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Akin Intelligence



February-March 2025

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Welcome to the February-March edition of Akin Intelligence. Following an eventful January, which saw the BIS Diffusion Rule escalate AI-related export controls and the rescission of President Biden's AI Executive Order, February and March had more action from U.S. states and other jurisdictions. Several states moved forward with regulations aimed at deepfakes, international leaders met for the third AI Summit, and tech companies continued their efforts to curb misuse by malicious actors.

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Microsoft Files Amended Complaint in Case Against Malicious Use of Its Generative AI Services

On February 27, 2025, Microsoft filed an amended complaint in its Eastern District of Virginia civil litigation involving alleged malicious use of its generative AI services. Microsoft filed the original complaint under seal in December 2024, which the court unsealed in mid-January. The amended complaint names certain developers of tools that Microsoft alleges were designed to bypass the guardrails of its AI services. The developers are individuals in Iran, the United Kingdom, Hong Kong and Vietnam, and part of an alleged global cybercrime network that Microsoft tracks as Storm-2139. The complaint was filed by Microsoft's Digital Crimes Unit (DCU) as part of broader efforts to prevent the abuse of generative AI.

The complaint alleges that the defendants engaged in a malicious scheme to misuse Microsoft's services "for improper and illegal purposes, including unlawful generation of images depicting misogyny, non-consensual intimate images of celebrities, and other sexually explicit content," using its Azure OpenAI Service and DALL-E image generation technology. Specifically, the complaint alleges that the defendants used stolen API keys and technical circumvention measures to gain unauthorized access to Microsoft's Azure-based implementation of OpenAI's generative AI models and used that access to circumvent Microsoft's safety measures and generate thousands of harmful images.

The complaint asserts claims for relief based on violations of the Computer Fraud & Abuse Act, the Digital Millennium Copyright Act, False Designation of Origin under the Lanham Act, RICO violations including Wire Fraud and Access Device Fraud, Common Law Trespass to Chattels and Tortious Interference.

Federal Action



OSTP Requests Information on AI Development

On February 6, 2025, the Networking and Information Technology Research and Development National Coordination Office (NITRD NCO), on behalf of the Office of Science and Technology Policy (OSTP), issued a Request for Information (RFI) on the Development of an Artificial Intelligence (AI) Action Plan. This Action Plan, as part of the Removing Barriers to American Leadership in Artificial Intelligence executive order, is intended to set forth actions to carry out "the policy of the United States to sustain and enhance America's global AI dominance in order to promote human flourishing, economic competitiveness, and national security." The RFI aims to gather input on priority actions for "any relevant AI policy topic" and lists a broad range of potential categories—including hardware, energy, cybersecurity, and export

controls. The RFI cautions against including business-proprietary or confidential information, and further suggests including “concrete AI policy actions” in submitted responses. Submissions will be accepted through March 15, 2025.

Industry Action



Special Competitive Studies Project Commission Calls for Fusion Energy Initiative

On February 24, 2025, the Commission on the Scaling of Fusion Energy, a commission chartered by the Special Competitive Studies Project (SCSP) that includes congressional leaders, industry and researchers, released its [first report](#), calling for an urgent initiative “to prioritize the rapid commercialization of fusion energy as a matter of national security and restoring U.S. energy dominance,” which in turn would address the energy needs of AI. The commission, formed in 2024, is co-chaired by Senate Foreign Relations Chairman James Risch (R-ID), Senate Commerce Ranking Member Maria Cantwell (D-WA), and SCSP president Ylli Bajraktari.

ITI Issues Report Calling for Targeted Export Controls

The Information Technology Industry Council (ITI) on February 25, 2025, issued a [report](#) outlining policy recommendations for U.S. economic security, specifically calling on policymakers to carefully tailor high-tech export controls targeting China, while building on current U.S. advantages in AI by bolstering research and building out necessary infrastructure to support growth.

IBM Hosts Hill Briefing on AI Competition and Innovation

On February 26, 2025, IBM hosting a Capitol Hill briefing on AI competition and innovation. Panelists includes representatives of the Information Technology & Innovation Foundation (ITIF), IBM Research, Arize AI, and SeedAI.

