

ALL EYES ON AI: REGULATORY, LITIGATION, AND TRANSACTIONAL DEVELOPMENTS

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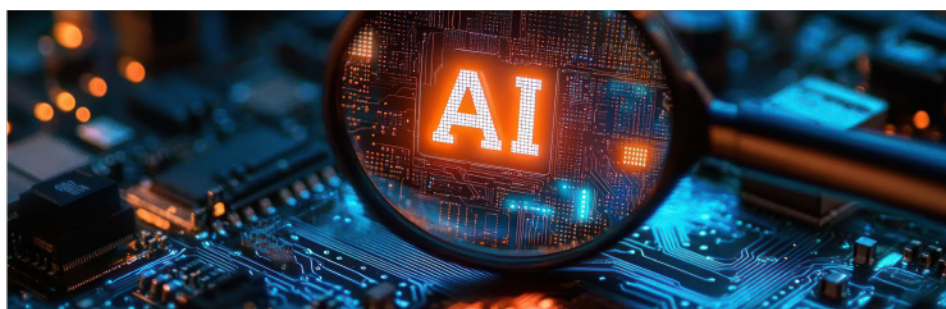
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FTC Issues Proposed Order Against Company for Misleading Claims About Its AI Content Detection Product



On April 28, 2025, the Federal Trade Commission (FTC) issued a [proposed order](#) against Workado, LLC (Workado) for its alleged misrepresentations concerning its product, the "AI Content Detector." According to the [complaint](#), Workado advertised its product as detecting with 98 percent accuracy whether online content was written by generative artificial intelligence (AI) technology or a human and claimed that its product was trained on a large volume of material that included blog posts and Wikipedia articles. In fact, the model was trained on abstracts of scholarly works and only had a 53 percent accuracy rate when used to evaluate non-academic content.

Among other things, the proposed order prohibits Workado from making misleading representations about its product's ability to detect content created by generative AI technology. Workado may only make such representations about its product's effectiveness if it relies upon "competent and reliable evidence" to substantiate its claims, and the company must preserve all underlying data and documents relevant to the "competent and reliable evidence." The proposed order also requires Workado to send a notice to eligible customers informing them about the settlement.

Utah Enacts Mental Health Chatbot Law

On March 25, 2025, Utah Governor Spencer Cox signed [HB 452](#), which establishes new rules for the use of AI mental health chatbots accessible to any "Utah user," defined as, "an individual located in the state at the time the

individual accesses or uses a mental health chatbot."

HB 452 defines a "mental health chatbot" as AI technology that meets two criteria. First, the technology must use generative