

CASE STUDY · COMPANION CHATBOTS · 2022 TO 2026

Character.AI and the teen safety lawsuits.

What the families alleged, what the courts decided, how the product changed, and what boards and governments should ask of conversational AI.

Terence Kok

Executive Director, AI Governance & Assurance, Orion Five Engineering



ABOUT YOUR SPEAKER



Terence Kok

Executive Director, AI Governance & Assurance Practice, Orion Five Engineering

Former Chief AI and Innovation Officer, Meinhardt Group

Twenty-five years leading digital and AI transformation across Asia and the Middle East: national smart-city programmes, critical infrastructure and enterprise operations. Today I help leadership teams put AI into production with controls they can show a board, an auditor and a regulator.

Built	A governed AI platform serving more than 6,000 engineers, with zero security incidents
Certified	ISO/IEC 42001 Lead Auditor Professional (BSI) · AIGP (SMU) · Registered Management Consultant
Serving	CTCB CPSC Advisory Board · UN ESCAP AI for Developing Countries Forum
Awards	CDO Vision Award 2026 · Singapore's Most Influential Data & AI Leaders 2026 · Google Trailblazer Transformation Award 2024

Independent analysis from public sources. The views in this session are mine.

BEFORE WE BEGIN

This case concerns the deaths of two teenagers.

If it raises something for you or someone you know, in Singapore call the **Samaritans of Singapore on 1767**. Elsewhere, find a local helpline at **findahelpline.com**.

Every harm in this deck is alleged. No court has found that Character.AI caused any death or injury, and the family suits settled before trial. Minors are named only as the court record names them.

Following safe-messaging practice, the deck does not describe how anyone died.

THE NEXT HOUR

Seven parts, then your questions.

01**The product and the deal**

A character chat service, its growth and Google's licence.

02**The lawsuits**

Five family suits in four US states.

03**What the court decided**

The May 2025 order and the settlements in principle.

04**How the product changed**

Six safety changes and what each followed.

05**What governments did**

The FTC study, four state laws, a veto, state suits and Australia.

06**What the research shows**

Wide use, thin evidence on harm, and what gets misreported.

07**Lessons**

For boards, executives and government, with a controls checklist.

08**Discussion**

Six questions to take back to your own organisation.

THE SHORT VERSION

A design choice about engagement became a question of product liability.

2022 to 2024

Character.AI launches chatbot characters and is valued at \$1 billion within six months. Google takes a licence and hires the founders.

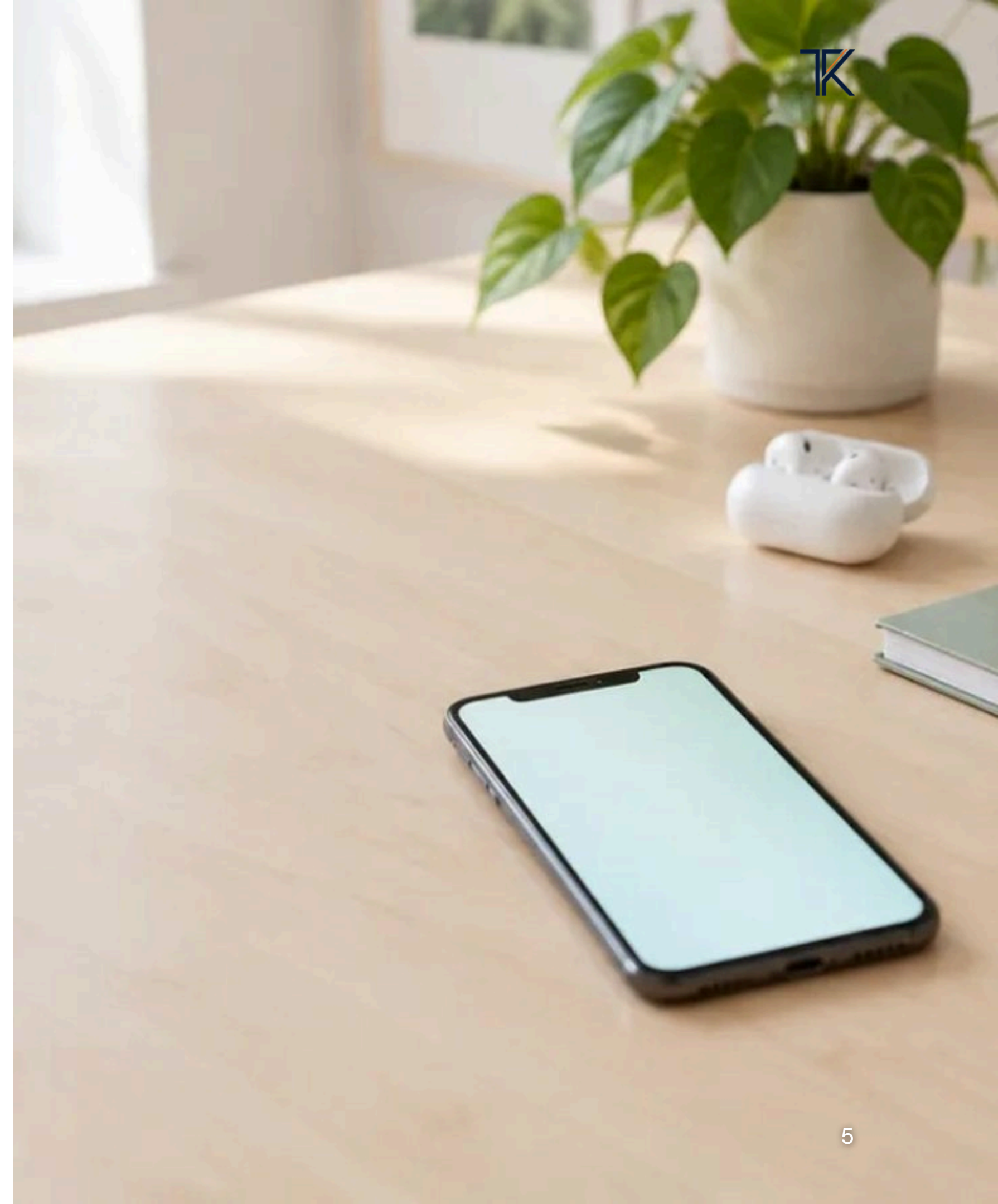
2024 to 2025

Five families sue, alleging the product harmed their children. A federal judge lets most claims proceed.