State Action



Arkansas

Arkansas Protects Individuals Whose Voice or Likeness Are Replicated Through AI and Used Commercially Without Consent

On February 26, 2025, Arkansas Governor Huckabee Sanders [signed a bill](#) to amend the Frank Broyles Publicity Rights Protection Act of 2016 to include protections individuals from commercial use of AI-generated replication of their voice and likeness without authorization of their consent. The bill also provides a method of legal recourse through methods such as injunctions seeking damages for further use. The bill is in response to growing concerns of

privacy and possible commercial exploitation of one's identity without consent in the wake of AI-generated deepfakes and synthetic media.

Kentucky

Kentucky Passes Bill to Regulate AI in Government

On March 24, 2025, Kentucky Gov. Andy Beshear signed a bill that gives the Commonwealth Office of Technology responsibility for creating, maintaining and implementing policies and procedures for the transparent, ethical use of generative AI by the government. The Commonwealth Office must also prioritize privacy and the protection of individuals' and businesses' data, considering and documenting possible discrimination, oversight, risks and benefits of the use of generative AI. Any governmental body must disclose the use of generative AI when rendering and informing decisions related to citizens and producing output accessible to the public, providing options to appeal consequential decisions involving AI. In addition, each department is expected to create a report on the benefits and risks of generative AI use to the Commonwealth Office. The bill also calls for the creation of an Artificial Intelligence Governance Committee to regulate government use of AI and fulfill the new responsibility. The Committee is tasked with developing standards, maintaining a registry of the used generative AI systems, create an approval process for the registration of applications.

Minnesota

Minnesota AG Releases a Report on the Negative Effects of AI on Youth

On February 4, 2025, Minnesota Attorney General Keith Ellison released a report on "Emerging Technology and Its Effects on Youth Well-Being," after the Minnesota Legislature's request in 2023. The report, which is a follow-up to his first report in 2024, is comprised of five sections:

- Section 1: Describes the harms that technology has on young people—such as exposure to unwanted explicit content, cyberbullying, and loss of privacy— and how they are related to design and function of technology products.
- Section 2: Presents proposed or enacted legislative efforts from other states and countries that attempt to curb these issues.
- Section 3: Analyzes the effectiveness of these efforts to evaluate how Minnesota can improve upon them through methods such as targeting design functions over content, avoiding vague statutory language, and preserving minors' freedom of expression.
- Section 4: Describes harms specific to emerging AI technology on young people, focusing on chatbots and generative AI.
- Section 5: Updates and expands the policy recommendations provided in the previous report.

New York

New York Bans DeepSeek from Government Devices

On February 10, 2025, New York Governor Kathy Hochul announced a statewide ban on the downloading of the DeepSeek Artificial Intelligence application onto ITS-managed government devices and networks. The ban is in response to the concerns raised regarding censorship, government surveillance, and the harvesting of data, as the AI start-up was funded by a trading firm based in the People's Republic of China.

New York Protects Employees and Transparency Amid the Introduction of AI Into State Operations

On February 14, 2025, New York passed a bill that promotes transparency regarding the use automated employment decision-making tools and protects the labor rights of government employees regarding the introduction of AI into state operations. The bill mandates that the Office of Information Technology Services maintain an inventory of AI systems utilized by state agencies. In addition, the bill clarifies that the state must also ensure that the introduction of these AI systems does not infringe on the rights of government workers as outlined in collective bargaining agreements, nor does it alter established representational relationships among employee organizations and between employers and employee organizations.

South Dakota

South Dakota Cracks Down on Unlabeled Deepfakes in Elections

On March 25, 2025, South Dakota Gov. Larry Rhoden signed a bill that regulates the use of AI deepfakes in elections. The bill targets the use of intentionally harmful and unlabeled deepfakes of South Dakota politicians within 90 days of an election and introduces potential civil and criminal penalties of a class one misdemeanor, including up to one year imprisonment and a fine of \$2,000. However, the bill provides exemptions from liability for broadcasters, newspapers, websites and radio stations and excludes deepfakes that constitute satire or parody.

- Disclosure: "This (image/video/audio) has been manipulated or generated by artificial intelligence."
- For videos, the disclosure must be legible, no smaller than the largest font size of apparent text and superimposed over each deepfake.
- For audio, the disclosure must be clearly spoken in an audible pitch at the beginning and end of the recording.

