



Office of the Chair

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

**Statement of Chair Lina M. Khan
Regarding the Joint Interagency Statement on AI**

April 25, 2023

Today's interagency statement makes clear that AI technologies are covered by existing laws. These tools are not emerging in a legal vacuum. To the contrary, each agency here today has legal authorities to readily combat AI-driven harm—and this moment requires us enforcers to stay vigilant and to vigorously protect Americans from unlawful business practices.

Claims of innovation must not be cover for lawbreaking. Moments when new tools are being developed and more widely adopted can present enormous opportunity—but they can also create the risk of regulatory arbitrage or of locking in harmful business practices.

The FTC has a long track record of adapting its enforcement of existing laws to protect Americans from evolving technological risks. AI is no different. Our legal authority to address unfair or deceptive practices squarely applies, as do other laws, including the Fair Credit Reporting Act and the Equal Credit Opportunity Act. These laws serve to protect the public—and companies should understand that they may bear legal liability if their AI tools are designed to harm or deceive Americans.

We can already see how AI can turbocharge fraudulent practices and automate discrimination. Scammers can use these tools to manipulate and deceive people on a massive scale, deploying fake but convincing content more widely and targeting specific groups with greater precision.¹ Firms should be on notice that systems that bolster fraud or perpetuate unlawful bias can violate the FTC Act. There is no AI exemption to the laws on the books.

We're also seeing the possibility for companies to make exaggerated, deceptive claims about the capabilities of their AI tools. Businesses should know that if they cannot support these claims with concrete evidence, then they are breaking the law.² Not only must the claims be accurate, but they must hold true *across* consumer demographics. The FTC has a long history of cracking down on deceptive advertising and marketing practices, and we will not hesitate to enforce the rules of the road in the context of AI applications.

With any new innovative technology, there's promise that it can be useful to society. But those benefits will only reach the American people if the technology is developed, marketed, and used in a way that abides by the law.

That's why enforcers also have the responsibility of preserving fair competition as these nascent markets take shape. We know that in moments of disruption, established players will be

¹ Michael Atleson, *Chatbots, Deepfakes, and Voice Clones: AI Deception for Sale*, FTC Business Blog (Mar. 20, 2023), <https://www.ftc.gov/business-guidance/blog/2023/03/chatbots-deepfakes-voice-clones-ai-deception-sale>.

² Michael Atleson, *Keep Your AI Claims in Check*, FTC Business Blog (Feb. 27, 2023), <https://www.ftc.gov/business-guidance/blog/2023/02/keep-your-ai-claims-check>.

tempted to crush, absorb, or otherwise unlawfully restrain new entrants to maintain their dominance. And we already see this risk. A handful of powerful firms control the necessary raw materials—not only the vast stores of data, but also the cloud services and computing power—that startups and other businesses rely on to develop and deploy AI products, and this control could create the opportunity for dominant firms to engage in unfair methods of competition.

If AI tools are being deployed to engage in unfair or deceptive practices, or unfair methods of competition, the FTC will not hesitate to crack down on unlawful conduct. Our dedicated team of technologists, researchers, and attorneys will continue to sharpen our understanding of how these tools can be used and misused and, where necessary, vigorously enforce the law. We look forward to working with our agency partners in this whole-of-government effort.