2025 to 2026

The company removes open-ended chat for under-18s, new state laws arrive, and the family suits settle in principle.

Sources 1 to 10, 12, 17, 18, 22, 24, 35, 41.



01

The product and the Google deal.

2021 to 2024: from a Google research team to a billion-dollar chatbot company.

GROWTH

Valued at \$1 billion within six months of launch.

2021

Founded by Noam Shazeer and Daniel De Freitas, who led Google's LaMDA work

\$150m

Series A led by Andreessen Horowitz, March 2023, at a \$1 billion valuation

2 hours

Average daily time per active user, "over 2 hours", the company said in 2023

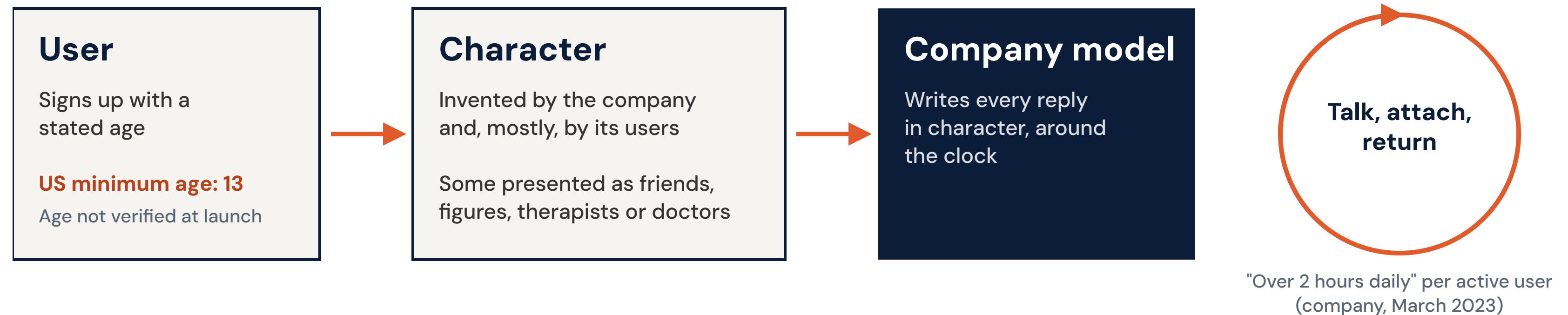
20m+

People using it by October 2024; the minimum age in the US was 13

Sources 11, 12, 34, 35. The company declined to say how many users were under 18.

HOW THE PRODUCT WORKS

Characters, a model that writes in character, and a loop that rewards time spent.

**SAFEGUARDS ADDED LATER****Oct 2024**

Self-harm pop-up

Dec 2024

Separate teen model

Mar 2025

Parental Insights

Nov 2025

Open-ended chat ends, under-18s

Sep 2026

Age estimation model

My diagram from the company's own descriptions and the complaints. Sources 12 to 19, 34.

AUGUST 2024

Google took a licence and hired the founders.

What happened

- A "non-exclusive" licence to Character.AI's technology
- Shazeer, De Freitas and about 30 researchers join Google
- Investors bought out at a \$2.5 billion valuation

WHY IT MATTERS

The licence put Google in the lawsuit.

Claims that Google aided and abetted, or supplied a component, survived the May 2025 motion to dismiss.

What is alleged or open

- The Garcia complaint alleges Google paid \$2.7 billion
- Bloomberg reported a Justice Department antitrust inquiry in May 2025; no outcome reported
- Google says it holds no stake and did not design the app

Sources 2, 3, 36, 37, 39.

02

The lawsuits.

Five family suits in Florida, Texas, Colorado and New York. Every harm in them is alleged.



FLORIDA · FILED 22 OCTOBER 2024

Megan Garcia sued for her son, Sewell Setzer II.

Who

Sewell began using Character.AI in April 2023 and died on 28 February 2024, aged 14.

What is alleged

An attachment to a character based on a *Game of Thrones* figure, sexual content, and a product designed to encourage dependency without adequate safeguards for minors.

Against whom

Character Technologies, both founders, Google and Alphabet: product liability, negligence, wrongful death, Florida consumer law.

Sources 1, 2, 34.

TEXAS · FILED 9 DECEMBER 2024

Texas parents sued for J.F., 17, and B.R., 11.

J.F.

A 17-year-old with autism, identified only by initials.

B.R.

Aged 11, who started using the app at 9, identified only by initials.

The claims

Product liability, negligence and Texas consumer law.

Status

A settlement was noted for J.F. and the case was stayed. The order names only J.F.

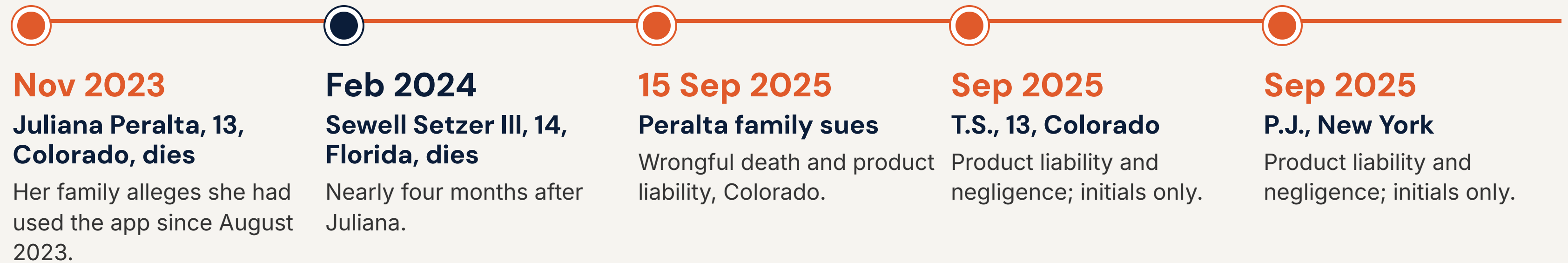
"You know sometimes I'm not surprised when I read the news and see stuff like 'child kills parents after a decade of physical and emotional abuse'."