Utah

Utah Creates Consumer Protections from the Deceptive Use of Generative AI

On March 27, 2025, Utah Gov. Spencer Cox signed a bill making it unlawful to knowingly use generative AI to create deceptive content with the intention of misleading consumers. If a consumer asks about AI use in a transaction or the AI use constitutes a high-risk interaction, the supplier must disclose the AI use verbally or in writing before the start of interaction. The bill also creates civil penalties, including fines and criminal charges for violations of

such provision and provides the Utah Division of Consumer Protection the authority of enforcement and taking necessary action against deceptive AI use.

Virginia

Virginia Includes Provisions Related to Slander, Libel, and Defamation, to Include Synthetic Digital Content

On March 24, 2025, Virginia Gov. Glenn Youngkin signed [a bill](#) to include synthetic digital content in provisions related to slander, libel, and defamation as well as making the use of synthetic digital content to committing criminal a class 1 misdemeanor. The bill also provides those depicted in synthetic digital content legal recourse through civil action. Finally, the bill calls on the Attorney General to create a working group to study current laws regulating synthetic digital content to make recommendations based on current enforcement and any further actions necessary to address such use in fraudulent acts.

Virginia Bans the Use of DeepSeek AI on State-Run Networks and Government-issued Devices

On February 11, 2025, Governor Glen Youngkin issued an [executive order](#) that banned the use or downloading of DeepSeek AI on state-issued devices and state-run networks. Similar to the state's ban on apps developed by ByteDance Limited and Tencent Holding Limited, the executive order was issued due to national security concerns related to the Chinese government's possible access to user data. Additionally, Governor Youngkin references the app's disabling of "App Transport Security," susceptibility to "jailbreaking," and exposed database as factors in the decision to ban DeepSeek on government devices and networks.

EU and UK Updates



France Hosts Third International AI Summit

On February 10-11, 2025, France hosted the [Artificial Intelligence \(AI\) Action Summit](#) at the Grand Palais in Paris. This was the third AI Summit, following the [AI Seoul Summit](#), which was co-hosted by the U.K. and the Republic of Korea in May 2024, and the [AI Safety Summit](#), which was hosted by the U.K. in November 2023. Speakers included Heads of State and Government, leaders of international organizations, CEOs of small and large corporations, representatives of academia, and members of civil society. The five main themes, and their aims, for the Summit were:

1. **Public Interest AI** - define, build and deliver critical open public infrastructure for the global AI sector to drive beneficial social, economic and environmental outcomes in public interest.
2. **Future of Work** - provide a platform for dialogue on how AI can support the future work agenda, by promoting AI usage that enhances productivity and well-being.
3. **Innovation and Culture** - support and build dynamic and sustainable innovation ecosystems that work hand-in-hand with all economic sectors, notably cultural and

creative industries.

4. **Trust in AI** - consolidate the mechanisms to build trust in AI, based on an objective scientific consensus on safety and security issues.
5. **Global AI Governance** - shape an effective and inclusive framework of international governance for AI, building on the work conducted within the United Nations and on existing initiatives like the Global Partnership on Artificial Intelligence.

EuroHPC Announces Further Locations for AI Factories

On March 12, 2025, the European High Performance Computing Joint Undertaking (“EuroHPC”) announced it has selected a further six locations to host AI factories (in addition to the first seven locations selected back in December, as covered in our last alert):

- Vienna, Austria
- Sofia, Bulgaria at Sofia Tech Park
- Poznan, Poland at PIAST-AI center
- Maribor, Slovenia at the Institute of Information Sciences
- Jülich, Germany
- Bruyères-le-Châtel, France

These newly selected factories will be supported by combined investment from member states and the EU totalling around €485 million.

This follows the announcement by European Commission (“EC”) President Ursula von der Leyen at the AI Action Summit in Paris last month, in which she launched InvestAI - an initiative which will invest €200 billion into mobilising AI in Europe. A major part of the plan involves a €20 billion fund dedicated to the development and construction of AI ‘gigafactories’ and facilities, which will focus on training advanced AI models through state-of-the-art semiconductor technologies.

