

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Andrew N. Ferguson, Chairman**
 Melissa Holyoak
 Mark R. Meador

**RESOLUTION DIRECTING USE OF COMPULSORY PROCESS TO COLLECT
INFORMATION FROM COMPANIES THAT OFFER GENERATIVE AI
COMPANION PRODUCTS OR SERVICES REGARDING THEIR ADVERTISING,
SAFETY, AND DATA HANDLING PRACTICES**

File No. P254500

Nature and Scope of Investigation:

To collect information from companies that offer generative artificial intelligence (“AI”) companion products or services, regarding their advertising, safety, and data handling practices.

As a nascent technology that shows remarkable promise, AI could be a driving force for innovation, economic growth, and increased productivity for American workers in the coming years. For that reason, the Commission must give AI the room to innovate and reach its full potential. At the same time, the Commission must remain a vigilant competition watchman and protector of consumers, as Congress has directed. And the Commission’s interest in protecting consumers is at its apex and its efforts are most in need where the consumers are part of vulnerable populations, such as children and the elderly.

AI companions enable consumers to interact with generative artificial intelligence technology that simulates human-like communication and interpersonal relationships. AI companions are built on a machine learning architecture and employ computational models, such as large language models, that have been trained on data to generate new content in response to user prompts. At present, users primarily engage with AI companions through a text-based interface called a “chatbot,” though voice-based companions and visual avatars also exist in the marketplace. Users typically can customize the AI companion’s “character” or “persona” – i.e., the behavioral and communicative profile that governs how the AI companion interacts with them.

Generative artificial intelligence technology has many productive uses. It can be used for educational purposes, increased productivity and efficiency, decreased product development costs, and help with risk mitigation.

Media reports suggest that some companies have deployed AI companions and related

characters without adequately evaluating, monitoring, and mitigating the potential negative impacts on the safety and privacy of children. For example, AI companions may generate outputs that instruct children on how to conduct violent, illegal, or otherwise physically harmful acts, or engage minor users in indecent or obscene role-play scenarios. And because AI companions are designed to communicate like a friend or trusted confidant, children may be more inclined to share sensitive personal information, which companies may then sell to third parties or exploit in an unexpected manner, further undermining children's privacy interests or increasing the risk of related adverse real-world effects.

Accordingly, to better protect children online, the Commission intends to study how companies that offer AI companions monetize user engagement; process user inputs; share user data with third parties; generate outputs; measure, test, and monitor for negative impacts before and after deployment; develop and approve characters, whether company- or user-created; employ disclosures, advertising, and other representations to inform users about features, capabilities, the intended audience, potential negative impacts, and data collection and handling practices; and monitor and enforce compliance with rules, terms of services, and other policies governing use of the AI companion.

The Federal Trade Commission hereby resolves and directs that any and all compulsory process available to it be used in connection with this inquiry.

Authority to Conduct Investigation:

Sections 6, 9, 10, and 20 of the Federal Trade Commission Act, 15 U.S.C. §§ 46, 49, 50, and 57b-1, as amended; and FTC Procedures and Rules of Practice, 16 C.F.R. §§ 1.1 *et seq.*, and supplements thereto.

By direction of the Commission.

April J. Tabor
Secretary

Issued: September 10, 2025