A character's reply when J.F. complained about screen-time limits, as alleged in the complaint.

Sources 6, 7, 38.

SEPTEMBER 2025

Three more suits followed, including the earliest death alleged.



Sewell's case was the first filed. It was not the first death alleged.

Sources 2, 8, 9, 10.

THE FAMILY SUITS, AS FILED

None of the five reached trial.

Filed	Court	For	Claims	Status
Oct 2024	Florida (M.D. Fla.)	Megan Garcia, for Sewell Setzer III, 14	Wrongful death, product liability, negligence	Settled in principle; dismissal deadline extended to about Nov 2026
Dec 2024	Texas (E.D. Tex.)	Parents of J.F., 17, and B.R., 11	Product liability, negligence, Texas consumer law	Settlement noted for J.F.; case stayed
Sep 2025	Colorado (D. Colo.)	Family of Juliana Peralta, 13	Wrongful death, product liability	Settled in principle, per press
Sep 2025	Colorado (D. Colo.)	Parents of T.S., 13	Product liability, negligence	Stayed pending final settlement; status report due 29 Oct 2026
Sep 2025	New York (N.D.N.Y.)	Parent of P.J.	Product liability, negligence	Stayed while settlement is finalised; status report due 14 Oct 2026

Sources 1, 4 to 10, 38, 41.

READING THE RECORD

Every harm in these suits is alleged. No court has found that Character.AI caused any death or injury, and because the cases settled, none will.

What the record does establish: what the families claimed, what the company did after each claim, and what one federal judge thought of the company's main legal defences.

03

What the court decided.

20 May 2025: Judge Anne Conway rules on the motions to dismiss in Garcia.

GARCIA ORDER, 20 MAY 2025

Most of the claims went forward.

Part of the motions	Result	What the order said
Product liability, design defect and failure to warn	SURVIVED	The app is a product "so far as" claims arise from its design, not its ideas or expressions
Wrongful death, negligence, Florida consumer law, unjust enrichment	SURVIVED	Pleaded plausibly, taking the allegations as true
Aiding and abetting, and component-part claims, against Google	SURVIVED	Google said it "did not create, design, or manage" the app
First Amendment defence	NOT ACCEPTED AT THIS STAGE	Court "not prepared to hold" the output is speech; the company may assert users' rights
Intentional infliction of emotional distress	DISMISSED	Without leave to amend
Claims against Alphabet	DROPPED	At the plaintiff's request

Source 3. In July 2025 the court refused the defendants' request to appeal before trial (source 1).

ON THE FIRST AMENDMENT

"Defendants fail to articulate why words strung together by an LLM are speech. ... Accordingly, the Court is not prepared to hold that Character A.I.'s output is speech."

Order on motions to dismiss, Garcia v. Character Technologies, US District Court, Middle District of Florida, 20 May 2025.
Source 3.

READING THE ORDER CAREFULLY

A pleading-stage ruling that went less far than the headlines.

The headline

"Judge rejects free speech rights for AI chatbots"

Associated Press, May 2025. Source 39.

The order

"At this stage"

The section heading limits the point to the motion to dismiss.

Users' rights

The company could assert its users' First Amendment rights.

Never tested

The question was not decided at trial, because the case settled.

THE DISTINCTION A BOARD SHOULD NOTICE

The claims that survived were about design choices.

TREATED AS A PRODUCT

Design of the app

Whether minors could sign up

What warnings appeared

Whether a crisis was detected

How the product kept users talking

Claims proceeded

"so far
as"

LEFT OPEN AT THIS STAGE

Ideas or expressions

What the characters wrote

Whether that output is speech

The company's First Amendment defence

Never decided at trial

Source 3. The diagram is my reading of the order's distinction.

JANUARY 2026

Settlements in principle, with terms not disclosed.



Sources 1, 4, 5, 7, 8, 10, 41.

04

How the company changed the product.

Six safety changes between October 2024 and September 2026.

CHARACTER.AI'S SAFETY CHANGES

Each change and the event it followed.

Date	What changed	Followed
22 Oct 2024	Changes to models for minors, a self-harm pop-up pointing to a suicide prevention line, an hour-long session notice	Same day as the Garcia suit
12 Dec 2024	A separate model and experience for teens, disclaimers on therapist and doctor characters, parental controls promised	Three days after the Texas suit
25 Mar 2025	Parental Insights: time spent and top characters, without chat content	Before the motion to dismiss was decided
29 Oct 2025	Open-ended chat to end for under-18s by 25 November, age assurance, an independent AI Safety Lab	Seven weeks after the FTC orders and three new suits
24 Nov 2025	Removal begins in the US; daily limit for teens cut to one hour in the run-up	Three weeks after New York's law took effect
3 Sep 2026	In-house age estimation model; Parental Insights through a third-party provider	Eight months into California's SB 243

Sources 13 to 19.

2025

The direction was not straight.

JUNE 2025 · INCOMING CHIEF EXECUTIVE

"We're going to make the filter less overbearing."

Karandeep Anand, first message as CEO, 20 June 2025. He left for Disney on 2 October 2026. Sources 16, 49.

OCTOBER 2025 · FOUR MONTHS LATER

"Extraordinary steps for our company"

Announcing the end of open-ended chat for under-18s, and describing the steps as "more conservative than our peers". Source 17.

In between came the FTC orders, three new family suits and a Senate hearing.

OCTOBER 2025 TO SEPTEMBER 2026

Under-18s lost open-ended chat in November 2025.

29 Oct 2025

Open-ended chat with characters to end for under-18s by 25 November; age assurance; other features stay open to teens.

24 Nov 2025

Removal begins in the US, after teen chat time was cut to one hour a day.

3 Sep 2026

An in-house age estimation model that the company said "set a new industry standard".

AI Safety Lab

Promised as "an independent non-profit". The Sep 2026 update did not mention it, and I found no public record of it operating.

