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Week 30

Artificial Intelligence Governance, Accountability, and the AI Harm Compensation Fund

"If it tells you something wrong and you get hurt — someone is responsible."

1. The Problem

Artificial intelligence systems are making consequential decisions about Americans' credit, healthcare, employment, and legal standing — with no transparency, no accountability, and no mechanism for recourse when they are wrong. AI systems presented as factual sources are producing misinformation that causes real financial, medical, and reputational harm. Workers in manufacturing, trucking, customer service, and knowledge work are being displaced by AI systems with no governing standard for notice, retraining, or transition assistance. This platform was built with AI assistance. In the course of that work an AI system incorrectly stated that the U.S. government paid the JBS ransomware ransom — it was JBS that paid it. The error was caught, corrected, and documented. Week 30 is the policy response to a problem the candidate experienced directly.

2. The Governing Principle

If an AI system tells you something wrong and you get hurt — someone is responsible. The same accountability standards that apply to a financial advisor, a physician, a product manufacturer, and a publisher apply to an AI system. Accountability does not require identifying which specific training data caused the error — it requires that the company that deployed the system take responsibility for the harm it caused. Transparency is not optional. The right to a human decision is not a premium feature. Foreign adversary AI systems operating in the United States are a national security risk regardless of their commercial applications.

3. The Specific Policy

AI Accountability and Liability

- AI systems that present information as factual and cause financial, medical, or reputational harm through misinformation are liable under federal law: the same standard that applies to a financial advisor who gives wrong advice, a physician who provides incorrect information, or a manufacturer who ships a defective product applies to an AI system that presents false information as fact and

causes harm. The cause of action is available to individuals, businesses, and state attorneys general. Class actions permitted.

- **Strict liability for high-stakes AI decisions:** AI systems making decisions in credit, insurance, employment, healthcare, housing, and criminal justice that affect individual Americans are strictly liable for discriminatory outcomes — no intent required. The company that deploys the system is responsible for its outputs regardless of which vendor supplied the underlying model.
 - **Right to human review:** any consequential AI decision — a credit denial, an insurance claim rejection, an employment screening result, a benefits determination, a criminal justice recommendation — must be reviewable by a human decision-maker on request at no additional cost and within a defined timeline. The human reviewer must have actual authority to override the AI recommendation.
 - **Mandatory disclosure:** every AI-generated piece of content presented to an American must be labeled as AI-generated. Every AI system making consequential decisions about Americans must disclose that it is an AI system and provide the basis for its decision on request. The right to know you are talking to an AI is not negotiable.
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The AI Harm Compensation Fund

- **Industry-funded, federally administered:** companies that deploy AI systems contributing more than \$1 billion in annual revenue from AI-enabled products pay into the AI Harm Compensation Fund based on revenue and documented harm history. The fund is administered by a federal board with independent actuarial review. Funding is automatic — not subject to annual Congressional appropriation.
 - **No lawsuit required:** a harmed American files a claim with the AI Harm Compensation Fund. If the claim meets the documented harm standard, compensation is paid within 90 days. The claimant does not need to hire a lawyer, identify which specific AI system caused the harm, or sue a trillion-dollar corporation. The fund pursues reimbursement from the responsible deployer.
 - **Claim categories:** documented financial harm from AI-generated misinformation; discriminatory denial of credit, insurance, employment, housing, or healthcare by an AI system; reputational harm from AI-generated false content; physical harm from AI system failure in medical, transportation, or safety-critical applications.
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Worker Protection and AI Displacement

- **18-month advance notice for AI-driven mass layoffs:** a company that deploys an AI system that eliminates more than 100 jobs must provide 18 months advance notice to affected workers — the same standard Version A provides to corporations for tax reform. Notice triggers automatic enrollment in the Week 12 Career Incentive Program retraining pipeline.
- **AI displacement tax:** companies that reduce their workforce by more than 10% through AI deployment pay an AI displacement tax on the labor cost savings — proceeds fund the Career Incentive Program and AI Harm Compensation Fund. The tax is not punitive — it is a cost internalization mechanism that ensures companies deploying AI bear the retraining cost of the

workers they displace.

- **No federal contracts for companies that violate AI worker protection standards:** federal contractors must comply with the 18-month notice requirement, the displacement tax, and the human review right as a condition of federal contract eligibility.

Foreign Adversary AI Systems

- **Foreign adversary AI systems prohibited:** AI systems developed, trained, or controlled by entities in China, Russia, Iran, or North Korea — or by entities with significant ownership or data-sharing relationships with those governments — are prohibited from operating in the United States in any application that touches critical infrastructure, defense, healthcare, financial services, education, or government. TikTok is the model. The prohibition covers any AI system, not just social media platforms.
 - **Federal AI procurement standards:** federal agencies may only procure AI systems from American-owned companies operating on American infrastructure with American-trained personnel. No federal data may be processed by a foreign-controlled AI system regardless of the contractual arrangement.
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AI Governance Structure

- **Federal AI Accountability Office:** a new federal office within the FTC with enforcement authority over AI liability, disclosure requirements, the harm compensation fund, and foreign adversary AI prohibitions. Staffed by AI engineers, lawyers, and consumer advocates. Budget funded by the AI displacement tax and fund assessments — not general appropriations.
- **Open source AI research exemption:** the liability and disclosure framework applies to commercial AI deployments, not to academic research, open-source development, or personal non-commercial use. The regulatory burden falls on the companies profiting from AI deployment, not on researchers building the field.

4. Estimated Cost and Revenue

AI Harm Compensation Fund: self-funded by industry assessments — no federal appropriation. AI Accountability Office: approximately \$500 million per year funded by displacement tax and fund assessments. AI displacement tax revenue: estimated \$5-20 billion per year depending on deployment pace — funds Career Incentive Program and the compensation fund. Net federal cost: approximately zero — the framework is designed to be self-funding through industry assessments on the companies that benefit from AI deployment.

5. Year 1 Implementation and Measurable Result

Year 1 measurable result: AI Harm Compensation Fund legislation introduced within 30 days; mandatory AI content labeling rule published by FTC within 90 days; right to human review regulation published within 90 days; foreign adversary AI prohibition executive order within 30 days; 18-month notice requirement for AI-driven mass layoffs effective within 180 days; AI Accountability Office established within 180 days. This platform experienced AI misinformation firsthand — an AI system incorrectly stated the U.S. government paid the JBS ransomware ransom. The error was corrected. Week 30 ensures accountability for the next error that is not caught in time.

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