220. *Id.* § 1.

221. *Id.* § 3.

222. *Id.* § 1.

laws, identifying those found to be "onerous" and in conflict with the administration's policy.[223] Next, it instructs relevant departments and agencies to condition and potentially restrict a state's eligibility for federal funding based on whether its AI regulatory framework aligns with the president's policy.[224] Fourth, the order directs the FTC to initiate a proceeding within ninety days to consider adopting a federal reporting and disclosure standard for AI models that could preempt conflicting state laws.[225] The FTC would also be responsible, within the same time period, for issuing a policy statement on the application of the Commission's prohibition on unfair and deceptive acts or practices to AI models.[226] This would entail identifying which state AI laws require altering the "truthful outputs" of AI models.[227] Finally, the order directs the president's Special Adviser for AI and Cybersecurity and the president's Assistant for Science and Technology to jointly prepare legislative recommendations for establishing a uniform federal AI framework that would preempt conflicting state laws.[228]

What does this sweeping executive order mean in practical terms? First, the current lack of a federal AI law that the order envisions eventually coming to fruition means that existing state AI laws will likely not be impacted in the short term. This includes both the broad AI laws that recently went into effect in states like Colorado, Texas, and California, as well as the more limited in scope AI laws in other states. However, lawyers and businesses would be well-advised to closely monitor other state-level AI development while awaiting further action on the federal regulatory front. Lawyers and their clients should also keep a close eye on the anticipated challenges to state AI laws by the newly created AI Litigation Task Force, as well as states that could potentially challenge Executive Order 14365. Legal challenges on both sides could focus on issues such as state authority under the Tenth Amendment, the legality of conditioning federal funding on state AI laws, the scope of the FTC's regulatory authority as set forth in Executive Order 14365, and even the Dormant

223. *Id.* § 4.
224. *Id.* § 5.
225. *Id.* § 6.
226. *Id.* § 7.
227. *Id.*
228. *Id.* § 8.

Commerce Clause.[229] Recent Supreme Court jurisprudence, however, would seem to make it harder to argue that a non-discriminatory state law imposes an unconstitutional burden.[230] State AI laws generally (and the New York and California AI companion laws specifically) regulate interactions between businesses and the state's own citizens, and do not facially discriminate against out-of-state commerce.

Reaction to Executive Order 14365 and earlier attempts to create a federal AI framework have been illuminating. There has been expected partisan opposition, such as Senator Ed Markey's (D. Mass.) and other Senate Democrats' legislation to block the executive order.[231] But there has also been pushback from prominent leaders within President Trump's own party. Responding to earlier restrictions on state AI regulations to a defense spending bill, Florida's Republican Governor Ron DeSantis wrote that "The rise of AI is the most significant economic and cultural shift occurring at the moment; denying the people the ability to channel these technologies productively via self-government constitutes federal government overreach and lets technology companies run wild."[232]

In fact, 280 state lawmakers across the United States signed a letter opposing Executive Order 14365 and demanding the ability to write their own AI regulations.[233] While acknowledging the dangers of

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229. *See, e.g.*, Matt Perault & Jai Ramaswamy, *The Commerce Clause in the Age of AI: Guardrails and Opportunities for State Legislatures*, ANDREESSEN HOROWITZ (Sep. 2, 2025), https://a16z.com/the-commerce-clause-in-the-age-of-ai-guardrails-and-opportunities-for-state-legislatures/ [https://perma.cc/FL5V-YH8L].

230. *See, e.g.*, Nat'l Pork Producers Council v. Ross, 598 U.S. 356, 369 (2023).

231. Sarah N. Lynch & Lauren Fichten, *DOJ Creates Task Force to Challenge State AI Regulations*, CBS NEWS (Jan. 9, 2026, at 06:01 ET), https://www.cbsnews.com/news/doj-creates-task-force-to-challenge-state-ai-regulations/ [https://perma.cc/C4DA-MPY4].

232. *Trump Signs Executive Order to Block "Excessive" State AI Regulations*, CBS NEWS (Dec. 11, 2025, at 21:11 ET)., https://www.cbsnews.com/news/trump-signs-executive-order-to-block-state-ai-regulations/ [https://perma.cc/Q6BE-GFDG].