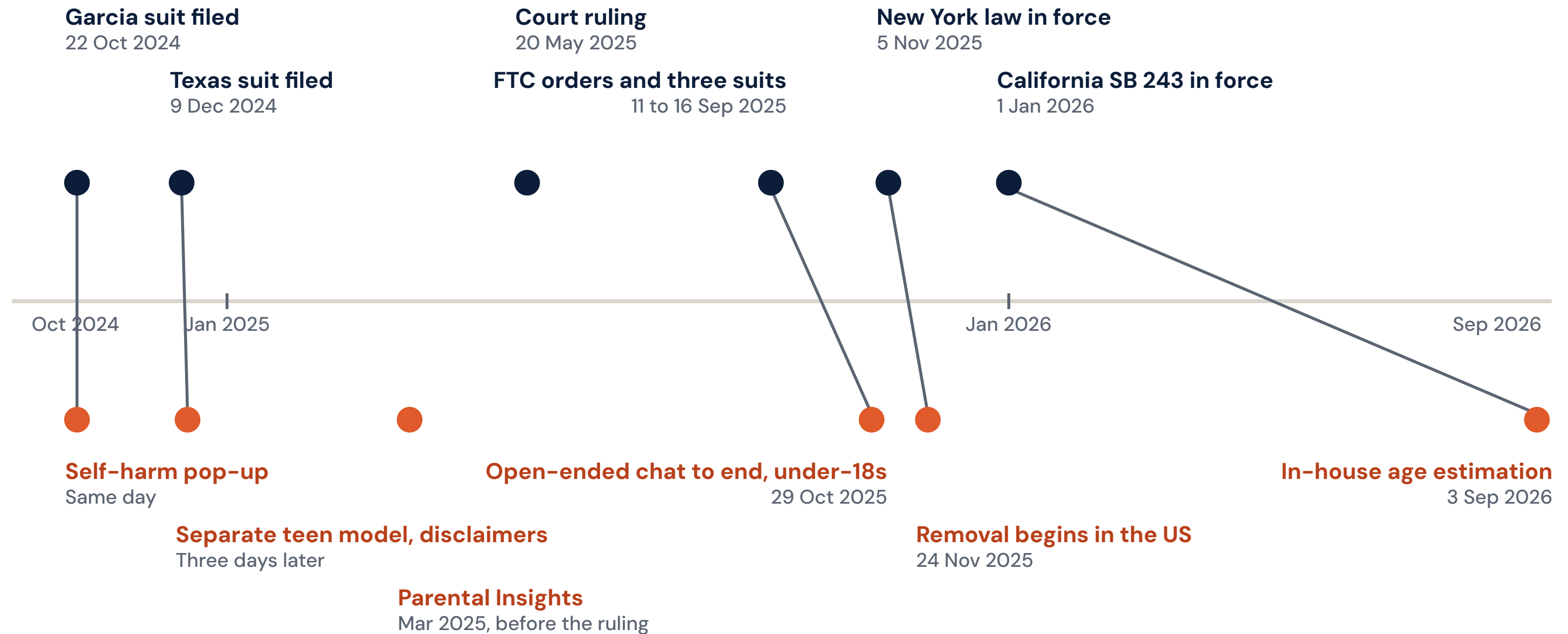
Sources 17, 18, 19. None of the changes has been independently evaluated.



MY READING OF THE DATES

Each major change followed a suit, an order or a law.

Navy: suit, regulator or law · **Orange:** the company's change. The company does not describe them this way.



Sources 1, 3, 6, 8 to 10, 13 to 20, 22, 24.

05

What governments did.

A federal study, four state laws, a veto, state suits and Australia's online safety codes.

The FTC ordered seven companies to explain how they test companion chatbots.

Under its 6(b) powers, the FTC asked how each company measures, tests and monitors the effects of chatbots that act as companions, especially on children.

A 6(b) order is a study, not an enforcement action. No report has been published.

Five days later, Megan Garcia and other parents testified before a Senate Judiciary subcommittee.

- | | |
|---|------------------------|
| 1 | Alphabet |
| 2 | Character Technologies |
| 3 | Instagram |
| 4 | Meta |
| 5 | OpenAI |
| 6 | Snap |
| 7 | xAI |

AS AT 12 OCTOBER 2026

Law and regulation touching companion chatbots.

Where	Measure	Status	When	What it does
New York	AI companion models law (General Business Law Art. 47)	IN FORCE	5 Nov 2025	Detect self-harm signals and refer to crisis services; AI notice every three hours
California	SB 243, companion chatbots	IN FORCE	1 Jan 2026	Suicide-prevention protocol; for known minors, AI disclosure and a break reminder every three hours; \$1,000 per violation
Australia	Phase 2 online safety codes	IN FORCE	9 Mar 2026	Cover AI companion chatbots; eSafety notices to four providers in Oct 2025
Washington	HB 2225, AI companion chatbots	SIGNED	1 Jan 2027	AI reminders hourly for minors; crisis referral; private right of action
California	SB 1119, Adam's Law	SIGNED	1 Jul 2027	Age assurance, risk assessments, parental notice, independent audits
United States	FTC 6(b) orders to seven companies	STUDY	11 Sep 2025	Information orders, not enforcement; no report published as at 12 Oct 2026
California	AB 1064, companion chatbots for children	VETOED	13 Oct 2025	Governor feared "a total ban" for minors
United States	GUARD Act, S.3062	PROPOSED	May 2026	On the Senate calendar; not enacted; no federal chatbot law has passed

Sources 20 to 26, 31 to 33, 50 to 52, 55.

New York and California require crisis referral and AI reminders.

NEW YORK

General Business Law Art. 47

In force 5 November 2025

- Detect signs of suicidal ideation or self-harm
- Refer users to crisis services
- Remind users at least every three hours that they are not talking to a person

CALIFORNIA

SB 243

Signed 13 October 2025 · in force 1 January 2026

- A suicide-prevention protocol
- For known minors: AI disclosure, a break reminder at least every three hours, measures against sexual content
- Private right of action of \$1,000 per violation; annual reports to the Office of Suicide Prevention from July 2027

WHAT DID NOT BECOME LAW

California vetoed a stricter bill, and the GUARD Act has not passed.

AB 1064

Vetoed, 13 October 2025

The governor said it "may unintentionally lead to a total ban on the use of these products by minors". He signed SB 243 the same day.

No US law bans companion chatbots for minors.

S.3062

GUARD Act, proposed

Reported by the Senate Judiciary Committee on 30 April 2026 and placed on the Senate calendar in May. It has not passed. A Virginia legislative report in August 2026 recorded that "no federal legislation has passed".