UK Government Pushes AI and Digital Innovation to Streamline Public Services

On March 13, 2025, in a speech by the Prime Minister, the UK government announced its plans to accelerate its push for AI-driven efficiency across public services, unveiling new measures to replace some civil servant tasks with AI and revamping funding for digital innovation. Under the proposed new plans, AI will take over administrative work where it can meet the same standards as human officials. Prime Minister, Sir Kier Starmer highlighted the potential for £45 billion in savings and improved productivity.

In a parallel move, on March 10, 2025, the UK government also announced it is adopting a “test and learn” approach to AI and digital investment. Starting in April, four funding models will be trialled, including “staged funding” inspired by the GOV.UK generative AI chatbot, to streamline the way digital projects can seek funding. It is envisioned that such initiative will cut bureaucracy, fast-track promising projects, and ensure taxpayer value through rigorous evaluation.

These developments follow the launch of the UK government's AI Opportunities Plan which was published in January this year. One of the core principles of the plan is to push hard on cross-economy AI adoption, including in public services.

Middle East Updates



UAE and French Signed UAE-France Framework for Cooperation in Artificial Intelligence

On February 6, 2025, the UAE and France signed the “UAE-France Framework for Cooperation in Artificial Intelligence” (the “**Framework Agreement**”). The UAE’s President His Highness Sheikh Mohamed bin Zayed Al Nahyan and France’s President Emmanuel Macron of France emphasized their intent to create strategic partnerships and explore collaboration on AI, including investments in UAE and French AI, leading edge chips offtake, data center infrastructure and talent development. The Framework Agreement aims to enhance digital infrastructure and support the development of AI technologies by establishing a 1GW AI complex in France. On February 13, following the signing of the Framework Agreement, the UAE-France High Level Business Council held its third plenary meeting in Paris. During the meeting, several partnerships were signed between private sector companies from both countries.

UAE President Issues Resolution Reconstituting AIATC

On February 12, 2025, in his capacity as Ruler of Abu Dhabi, His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE, issued a resolution to reconstitute the Artificial Intelligence and Advanced Technology Council (**AIATC**) and appointed new members. Since its establishment in January 2024, AIATC has assumed an important role in regulating, implementing and developing policies and strategies related to AI and advanced technologies in Abu Dhabi. This initiative aligns with Abu Dhabi’s ambition to position itself as a global leader in AI and advanced technology. AIATC’s establishment underscores Abu Dhabi’s commitment to fostering research, investments and collaboration with local and international partners.

Akin Thought Leadership



[Live Now: Akin's Trump Executive Order Tracker](#) (January 20, 2025)

[USPTO Announces Artificial Intelligence Strategy](#) (January 16, 2025)

[BIS Issues New Framework for AI Diffusion](#) (January 14, 2025)

[CPPA Opens Public Comment Period for Proposed AI Regulations](#) (January 11, 2025)

[FDA Publishes a Wide Range of Guidances in the Final Days of the Biden Administration](#)
(January 7, 2025)

[FDA's Idea Lab Seeks to Reimagine Device Use in the Home Through New Virtual Reality Prototype](#) (January 2, 2025)

[Post-Election Outlook | FCC Rules Under Scrutiny: Net Neutrality, Digital Discrimination, and Consumer Protections](#) (December 18, 2024)

[Post-Election Outlook | AI Regulation Under President-Elect Trump](#) (December 16, 2024)

[Lawmakers Advance AI Provisions in Must-Pass Defense Bill](#) (December 11, 2024)

[CFTC'S Year-End AI "Placeholder" Guidance](#) (December 9, 2024)

[EU AI Act Targeted Stakeholders Consultation on Prohibitions and Definition of AI Systems](#)
(December 5, 2024)

[FDA Finalizes PCCP Guidance for AI-Enabled Medical Devices](#) (December 4, 2024)

[Post-Election Takeaways for TMT](#) (November 26, 2024)

[AdvaMed Releases AI White Paper](#) (November 25, 2024)

[Final Regulations Issued by Treasury Restrict US Investment in Chinese Tech Sector](#)
(November 25, 2024)

[National Institutes of Health Develops AI Algorithm to Identify Potential Volunteers for Clinical Trials](#) (November 25, 2024)

[EU AI Act in Action: First Draft General-Purpose AI Code of Practice](#) (November 18, 2024)

[FDA and Department of Veteran Affairs Set to Launch Virtual Lab Testing AI Tools, Subject to Trump's Plans](#) (November 8, 2024)



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