

CAPITOL OFFICE
1021 O STREET, SUITE 7630
SACRAMENTO, CA 95814
TEL (916) 651-4018
FAX (916) 651-4918

SAN DIEGO COUNTY DISTRICT OFFICE
780 BAY BOULEVARD, SUITE 204
CHULA VISTA, CA 91910
TEL (619) 409-7690

IMPERIAL COUNTY DISTRICT OFFICE
1224 STATE STREET, SUITE D
EL CENTRO, CA 92243
TEL (760) 335-3442

RIVERSIDE COUNTY DISTRICT OFFICE
82013 DR. CARREON BOULEVARD, SUITE J
INDIO, CA 92201
TEL (760) 398-6442

WWW.SENATE.CA.GOV/PADILLA
SENATOR.PADILLA@SENATE.CA.GOV

California State Senate

SENATOR
STEPHEN C. PADILLA
EIGHTEENTH SENATE DISTRICT



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SB 867 – Moratorium on AI-Powered Toys

In 2025, Governor Newsom signed SB 243 (Padilla), first in the nation legislation aimed at protecting Californians from harmed posed by AI chatbots. In Florida, a 14-year-old child ended his life after forming a romantic, sexual, and emotional relationship with a chatbot. Social chatbots are marketed as companions that are helpful to people who are lonely or depressed. However, when 14-year-old Sewell Setzer communicated to his AI companion that he was struggling, the bot was unable to respond with empathy or the resources necessary to ensure Setzer received the help that he needed. Setzer’s mother has initiated legal action against the company that created the chatbot, claiming that not only did the company use addictive design features and inappropriate subject matter to lure in her son, but that the bot encouraged him to “come home” just seconds before he ended his life.¹ This is an example of how AI interaction with children can be harmful without the proper safeguards in place.

In the year following the filing of the first lawsuit— *Megan Garcia v. Character Technologies, Et Al.*²— more parents and families have filed similar cases against a range of operators, including those of general purpose models such as ChatGPT³. Additionally, a growing body of research has examined the risks of this technology, providing further context and evidence about what makes AI Chatbots so dangerous for minor users.

Unfortunately, just as we have begun to address the harms posed by this technology, numerous reports exist about toys powered with the capabilities of AI chatbots hitting the shelves this holiday season.⁴ These toys are marketed for children as young as 3 and include teddy bears and holographic companions. Researcher have found that AI toys are giving kids explicit BDSM advice; explained sex positions and described role-playing scenarios involving teachers, students, parents and children; and tips on finding knives, matches and pills insider their homes.⁵

Earlier this year, Mattel, Inc., one of the largest toy makers in the world, announced a partnership with OpenAI to support AI-powered products.⁶ The proliferation of this technology is rapidly occurring and the body of evidence about the dangers of AI chatbots is exponentially growing. Unfortunately, the protections provided by SB 243 are barely going into effect, and the signing of SB 243 presented a starting point for the enactment of provisions meant to protect children. Marketing and making this technology exclusively through toys presents a trend of big tech using children as guinea pigs to test their products.

Research shows that children are uniquely vulnerable to emotional manipulation and AI chatbot toys can blur the line between play and emotional dependence. Young children lack the capability to discern between AI and a

¹ Roose, Kevin. “Can A.I. Be Blamed for a Teen’s Suicide?” Technology. *The New York Times*, October 23, 2024. <https://www.nytimes.com/2024/10/23/technology/characterai-lawsuit-teen-suicide.html>.

² “Megan Garcia v. Character Technologies, et al. | TechPolicy.Press.” Accessed December 30, 2025. <https://www.techpolicy.press/tracker/megan-garcia-v-character-technologies-et-al/>.

³ “OpenAI Denies Allegations That ChatGPT Is to Blame for a Teenager’s Suicide.” Accessed December 30, 2025. <https://www.nbcnews.com/tech/tech-news/openai-denies-allegation-chatgpt-teenagers-death-adam-raine-lawsuit-rcna245946>.

⁴ Wong, Queenie. “Toys Are Talking Back Thanks to AI, but Are They Safe around Kids?” Los Angeles Times, December 24, 2025. <https://www.latimes.com/business/story/2025-12-24/toys-are-talking-back-thanks-to-ai-but-are-they-safe-around-kids>.

⁵ “Trouble in Toyland 2025: A.I. Bots and Toxics Present Hidden Dangers.” U.S. PIRG Education Fund, November 13, 2025. <https://pirg.org/edfund/resources/trouble-in-toyland-2025-a-i-bots-and-toxics-represent-hidden-dangers/>.

⁶ “Mattel and OpenAI Announce Strategic Collaboration.” Accessed December 30, 2025. <https://corporate.mattel.com/news/mattel-and-openai-announce-strategic-collaboration>.

human making their susceptibility to manipulation and exploitation more likely. Children cannot meaningfully consent to the usage of their data and parents lack and understanding of how data might be used or if it is protected.

The fact that this technology is embedded in toys means that a single flaw could affect millions of children at once, making harmful or inappropriate advice or grooming-like behavior more accessible at a larger scale, especially because updates can change behavior after purchase.

Unfortunately, existing toy and child safety regulations are outdated and inadequate to protect children in the 21st century. SB 867 proposes a moratorium on the sale and manufacturing of toys with AI chatbot capabilities for children under 18 for a period of four years to allow time for us to modernize frameworks before making an entirely new class of products available to our children. SB 867 would limit access to dangerous technology marketed exclusively for children. safety, and accountability in chatbot usage. Technological innovation is crucial, but it is imperative to ensure that children are not used as experimental subjects for testing the safety of new products.

Staff Contact

Name: Cece Sidley

Title: Legislative Aide

Email: Cece.Sidley@sen.ca.gov

Capitol Office: (916) 651 – 4018

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