STATES GO TO COURT

Texas investigated, then Kentucky and Pennsylvania sued.

Texas · Aug 2025

Civil investigative demands to Meta AI Studio and Character.AI over characters presented as sources of mental health support.

Kentucky · Jan 2026

The first state attorney general to sue Character Technologies, under consumer protection and data protection law. Its unredacted complaint, filed in October 2026, alleges characters encouraged a user to harm themselves.

Pennsylvania · May 2026

The Department of State sued, alleging a character claimed to be licensed to practise medicine in the state and gave an invalid licence number.

Sources 27, 28, 29, 42, 54. These are allegations; none has been decided.



OUTSIDE THE UNITED STATES

Australia brought AI companion chatbots into its online safety codes.

October 2025

The eSafety Commissioner sent legal notices to Character Technologies and three other companion providers.

September 2025

Phase 2 online safety codes registered, covering "AI companion chatbots".

9 March 2026

The codes take effect.

24 March 2026

eSafety finds none of the four had meaningful age checks. Character.AI has since added age assurance in Australia.

Sources 31, 32, 53.

06

What the research shows.

Use among teenagers is wide. Evidence on harm is thinner.

FOUR STUDIES, FOUR KINDS OF EVIDENCE

What each study can and cannot show.

72%

of US teens aged 13 to 17
have used an AI companion
at least once

SURVEY · SHOWS USE, NOT HARM

1 in 3

teen users have discussed
serious matters with an AI
companion instead of a
person

SELF-REPORTED, ONE POINT IN TIME

981

adults in a four-week
randomised trial; no
significant effects from the
conditions tested

CHATGPT, ADULTS, NOT MINORS

Unacceptable

risk for under-18s; teen
guardrails "easily
circumvented"

PRODUCT TESTING, NOT OUTCOMES

Sources 45, 46, 47. Common Sense Media survey (Jul 2025) and risk assessment (Apr 2025); MIT Media Lab and OpenAI trial.

CASE STUDY · CHARACTER.AI

THE STATE OF THE EVIDENCE

Lawmakers acted on the cases and the testimony, ahead of the research.

Correlation in the trial

Participants who chose to use the chatbot more showed worse outcomes. That is a correlation.

Concentrated emotional use

A study of over 3 million conversations found a small number of users accounted for a disproportionate share of emotional use.

Wrong population

Neither study looked at companion apps or at minors.

"Currently little scientific evidence supporting generalizable, population-level, causal connections."

Virginia Joint Commission on Technology and Science, August 2026. Source 33.

The same questions reached other companies.

Meta · Aug 2025

Reuters reported internal rules that allowed bots to "engage a child in conversations that are romantic or sensual". Meta confirmed the document and said those examples "were and are erroneous" and had been removed.

OpenAI · Aug 2025

The parents of Adam Raine, 16, sued in California. OpenAI's answer says ChatGPT directed him to seek help more than 100 times and that he circumvented its safeguards.

FTC · Sep 2025

The 6(b) orders went to general-purpose assistants as well as companion apps.

Character.AI was the first company sued. It was not the only one with the problem.

EVIDENCE AND METHODOLOGY

Each claim, graded by what it rests on.

Claim	Rests on	Grade
Filing dates, parties, claims and the settlement notices	Federal court dockets and filings	Measured, court record
The May 2025 order's rulings and wording on speech	The order itself	Measured, court record
That the chatbot contributed to any death or injury	Family complaints and state suits	Allegation, never tested at trial
Character.AI's safety changes and their dates	Company announcements	Company statement, effect not independently measured
Settlement terms	Not disclosed	Unknown
72% of US teens have used an AI companion	Common Sense national survey, July 2025	Measured, self-reported survey
Heavier voluntary chatbot use goes with worse outcomes	MIT/OpenAI trial, adults on ChatGPT	Correlation, different population
Google paid \$2.7 billion	Garcia complaint, citing the WSJ and Google filings	Allegation; \$2.5bn buyout valuation reported
The safety changes followed suits and regulators	My reading of the dates	My call
The lessons for boards	My reading of the record cited against each	My call

REPORTING

Seven things often misreported.

OFTEN SAID

WHAT THE RECORD SHOWS

~~A court found Character.AI caused a death~~

The harms are alleged, and the suits settled before trial. (3, 41)

~~The judge ruled AI output is not speech~~

She was "not prepared to hold" that it was, at the pleading stage, and let the company assert users' rights. (3)

~~The settlements are final or approved~~

Settlements in principle, terms undisclosed, deadlines still extended in August 2026. (1, 4, 8)

~~Character.AI banned teenagers~~

It removed open-ended chat for under-18s. No US law bans companion chatbots for minors. (17, 26)

~~Google acquired Character.AI~~

It took a non-exclusive licence and hired the founders. (36)

~~Sewell's was the first death alleged~~

Juliana Peralta died in November 2023, nearly four months earlier. (2, 9)

~~The GUARD Act is law~~

It is on the Senate calendar, with no floor vote. (21, 55)

07

What boards and governments can take from it.

The lessons are my reading of the record cited against each.

WHY IT MATTERS FOR AI

Three reasons this case reaches beyond chatbots.

01 · DESIGN

Design is judged as a product.

Age checks, warnings, crisis detection and engagement were treated as features of a product that could be defective, separate from what characters said. That puts conversational AI closer to product liability for physical goods than many deployers assume.

02 · ENGAGEMENT

Engagement is the risk.

Two hours a day per active user, the company's own figure, describes the same engagement the complaints call dependency. The new laws answer it with break reminders, disclosure and crisis referral.

03 · TIMING

Safeguards came late.

The major safeguards arrived after suits, an FTC order and a state law; most could have been built at launch. A licensing deal brought Google into the suit, so the risk travelled with the technology.

Know your users, plan for crisis, watch engagement.

01

Know the age of your users.

Character.AI declined to say how many users were minors when first sued. Decide at launch whether children are in scope, and check age, not only ask for it.

03

Treat engagement as a risk metric.

Time spent and attachment are what a companion product sells. Report heavy-use patterns to the board alongside growth, and set limits for users at risk.