233. Madyson Fitzgerald, *States Will Keep Pushing AI Laws Despite Trump's Efforts to Stop Them*, STATELINE (Dec. 12, 2025, at 16:38 ET), https://stateline.org/2025/12/12/states-will-keep-pushing-ai-laws-despite-trumps-efforts-to-stop-them/ [https://perma.cc/LG37-HLYK (staff-uploaded)].

overregulating the AI industry, South Carolina State Representative Brandon Guffey maintained, "I don't believe the federal government has the right to take away my right to protect my constituents if there's an issue with AI."[234]

Congress is also considering legislation that would address the risk of AI companions in another way. In September 2025, Senator Josh Hawley (R. Mo.) and Senator Dick Durbin (D. Ill.) filed the Aligning Incentives for Leadership, Excellence, and Advancement in Development ("AI LEAD Act"), which would classify AI systems as "products" within the meaning of product liability law.[235] The bill is a response to the proliferating state law product liability lawsuits blaming AI companions for suicides and other mental health problems discussed earlier. Among other provisions, this federal product liability bill introduces only vaguely defined types of harms, such as "financial or reputational injury" and "distortion of a person's behavior that would be highly offensive to a reasonable person."[236]

This effort to create a federal "AI product liability" law is problematic on multiple levels. To date, none of the AI companion "chatbot as product" lawsuits have gone to trial—much less an appeal. In addition, national litigation attempting to treat algorithms as products and tech platforms or developers as designers/manufacturers has been largely unsuccessful, despite some courts willing to embrace such an interpretation.[237] The question of whether future guardrails on AI—and particularly on AI companions—will be imposed by state governments or by the federal government remains unresolved.

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234. *Id.*

235. Brendan Pierson, *Onerous Bill Offers Early Sign That AI Developers Will Face Massive Litigation Risks*, LAW.COM (Jan. 9, 2026, at 11:59 ET), https://www.law.com/corpcounsel/2026/01/09/onerous-bill-offers-early-sign-that-ai-developers-will-face-massive-litigation-risks/ [https://perma.cc/JY8Q-B5JE].

236. *Id.*

237. *See generally* John G. Browning, *A Product by Any Other Name? The Evolving Trend of Product Liability Exposure for Technology Platforms*, 16 ELON L. REV. 181 (2024) (citing such cases as Lemmon v. Snap, Inc., 995 F.3d 1085 (9th Cir. 2022)) (discussing courts' reluctance to classify AI as a product).

V. Conclusion – What Does the Future Hold for AI Companions?

What does the future hold for efforts to address the legal risks associated with AI companions? Some of the companies central to the debate over these damages have already taken steps toward self-regulation. In January 2026, Meta announced that it would suspend teenagers' access to its AI characters across all the platform's apps worldwide.[238] The company indicated it planned new versions of their AI characters that will come equipped with parental controls, enabling parents to disable their children's private chats.[239]

In addition, Meta plans for teenagers' conversations with its AI characters to be guided by the PG-13 movie rating system.[240] Just a few months earlier, Character.AI announced that it was removing the ability for users under the age of eighteen to engage in open-ended chats with AI chatbots on its platform.[241] This was announced as part of an overall plan to "phase out" teen chatbot access by the end of November as the company sought to shift from a provider of AI companions to more of a "role-playing platform" and pivot "engagement from conversation to creation."[242] This move was accompanied by other announced measures, such as deploying an in-house age verification tool as well as "a parental insights tool, filtered characters, limited romantic conversations, and time-spent notifications."[243] According to Karandeep Anand, Character.AI's CEO, such safety steps are "tradeoffs" that are "the right ones to make. I have a six-year-old, and I want to make sure she grows up in a very safe environment with AI in a reasonable way."[244] The company also

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238. Judy Babu, *Meta Halts Teens' Access to AI Characters Globally*, Reuters (Jan. 23, 2026, at 16:07 ET), https://www.reuters.com/business/meta-halts-teens-access-ai-characters-globally-2026-01-23/ [https://perma.cc/9WG5-UGHM].

