

Hudson Cook Enforcement Alert: FTC Issues Final Order Against AI Developer Over False Accuracy Claims in AI Content Detection

August 29, 2025 | [Michael A. Goodman](#) and [Mark D. Metrey](#)

HIGHLIGHTS:

- The Federal Trade Commission finalized a Decision and Order against an AI developer resolving allegations that it deceptively marketed its AI content detection tool as 98 percent accurate without substantiation.
- The August 2025 Order follows the FTC's April 2025 announcement of a proposed settlement, which we covered in our earlier [Hudson Cook Enforcement Alert](#).
- The final Order prohibits the company from making misleading or unsubstantiated efficacy claims about AI detection products unless supported by competent and reliable evidence, requires customer notifications, and imposes multi-year compliance and recordkeeping obligations.

CASE SUMMARY:

On August 21, 2025, the Federal Trade Commission (FTC) issued a [final Decision and Order](#) against an artificial intelligence (AI) developer (the "Company"), concluding an enforcement action first announced in April 2025. At that time, the FTC alleged the Company falsely marketed its AI content detection tool as predicting with 98 percent accuracy whether text was created by generative AI programs. The April announcement included a proposed consent order that was placed on the public record for a 30-day public comment period.

The August 2025 Order makes the proposed order's obligations binding. Specifically, the Order prohibits the Company from making unsubstantiated or misleading claims about the accuracy of AI detection tools unless supported by competent and reliable evidence, including competent and reliable scientific evidence when appropriate. The Order also requires the Company to preserve and maintain detailed records of substantiating data, testing protocols, and statistical analyses used to support any product claims. In addition, the Company must notify all current and recent customers of the settlement, submit annual compliance reports for three years, and create and retain compliance-related records for up to ten years.

The Order, which is effective for 20 years, also subjects the Company to ongoing monitoring, including potential interviews of affiliated personnel and compelled document production. This enforcement action underscores the FTC's continuing scrutiny of AI developers marketing the efficacy of their models and reflects the Commission's focus on substantiation, consumer notice, and long-term compliance obligations.

RESOURCES:

You can review all of the relevant administrative filings and press releases at the [FTC's Enforcement Page](#).

- [Complaint](#)
- [August 2025 Decision and Order](#)
- [FTC Press Release](#)

Hudson Cook, LLP provides articles, webinars and other content on its website from time to time provided both by attorneys with Hudson Cook, LLP, and by other outside authors, for information purposes only. Hudson Cook, LLP does not warrant the accuracy or completeness of the content, and has no duty to correct or update information contained on its website. The views and opinions contained in the content provided on the Hudson Cook, LLP website do not constitute the views and opinion of the firm. Such content does not constitute legal advice from such authors or from Hudson Cook, LLP. For legal advice on a matter, one should seek the advice of counsel.

SUBSCRIBE TO INSIGHTS

HUDSON COOK

Hudson Cook, LLP is a national law firm representing the financial services industry in compliance, privacy, litigation, regulatory and enforcement matters.

7037 Ridge Road, Suite 300, Hanover, Maryland 21076
410.684.3200

hudsoncook.com

© Hudson Cook, LLP. All rights reserved. Privacy Policy | Legal Notice
Attorney Advertising: Prior Results Do Not Guarantee a Similar Outcome