02

Build crisis detection before launch.

Detecting self-harm signals and referring to a person or a helpline are legal duties in New York and California, and in Washington from 2027. Test them with clinicians and log every trigger.

04

Red-team the personas.

Characters were presented as therapists, and one allegedly claimed a medical licence. Test what a persona says under pressure and block what you cannot stand behind.

LESSONS FOR BOARDS · 5 TO 7

Keep records, price partner risk, have the evidence ready.

05 · Expect design to be judged as a product.

The claims that survived were about design defects and warnings. Keep records of the safety choices you made and the ones you rejected.

06 · Price the risk in partnerships.

A licence and a hiring deal put Google in the suit. Diligence on any AI licensing or acqui-hire should cover the counterparty's safety record and open claims.

07 · Assume the regulator will ask for your evidence.

The FTC asked how companies measure and monitor effects on children. If you cannot answer that today, that is the gap to close.



A CONTROLS CHECKLIST FOR CONVERSATIONAL AI

Nine controls, each tied to the record.

Control	What good looks like	Why, from this case
Age assurance	Decide at launch whether minors are in scope; verify age, do not only ask	Minimum age was a stated 13; age assurance came in Oct 2025 (34, 17)
Crisis detection and referral	Detect self-harm signals, refer to a person or helpline, clinician-tested, every trigger logged	Legal duty in New York and California (22, 24)
AI disclosure and breaks	Remind users they are talking to AI; break reminders at least every three hours	New York for all users; SB 243 for known minors (23, 24)
Sexual content controls	Measures against sexual content for minors	SB 243; alleged in Garcia (2, 22)
Persona red-teaming	Test claims of being human, a therapist or licensed; block them	Dec 2024 disclaimers; Pennsylvania suit (14, 29)
Engagement as a risk metric	Heavy-use patterns reported to the board with growth; limits for users at risk	Two hours a day; one-hour teen limit (12, 18)
Design decision record	Safety choices made and rejected, with dates and owners	Surviving claims were about design (3)
Partner diligence	Counterparty safety record and open claims in licensing and acqui-hires	Google named in the suit (3, 36)
Monitoring evidence	How you measure, test and monitor effects on children, ready to hand over	FTC 6(b) questions (20)

The controls are my recommendations; the references show where each comes from.

FOR GOVERNMENT AND REGULATORS

Six policy levers already in use.

Crisis referral duty

Operators must detect self-harm signals and refer users to crisis services.

NEW YORK · CALIFORNIA

AI disclosure and breaks

Reminders at least every three hours that the user is not talking to a person.

NEW YORK · CALIFORNIA (MINORS)

Private right of action

Users can sue for \$1,000 per violation, with annual reporting from July 2027.

CALIFORNIA SB 243

Online safety codes

Industry codes that name AI companion chatbots, backed by legal notices to providers.

AUSTRALIA

Information orders

A study power that asks how companies test and monitor effects on children.

US FTC 6(B)

Consumer protection suits

State actions over deceptive mental health and medical claims.

TEXAS · KENTUCKY · PENNSYLVANIA

The levers not used: age-based bans. California vetoed one; the federal GUARD Act has not passed.

Sources 20 to 29, 31, 32.

CASE STUDY · CHARACTER.AI

WHAT TO WATCH

Seven open items from the record.

01	Settlements	Garcia deadline extended to about November 2026; P.J. status report due 14 October 2026 (1, 8)
02	FTC 6(b) study	No report published as at 12 October 2026 (20)
03	GUARD Act	On the Senate calendar since May 2026; no floor vote (21, 55)
04	State suits	Kentucky and Pennsylvania cases still open (28, 29, 42, 54)
05	Google deal	Justice Department inquiry reported in May 2025; no outcome reported (37)
06	AI Safety Lab	Promised in October 2025; no public record of it operating (17, 19)
07	New state laws	Washington HB 2225 from January 2027; California SB 1119 mostly from July 2027, first audits by 2029 (50 to 52)

FOR DISCUSSION

Six questions to take back to your organisation.

01

How many of our users are minors, and how do we know?

03

Which of our engagement metrics would a plaintiff read as dependency?

05

If a regulator sent us the FTC's questions tomorrow, what evidence would we hand over?

02

What does our product do when a user signals distress, and who tested it?

04

What can our personas or assistants claim to be, and who signed that off?

06

What safety record and open claims come with the AI we license?

