● INSIGHT

# Texas: Privacy and cybersecurity trends

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**Summary**

# Key Takeaways

- **Texas AG Enforcement**: Texas has become a prominent enforcer of data privacy and cybersecurity laws, bringing multiple actions under various statutes.
- **Notable Lawsuits**: Texas has sued a car manufacturer for selling consumer data and settled with a healthcare AI firm over misleading accuracy claims.
- **Child Privacy**: Texas enforced the SCOPE Act against a social media platform for failing to secure parental consent and misrepresenting explicit content.
- **Comprehensive Privacy Law**: Texas filed the first lawsuit under a state comprehensive privacy law against an insurance company for unauthorized data collection.
- **Data Broker Act Amendments**: Texas expanded the definition and requirements for data brokers, indicating future enforcement against data-driven companies.

# Things to Consider

- **Stay Updated on Texas Laws**: Businesses should closely monitor Texas's evolving data privacy and cybersecurity regulations to ensure compliance and avoid potential enforcement actions.

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**Texas has become a leading enforcer of data privacy and cybersecurity laws, bringing significant actions under various statutes.**

The data privacy and cybersecurity enforcement landscape in the US is increasingly driven by state Attorneys General (AG) offices. While California has historically been the most prominent regulator in the privacy and cybersecurity landscape, Texas is establishing itself as an active enforcer. In the past two years alone, the Texas AG has secured multiple settlement agreements against companies for various alleged data privacy and cybersecurity law violations and also brought the first-ever lawsuit under a state comprehensive privacy law.

Texas's comprehensive privacy law is not the only enforcement mechanism used by the state to regulate data privacy and cybersecurity practices. Texas routinely brings actions under its Deceptive Trade Practices Act (DTPA) for data privacy issues. The State also has more particularized data and cybersecurity statutes on the books, including the Securing Children Online Through Parental Empowerment (SCOPE) Act, the Capture or Use of Biometric Identifier (CUBI) Act, and the recently passed Texas Responsible Artificial Intelligence Governance Act (TRAIGA). Texas is also one of four states with a data broker registration requirement (through the Texas Data Broker Act), which (as we discuss below) was recently broadened in scope through amendments. These laws provide Texas with ample resources to pursue data privacy and cybersecurity enforcement activities in the future.

In this Insight article, Kirk Nahra, Ali Jessani, and Blythe Riggan[1], of Wilmer Cutler Pickering Hale and Dorr LLP, highlight several key data privacy and cybersecurity enforcement actions brought by the Texas AG in the past two years, as well as other key legislative updates in the State. These developments demonstrate Texas's growing interest in pursuing data privacy and cybersecurity enforcement. It is likely that Texas will continue to be a leader on these issues, though other states may follow suit, especially as new comprehensive privacy laws go into effect and states continue to focus on regulating artificial intelligence (AI).

# Texas sues a car manufacturer for selling consumer data (June 2024)

In June 2024, Texas opened an investigation into various car manufacturers regarding allegations of unauthorized collection and sale of consumer data. As a result, Texas sued one car manufacturer for violations of the DTPA on August 13, 2024. According to the complaint, the car manufacturer collected and sold consumer data through software installed in cars beginning in 2015 - known as Connected Vehicle Services - as well as the car manufacturer's mobile apps. In

June 2025, the car manufacturer asked a New York bankruptcy court to stay the lawsuit on the grounds that Texas improperly brought successor liability claims barred by the car manufacturer's 2009 bankruptcy sale. The Judge has yet to rule on that request, but even if the court sides in the car manufacturer's favor, the car manufacturer will still have to deal with complaints alleging similar privacy violations brought by the Federal Trade Commission (FTC) and Nebraska. Texas is a pioneer here, as this is the first state lawsuit against an auto manufacturer for selling consumer data.