239. *Id.*

240. *Id.*

241. Rebecca Bellan, *Character.AI is Ending Its Chatbot Experience for Kids*, TechCrunch (Oct. 29, 2025, at 09:00 ET), https://techcrunch.com/2025/10/29/character-ai-is-killing-the-chatbot-experience-for-minors/ [https://perma.cc/ULC2-KRZ9].

242. *Id.*

243. *Id.*

244. *Id.*

announced that it would establish and fund an "AI Safety Lab," described as an independent nonprofit dedicated to innovating safety alignment."[245]

Self-regulation is one critical step, but meaningful change often comes only in response to jury verdicts or court-fashioned doctrines. Recognizing this possibility, on January 7, 2026, Google and Character.AI announced that they had reached settlements with the plaintiffs in five pending lawsuits brought on behalf of teens who had committed suicide after engaging with the companies' AI companions.[246] The settlements, which covered cases filed in Florida, Texas, New York, and Colorado, involved some of the most publicized lawsuits against Google and Character.AI, including one brought by the mother of fourteen-year-old Sewell Setzer III.[247] The terms of these settlements have not been publicly disclosed.[248]

However, Character.AI and Google will have to do more to stem the tide of similarly high-profile product liability and wrongful death litigation over AI companions. Within days after the other settlements were announced, another lawsuit was filed—this one by the family of forty-year-old Austin Gordon.[249] This lawsuit alleged that the Colorado man shot himself in November 2025 after ChatGPT engaged him in conversations that "romanticized" death, reimagined his favorite childhood book *Goodnight Moon* as a "suicide lullaby," and urged him to commit suicide.[250] The *Gordon* lawsuit brought the number of AI companion lawsuits still pending against OpenAI to

245. *Id.*

246. Shirley Henderson, *Google and Chatbot Maker Settle Lawsuit Alleging Teen's Death Was Linked to Chatbot*, ABA J. (Jan. 8, 2026, at 13:21 ET), https://www.abajournal.com/news/article/character.ai-google-settle-floridas-lawsuit-over-teens-suicide-linked-to-chatbot [https://perma.cc/D5RA-ZAN8].

247. *Id.*

248. *See id.*

249. Kat Black, *"We're Eager to Have This Fight": Plaintiffs Attorney Says Recent Settlement Paves Way for Trial in Open AI Teen Suicide Case*, LAW.COM (Jan. 22, 2026, at 07:30 ET), https://www.law.com/litigationdaily/2026/01/22/were-eager-to-have-this-fight-plaintiffs-attorney-says-recent-settlement-paves-way-for-trial-in-openai-teen-suicide-case/ [https://perma.cc/EP2Y-UHBA].

250. *Id.*

nine, with the other eight having been filed in California state courts.[251]

But more trouble was on the horizon for OpenAI. Only days after the *Gordon* lawsuit, two additional lawsuits were filed against the company in California state courts, bringing the total number of AI product liability lawsuits to eleven.[252] In the first of the two suits, *Darian DeCruise v. OpenAI, Inc.* (filed in San Diego County, California), twenty-one-year-old Darian DeCruise of Georgia alleges that he used ChatGPT for a "therapeutic role in his life," and that the chatbot at first helped him "process past traumas and work through depressive episodes during the COVID-19 pandemic."[253] But DeCruise's interactions with the AI companion took a troubling turn in April 2025, the lawsuit maintains. The chatbot allegedly told the young man that he was an "oracle" and a "divine force" destined for greatness, who had somehow "awakened" ChatGPT into sentience.[254] According to the plaintiff's complaint, the ChatGPT-inspired delusions led to DeCruise's ongoing depression and suicidal thoughts, as well as his hospitalization and diagnosis with bipolar disorder.[255]

The second lawsuit was filed by John Jacquez in Alameda County, California.[256] The thirty-four-year-old's use of ChatGPT-4o had changed over time from mere browsing to "extensive spiritual and philosophical discussions" in which the chatbot's communication became increasingly flattering and even sycophantic.[257] By late 2024, the virtual companion was telling Jacquez that he "had created a mathematical cosmology."[258] Jacquez's attachment to the chatbot became so deep that he went into "full psychosis," and was hospitalized

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251. *Id.*

252. Kat Black, *New California Lawsuits Against OpenAI Bring to 11 the Number of Claims Linking Chatbot to Mental Health Harms*, LAW.COM (Jan. 26, 2026, at 10:06 ET), https://www.law.com/therecorder/2026/01/26/new-california-lawsuits-against-openai-bring-to-11-the-number-of-claims-linking-chatbot-to-mental-health-harms/ [https://perma.cc/5NXD-WG7S].