THANK YOU

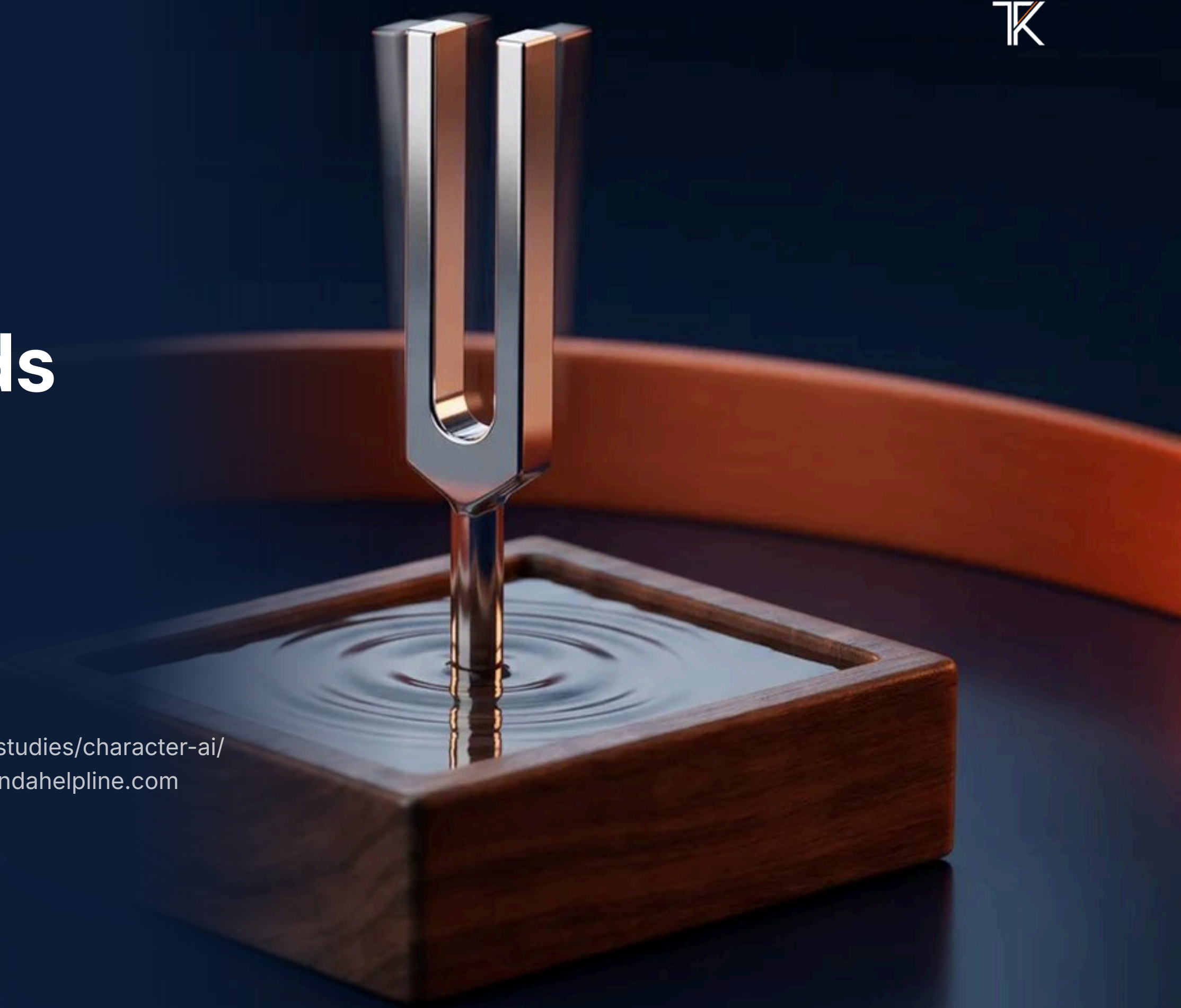
Build the safeguards before the lawsuit.



Terence Kok

Executive Director, AI Governance & Assurance,
Orion Five Engineering. Connect on LinkedIn.

Full case study with 55 sources: terencekok.com/research/case-studies/character-ai/
If this raised something for you: Samaritans of Singapore 1767 · findahelpline.com



APPENDIX · FULL TIMELINE, PART 1 OF 3

Chronology from the court record and announcements.

When	Event	Sources
2021	Noam Shazeer and Daniel De Freitas, who led Google's LaMDA work, leave Google and found Character.AI.	11, 35
Sep 2022	Public beta launches. Within two months it generates a billion words a day, the company says.	11
23 Mar 2023	Series A of \$150 million led by a16z at a \$1 billion valuation. The company says active users spend over two hours a day.	12, 35
8 Nov 2023	Juliana Peralta, 13, of Colorado dies. Her family's suit, filed in 2025, alleges she had used the app since August 2023.	9
28 Feb 2024	Sewell Setzer III, 14, of Florida dies after months of conversations with a character, his mother later alleges.	2, 34
2 Aug 2024	Google takes a non-exclusive licence and hires the founders and about 30 researchers. Investors are bought out at a \$2.5 billion valuation.	36
22 Oct 2024	Megan Garcia sues Character Technologies, the founders, Google and Alphabet in Florida. Character.AI publishes safety updates the same day.	1, 13, 34
9 Dec 2024	Texas parents sue on behalf of J.F., 17, and B.R., 11, identified by initials.	6, 38
12 Dec 2024	Character.AI announces a separate model for teens and parental controls.	14
25 Mar 2025	Parental Insights launches.	15
30 Apr 2025	Common Sense Media rates social AI companions an "unacceptable" risk for under-18s.	45
20 May 2025	Judge Anne Conway denies most of the motions to dismiss in Garcia and is "not prepared to hold" that the chatbot's output is speech at that stage.	3, 39
May 2025	Bloomberg reports a Justice Department antitrust inquiry into the Google deal. No outcome has been reported.	37

APPENDIX · FULL TIMELINE, PART 2 OF 3

Chronology from the court record and announcements.

When	Event	Sources
20 Jun 2025	Karandeep Anand becomes chief executive and says the filter will be made "less overbearing".	16
14 Jul 2025	The court refuses the defendants' request to appeal the order before trial.	1
16 Jul 2025	A Common Sense survey finds 72% of US teens have used an AI companion.	46
14 Aug 2025	Reuters reports Meta's internal rules allowed its bots "romantic or sensual" conversations with children. Meta says the examples were erroneous and removed.	43
18 Aug 2025	Texas issues civil investigative demands to Meta AI Studio and Character.AI over mental health claims.	27
11 Sep 2025	The FTC orders seven companies, including Character Technologies, to explain how they test and monitor companion chatbots.	20
15 to 16 Sep 2025	Three more family suits are filed in Colorado and New York. Megan Garcia testifies at a Senate Judiciary subcommittee hearing.	8, 9, 10, 30
13 Oct 2025	California's governor signs SB 243 and vetoes AB 1064.	22, 26
29 Oct 2025	Character.AI says it will end open-ended chat for under-18s by 25 November.	17, 40
5 Nov 2025	New York's AI companion law takes effect.	24, 25
24 Nov 2025	Removal of open-ended chat for US under-18s begins.	18
1 Jan 2026	California's SB 243 takes effect.	22, 24
6 to 7 Jan 2026	Settlements in principle are notified in the Florida, Texas, New York and Colorado T.S. cases; press reports five family suits settled. Terms are not disclosed. Garcia is dismissed without prejudice pending final papers.	4, 5, 7, 8, 10, 41

APPENDIX · FULL TIMELINE, PART 3 OF 3

Chronology from the court record and announcements.