# Enforcement extends to AI, reaching a settlement with a healthcare technology company (October 2024)

On September 18, 2024, Texas settled with a Dallas-based healthcare AI research and development firm to resolve a dispute regarding representations of the accuracy of its AI products. The firm marketed its AI products as being 'highly accurate' with an extremely low 'severe hallucination rate.' Texas alleged that the AI system was much more inaccurate and deceived healthcare professionals into relying on the product. This settlement occurred before Texas passed TRAIGA, which goes into effect on January 1, 2026, and imposes various regulations on the development and use of AI systems, including disclosure requirements and bans on gathering biometric data or manipulating human behavior. With this new tool at the AG's disposal, it seems likely Texas will be even more active in the regulation of AI in the near future.

# Texas enforces child privacy laws

# (October 2024, January 2025)

Over the span of a year, Texas brought two separate enforcement actions against a social media platform. According to the Texas AG's October 2024 complaint, the platform allegedly violated the SCOPE Act after failing to secure parental consent before sharing, disclosing, or selling a minor's personal identifying information and failing to create 'parental tools' to allow a parent to supervise a minor's digital device. However, this enforcement action is temporarily on pause after a Federal District Judge enjoined portions of the SCOPE Act due to free speech concerns. And while the Supreme Court recently sided with Texas on a free speech challenge to online content age-requirements in *Free Speech Coalition v. Paxton*, until the District Court's decision is changed, this particular case is in limbo. Separately, Texas alleged that the platform violated the DTPA by misrepresenting the quantity of explicit material depicting drugs, nudity, alcohol, and profanity exposed to children on the app. While the platform represented the presence of such videos was 'infrequent' and 'mild,' Texas alleged in the January 2025 complaint that a 'virtually endless stream of videos on such topics easily accessible to minors.'

# The first-ever state comprehensive privacy lawsuit (January 2025)

Texas brought the first lawsuit under any state comprehensive data privacy law against an insurance company and its data analytics subsidiary company. The suit, filed in January 2025, alleges that the company developed a software development kit (SDK) that could collect a user's geolocation and movement data. Texas further alleged that, through the subsidiary, the insurance company paid other software developers to integrate the SDK into their apps to track consumers' geolocation data and then used that data to justify raising Texans' car insurance premiums. Texas alleged that, by collecting consumers'

geolocation data without their knowledge or consent, the insurance company violated the TDSPA. Additionally, by collecting such vast amounts of personal data without registering as a data broker, Texas alleged violations of the Texas Data Broker Act. This definition was recently amended in June 2025 to apply to a business entity that 'collects, processes, or transfers personal data that the business entity did not collect directly from the individual…' Broadening the scope of the Data Broker Act likely forecasts additional enforcement against other data-driven companies.

# Record settlement against technology company (May 2025)

Texas secured nearly $1.4 billion in a settlement with a technology company in connection with multiple data privacy claims, including the company's alleged violation of CUBI. According to Texas's complaint, the company collected users' face geometry and voiceprints without their prior notice and consent as part of their products. Allegedly, the company also used this data to develop its AI and machine learning systems. Both facial geometry and voiceprints are considered biometric identifiers under CUBI, which requires prior notice and consent, as well as complying with cybersecurity and retention regulations, to collect that information for a commercial purpose. This is one of the largest data privacy-related settlements reached by a single state.

# Texas amends its Data Broker Registration Law (June 20, 2025)

On June 20, 2025, the Texas Governor signed two bills into law that amended the Texas Data Broker Act. One of the bills, SB2121, expands the definition of a 'data broker' to mean a business entity 'that collects, processes, or transfers personal data that the business entity did not collect directly from the individual linked or linkable to the data.' Previously, the statute only applied to entities whose 'principal source of revenue' was derived from data broker activities, which exempted many entities that otherwise met the threshold of a data broker under the law. The other bill, SB1343, expands the information that data brokers are required to maintain on their websites or mobile applications. Under the amendment, websites and mobile applications must include information about how consumers can exercise their consumer rights. Both amendments enterred into effect on September 1, 2025.

# Conclusion

Over the past two years, Texas has established itself as a leader in privacy and cybersecurity enforcement activities. In addition to bringing the first-ever lawsuit under a state comprehensive privacy law, the Texas AG has brought enforcement actions under the DTPA, the SCOPE Act, and CUBI. With TRAIGA and the amendments to the Texas Data Broker Act set to go into effect over the next several months, it is likely that Texas will continue to be a leader on these issues.

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