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Insights

CTRL + ALT + DECEIVE? FTC PROPOSES POLICY ON AI ACCURACY SUPPRESSION

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Summary

The FTC has published a proposed policy statement on artificial intelligence accuracy, focusing on politically motivated steering or suppression. Rather than outright prohibiting conduct, the statement emphasizes the need for disclosure to consumers of any purported steering/suppression. Normally, a policy statement is the least binding form of guidance from an agency, though the FTC has taken the curious step of submitting the proposed policy statement for public comment. Nonetheless, the draft policy statement provides important guidance and indicates the direction of the FTC's AI priorities. Clients should conduct a careful review of their AI tools and algorithms, as well as disclosure statements, to ensure that the AI does not generate false or misleading claims.

On July 1, 2026, the Federal Trade Commission (the "**FTC**") published a Proposed Policy Statement Concerning the Suppression of Accuracy in Artificial Intelligence Systems (the "**Statement**"). The Statement focuses on purported deceptive steering of AI systems and makes clear the FTC's position that deceiving consumers as to the objectives of an AI system is a violation of Section 5 of the FTC Act. This nine-page Statement follows several prior steps taken by the Trump Administration aimed at AI, including an "AI Action Plan" released in July 2025 — which, among other things, called on the FTC to reconsider existing orders and consent decrees that "unduly burden AI innovation," and an Executive Order on AI from December 11, 2025, which aims to tamp down state-level regulation of AI.

The FTC's Statement aims at politically motivated AI steering. The Statement suggests that "A company could be tempted, for example, to abuse consumer trust by training a model surreptitiously to produce ideologically motivated distortions in a response to a factual question, such as to correct what the developer believes are 'historical injustices in the facts.'" However, all but one of the examples the FTC offers are hypothetical. The only example of actual FTC enforcement in this area focuses on a more traditional deception claim: an enforcement against "an AI company's misleading claims about the ability of its conversational AI tool to replace human customer service representatives." The Statement does not fill the gap between traditional enforcement against unfounded representations of software's capabilities and purported ideological steering.

However, the Statement does offer guidance for clients as to how to resolve potential FTC concerns, using the traditional mechanisms of disclosures and qualifications. The Statement explains that an AI company can take actions that shape consumer expectations in ways that make it unreasonable for consumers to believe the AI system is designed to achieve the objectives that consumers would otherwise expect, such as through clear and conspicuous disclaimers. This Statement builds on previous FTC commentary on traditional competition-related aspects of generative AI.

Beyond this guidance, however, the Statement contains unusual procedural markers. Among the many tools at the FTC's disposal, a policy statement is the least binding mechanism at the FTC's disposal. By contrast, the FTC could have used some of its other investigative or enforcement tools, such as issuing a final statement of enforcement priorities; disseminating fact-gathering subpoenas under Section 6(b) of the FTC Act; initiating formal rulemaking; serving civil investigative demands ("**CIDs**"); filing administrative litigation; or filing federal lawsuits, whether disputed or as part of a consent decree.

This Statement's enforcement weight is further lessened because it is a proposed policy statement that is being submitted for public comment. This is a shift from the FTC's past practices, as prior FTC policy statements have not been submitted for public comment. For example, the 2022 Section 5 policy statement, the 2023 Orange Book policy statement, and the 2026 Children's Online Privacy Protection Rule policy statement were issued without prior public comment on a proposed policy statement. And while the FTC did issue a 2003 disgorgement policy statement after public comment, that public comment period was on the general topic of the FTC's ability to gain disgorgement, not on the policy statement itself (which had yet to be drafted). The FTC's novel approach to submitting a draft policy statement for public comment could be an admission of the FTC's limited in-house resources with expertise in the AI space following public reports of the exodus of staff from the FTC's Office of Technology, or just that the FTC is trying new methods to expand its knowledge in the growing field.

Overall, even though this Statement is a curious, non-binding step, given the near ubiquity of consumer-facing AI chatbots, its implications extend well beyond frontier AI developers to virtually any company deploying an AI tool that generates output for end users.

Clients that develop or deploy consumer-facing AI-powered tools should check in with qualified counsel to evaluate any risk exposure in line with this Statement and the FTC's enforcement priorities generally, including evaluating whether any new disclaimers are needed or existing disclaimers are adequate. The team at BCLP stands ready to assist clients going through this process.

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Meet The Team

David B. Schwartz

Partner, Washington, D.C.

david.schwartz@bclplaw.com
+1 202 508 6086

Merrit M. Jones

Office Managing Partner,
San Francisco

merrit.jones@bclplaw.com
+1 415 675 3435

Goli Mahdavi

Global AI Lead, San Francisco

goli.mahdavi@bclplaw.com
+1 415 675 3448

Darren E. Ray

Associate, Washington, D.C.

darren.ray@bclplaw.com
+1 202 508 6034