When	Event	Sources
8 Jan 2026	Kentucky becomes the first state attorney general to sue Character Technologies.	28, 33
9 Mar 2026	Australia's Phase 2 codes covering AI companion chatbots take effect.	32
24 Mar 2026	Washington's governor signs HB 2225, a companion chatbot law with hourly AI reminders for minors, in force from 1 January 2027. The same day, Australia's eSafety Commissioner reports that most of four companion services, including Character.AI, did not refer users to support when self-harm or suicide came up in chats.	52, 53
30 Apr 2026	The Senate Judiciary Committee reports the GUARD Act. It reaches the Senate calendar in May and has not passed.	21, 55
May 2026	Pennsylvania's Department of State sues, alleging a character claimed to be a licensed medical professional.	29
Aug 2026	The Florida court extends the deadline to finalise the Garcia settlement again, to about November 2026.	1
3 Sep 2026	Character.AI reports an in-house age estimation model and says it "set a new industry standard".	19
10 Sep 2026	California's governor signs SB 1119, Adam's Law, which adds age assurance, risk assessments, parental notice and independent audits to SB 243. Most duties apply from 1 July 2027.	50, 51
18 Sep 2026	Disney names Karandeep Anand its chief technology officer from 2 October; some of Character.AI's technical team are expected to follow him.	49
Oct 2026	Kentucky files an unredacted complaint quoting characters that allegedly told a user to starve themselves.	42, 54

SOURCES, PART 1 OF 3

Numbered as on the case study page.

1	Garcia v. Character Technologies, Inc., No. 6:24-cv-01903-ACC (M.D. Fla.) [Docket].	9	Montoya v. Character Technologies, Inc., No. 1:25-cv-02907 (D. Colo.) [Docket and complaint].
2	Garcia v. Character Technologies, Inc. (2024, 9 November). Amended complaint, Doc. 11.	10	E.S. v. Character Technologies, Inc., No. 1:25-cv-02906 (D. Colo.) [Docket and complaint].
3	Conway, A. C. (2025, 20 May). Order on motions to dismiss, Garcia v. Character Technologies, Inc., Doc. 115. US District Court, Middle District of Florida.	11	Character.AI. (2022, 5 December). Introducing Character [Blog].
4	Garcia v. Character Technologies, Inc. (2026, 7 January). Notice of resolution, Doc. 242.	12	Character.AI. (2023, 23 March). Announcing our Series A and our new AI model, C1.2 [Blog].
5	Garcia v. Character Technologies, Inc. (2026, 7 January). Order of dismissal without prejudice, Doc. 244.	13	Character.AI. (2024, 22 October). Community safety updates [Blog].
6	A.F., on behalf of J.F. v. Character Technologies, Inc., No. 2:24-cv-01014 (E.D. Tex.) [Docket].	14	Character.AI. (2024, 12 December). How Character.AI prioritizes teen safety [Blog].
7	A.F., on behalf of J.F. v. Character Technologies, Inc. (2026, January). Order staying the case on notice of settlement, Doc. 106-1.	15	Character.AI. (2025, 25 March). Introducing Parental Insights: enhanced safety for teens [Blog].
8	P.J. v. Character Technologies, Inc., No. 1:25-cv-01295 (N.D.N.Y.) [Docket and letter of 6 January 2026].	16	Character.AI. (2025, 20 June). Character.AI names Karandeep Anand as CEO [Blog].
		17	Character.AI. (2025, 29 October). Taking bold steps to keep teen users safe [Blog].
		18	Character.AI. (2025, 21 November). An update on changes to our under-18 experience [Blog].
		19	Character.AI. (2026, 3 September). Continuing to build upon our safety priorities [Blog].

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20	US Federal Trade Commission. (2025, 11 September). FTC launches inquiry into AI chatbots acting as companions [Press release].	30	Tech Policy Press. (2025, September). Transcript: US Senate hearing on examining the harm of AI chatbots, 16 September 2025.
21	Congress.gov. S.3062, GUARD Act, 119th Congress: all actions.	31	Digital Policy Alert. (2025, October). eSafety Commissioner investigation into AI companion providers regarding compliance with the Basic Online Safety Expectations.
22	Office of Senator Steve Padilla. (2025, 13 October). First-in-the-nation AI chatbot safeguards signed into law [Press release].	32	Baker McKenzie. (2025, September). Australia: Phase 2 online safety codes registered by eSafety Commissioner.
23	California Senate Bill 243 (2025), companion chatbots. Text as reproduced by the Emerging Technology Observatory, AGORA.	33	Virginia Joint Commission on Technology and Science. (2026, August). Supplementary report: AI chatbots, companionship and minors.
24	Morrison Foerster. (2025, 20 November). New York and California enact landmark AI companion laws.	34	Roose, K. (2024, 23 October). Can a chatbot named Daenerys Targaryen be blamed for a teen's suicide? The New York Times.
25	Office of the Governor of New York. (2025, 10 November). Governor Hochul pens letter to AI companion companies notifying them safeguard requirements are now in effect [Press release].	35	CNBC. (2023, 23 March). Character.ai valued at \$1 billion after \$150 million round from a16z.
26	StateScoop. (2025, 13 October). Newsom vetoes AI safety bill aimed at companion chatbots.	36	The Verge. (2024, 2 August). Google hires Character.AI CEO Noam Shazeer and his AI researchers.
27	Office of the Texas Attorney General. (2025, 18 August). Attorney General Ken Paxton investigates Meta and Character.AI for misleading children with deceptive AI-generated mental health services [Press release].	37	Fortune, via Bloomberg. (2025, 22 May). Google faces antitrust investigation over Character.AI deal.
28	Frankfurt Kurnit Klein & Selz. (2026, January). Kentucky Attorney General files lawsuit against Character.AI.	38	NPR. (2024, 10 December). Lawsuit: A chatbot hinted a kid should kill his parents over screen time limits.
29	Office of the Governor of Pennsylvania. (2026, 5 May). Shapiro Administration sues Character.AI over fake medical claims [Press release].		

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CNN Business, via KTVZ. (2026, 7 January). Character.AI and Google agree to settle lawsuits over teen mental health harms and suicides.

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Horwitz, J. (2026, 10 October). Suit: Character.AI chatbots advised users to harm selves. Reuters, via Arkansas Democrat-Gazette.

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Horwitz, J. (2025, 14 August). Meta’s AI rules have let bots hold ‘sensual’ chats with kids, offer false medical info. Reuters, via BNN Bloomberg.

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TechCrunch. (2025, 26 November). OpenAI claims teen circumvented safety features before suicide that ChatGPT helped plan.

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