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NEWS FOR IMMEDIATE RELEASE

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Wisconsin Department of Justice Seeks Consumer Protections in Character.AI Bankruptcy

MADISON, Wis. — The Wisconsin Department of Justice (DOJ) is joining a coalition of state attorneys general in filing a notice in the bankruptcy proceedings of Character Technologies, Inc., the company behind the popular chatbot platform Character.AI. The court filing identifies serious concerns about the company's safety and privacy practices and calls for protections for children and other consumers in any sale of the company's business or assets.

“Companies that gather sensitive personal data must protect that data,” said AG Kaul. “Companies with AI chatbots must ensure that they have adequate protections in place for users’ safety and privacy.”

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

Several states, including Wisconsin, began investigating Character.AI following a 2024 wrongful death lawsuit alleging that its chatbots fostered an emotionally and sexually exploitative relationship with a child, reinforced his suicidal thoughts, and contributed to his death by suicide. The states’ investigation identified potential consumer protection and privacy violations.

The states' filing highlights the significant volume of sensitive consumer information held by Character.AI, including private chatbot conversations involving children and adults, and identifies privacy and safety protections that should be addressed in any sale or transfer of the company's business or assets.

Although Character.AI recently took voluntary steps to restrict minors' access to certain chatbot features, the states have raised concerns that these measures are incomplete, could be circumvented or reversed by a future purchaser, and are not compulsory.

Wisconsin and the other states intend to remain actively engaged in the bankruptcy proceedings to protect consumers and address outstanding regulatory concerns. The states have reserved their rights to challenge any proposed sale or bankruptcy plan and to seek additional protections for consumers' personal information.

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

A [copy of the states' filing](#) is available.