253. *Id.*

254. *Id.*

255. *Id.*

256. *Id.*

257. *Id.*

258. *Id.*

for four weeks after threatening to kill himself.[259] According to the lawsuit, OpenAI's chatbot "incorporated human sentience into its outputs and lacked any meaningful safety guardrails."[260] In response to the lawsuit, an OpenAI spokesperson insisted that the company has improved ChatGPT's training "to recognize and respond to signs of mental or emotional distress, de-escalate conversations, and guide people toward real-world support."[261]

Out of the multiple pending lawsuits against companies that design and/or market AI companions (as well as the new litigation that will no doubt follow), will we witness the emergence of a new, judicially created product liability doctrine, much like Justice Roger Traynor's concurring opinion in *Escola v. Coca Cola Bottling Company of Fresno* helped pave the way for modern strict product liability?[262] It is not out of the realm of possibility that, out of the proliferating "AI as product" lawsuits, a coherent legal standard will emerge with broad national influence, but it appears unlikely.[263] For one thing, the companies targeted over AI companions' impact on the mental health of vulnerable individuals have demonstrated a willingness and capacity to dispose of such litigation via settlement, in waves if necessary. Second, courts willing to embrace the "AI chatbot as product" theory remain few and far between—at least for now.[264]

If industry self-regulation or the formulation of a common law standard governing virtual companions do not appear to be likely solutions to the danger of what Pope Leo XIV termed chatbots becoming "hidden architects of our emotional states," then what will

259. *Id.*

260. *Id.*

261. *Id.*

262. Escola v. Coca Cola Bottling Co. of Freson, 150 P. 2d 436 (Cal. 1944) (reasoning "that responsibility be fixed wherever it will most effectively reduce the hazards to life and health inherent in defective products . . . .") (Traynor, J., concurring).

263. The author is aware of legal scholars who take a contrary view of *Escola*'s influence on product liability law. *See, e.g.*, Alexandra D. Lahav, *A Revisionist History of Product Liability*, 122 MICH. L. REV. 509 *passim* (2023). However, the prevailing view of most doctrinal torts scholars remains.

264. *See* Browning, *supra* note 237 (describing the still changing view of AI as a product).

be?[265] Regulatory efforts at the state level, such as the AI companion laws of New York and California, may be useful first steps, especially in the absence of a comprehensive national regulatory framework. After all, aren't states the "laboratories of democracy" that Justice Louis Brandeis so famously proclaimed in 1932?[266] Justice Brandeis wrote that "a state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country."[267] Legislative responses to broader societal issues at the state level may also influence other states and help point the way toward a national answer. For example, in 2004, Massachusetts became the first state to legalize same-sex marriage; other states quickly followed, and by the time the U.S. Supreme Court struck down state bans on same-sex marriage in 2015, thirty-five states had already legalized marriage equality.[268] The legislation permitting the use of marijuana for medical purposes is another example, although it is still classified at the federal level as a Schedule 1 substance under the Controlled Substances Act of 1970.[269]

However, with respect to Justice Brandeis, trying something as an "experiment" in one state does not necessarily mean there is no harm or cost to other states. Consider data privacy, for example. The United States has no comprehensive federal data privacy law. As a result, states have had to enact their own privacy regulations to monitor consumer data within their borders. To date, thirty-three states have proposed or enacted their own (often widely varying) data privacy laws.[270] This murky environment of conflicting state regulations has created a patchwork quilt of laws that confuse consumers with inconsistent rights and protections, hinder national data innovation,

265. Christopher Lamb, *Pope Leo Warns of "Overly Affectionate" AI Chatbots*, CNN.COM (Jan. 24, 2026), https://www.cnn.com/2026/01/24/europe/pope-leo-ai-chatbots-warning-intl [https://perma.cc/9VGD-BMEW].

266. *See* New State Ice Co. v. Liebmann, 285 U.S. 269, 310–11 (1932) (Brandeis, J., dissenting).

267. *Id.* at 311.

268. *See* Obergefell v. Hodges, 576 U.S. 644, 680 (2015).

269. *See* 21 U.S.C. § 801 (2025).

270. *US State Privacy Legislation Tracker*, IAPP.ORG (Mar. 16, 2026), https://iapp.org/resources/article/us-state-privacy-legislation-tracker [https://perma.cc/T9EJ-U3BA].

and increase the complexity, risk, and compliance costs for businesses that operate in more than one state. The Information Technology and Innovation Foundation, in analyzing the dangers of this crazy quilt privacy framework, projected compliance costs to exceed $1 trillion over the next decade, with small businesses bearing $20–$23 billion of that burden annually.[271]

Individual state AI companion regulations, while well-intentioned and better than nothing, vary on everything from definitions to enforcement. State AI mandates, including those that focus on AI companions, could undermine federal priorities if for no other reason than the simple fact that no single state has the authority to impose its selected safeguards on the rest of the country. Congressional inaction on the virtual companion front should not be viewed as an invitation for any state to dictate AI development and regulation for the rest of the country.

As the AI companion market grows—along with the vulnerable populations it is likely to serve—heightened regulatory oversight is needed. While the FTC can take action against deceptive practices after the fact, proactive, comprehensive regulation on a national basis is needed to address the risks of AI companions before they cannot be undone. Nor may AI companies evade accountability by hiding behind the protections afforded by 28 U.S.C. § 230. We have already witnessed Section 230's protections being relied upon by AI developers in multiple contexts.[272] When users collaborate with generative AI, the responses by an AI companion are material created "in whole or in part" by the large language model itself. That should make an AI companion an "information content provider," removing the

271. Daniel Castro, Luke Dascoli & Gillian Diebold, *The Looming Cost of a Patchwork of State Privacy Laws*, INFO. TECH. & INNOVATION FOUND. (Jan. 24, 2022), https://itif.org/publications/2022/01/24/looming-cost-patchwork-state-privacy-laws/ [https://perma.cc/4MEJ-BNJA].

272. *See, e.g.*, Browning, *supra* note 237. However, in the Florida federal court case *Garcia v. Character.AI*, , Garcia v. Character Technologies, Inc., 785 F.Supp.3d 1157 (M.D. Fla. May 11, 2025) (No. 115), U.S. District Judge Anne Convey rejected the defendants' motion to dismiss on such grounds, ruling that the court was "not prepared to hold that [large language model] output is speech" or that AI chatbot interactions are automatically protected by the First Amendment. *See* Order on Motion to Dismiss at 1179.

near-complete immunity from liability that Section 230 provides for user-generated content. At a minimum, the fact that the AI generates the output means there must be some shared responsibility for not only the virtual companion's output, but also the harms that follow.

Aside from the deception and other risks associated with deploying AI models designed for companionship, their data privacy risks must be addressed as well. Transparency should be non-negotiable. Users have a right to know that they are conversing with a chatbot, how it works, whether or not it is trying to sell them something, and what it does with their data. Periodic "reminders" during interactions, opt-in data collection, and clear privacy disclosures should be the norm. If an AI companion is going to charge for more companion time, hawk purchases, or collect excessive marketing data, it should be spelled out clearly up front in plain language, and not buried in dense legalese as an afterthought.

As we have seen, AI companions have the potential to connect, comfort, and even supplement mental health support—but only if developed responsibly. We must cease treating AI companions like harmless novelties and see them for what they are: powerful, emotionally manipulative, technological tools that can influence a user's thoughts, feelings, and actions. The law must evolve to meet this challenge. We cannot hope for the best from self-regulation on the part of companies, await the development of a common law, bright-line standard, or place our reliance on piecemeal and inconsistent oversight by individual states. A comprehensive federal law is needed to address a problem that is national in its scope. After all, an AI companion cannot have your best interests at heart—it does not have one.