

“AI in Law Firms: How to Use It Without Violating Ethical Duties”

Presented by:
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GALLOP

Technology Group



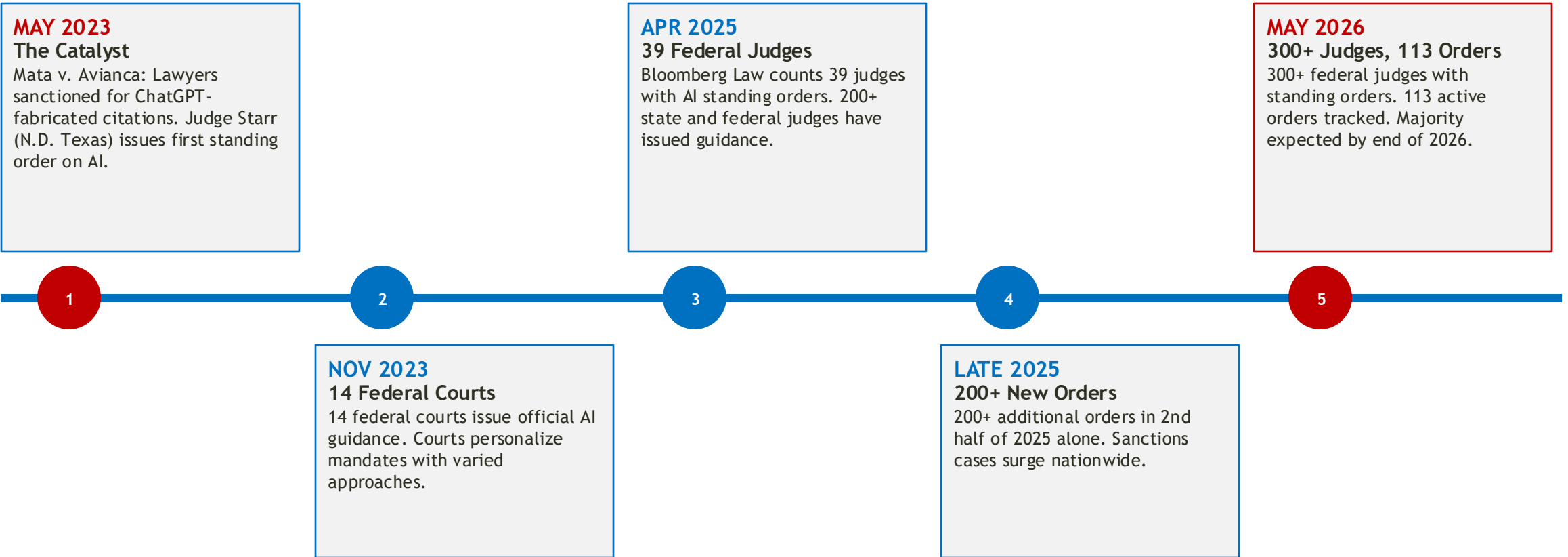
- Born and raised in Israel
- Served in the IDF/ Intelligence force
- Worked at a Microsoft Israel.
- Moved to AZ in 2000
- Married to Christina, and to his job
- Children: 4 (ages 16,18,18,18)
- Hobbies: Family trips, Coaching & playing Volleyball, Efficiency and automation



 Download the full checklist of top tools firms use: GallopTechGroup.com/checklist

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THE EXPLOSIVE GROWTH OF COURT AI ORDERS



From 1 order in May 2023 to 300+ in 2026 – at the current rate, a majority of federal judges will have an AI order before year-end.

CASE STUDY: PHOENIX SUNS AI SANCTIONS

What Happened

- Former Suns employee filed discrimination lawsuit alleging sexual harassment and retaliation
- Attorney Sheree Wright's filings contained **at least 18 fake references**
- AI-generated citations to cases that don't exist and fictitious quotes from ones that do
- Three separate motions contained questionable AI-generated content
- Suns' attorneys spotted the problem; judge confirmed "AI hallucinations"

Consequences

- Wright ordered to pay portion of Suns' legal costs
- Firm banned all AI use and self-reported to Arizona State Bar
- Staff member filed AI-drafted brief while attorney was on leave
- Discrimination case itself is still moving forward
- Arizona State Bar issued formal AI warning in Dec 2025

The Bigger Picture: 1,400+ known cases of AI hallucinations in court filings (per Charlotin Database). Sanctions, suspensions, and bar referrals are accelerating.

Sources: KJZZ, AZFamily, Bloomberg Law, ASU AI & Legal Tech Studio (April 2026)

WHY AI MATTERS TO LAW FIRMS

1. 78% of legal professionals now use AI tools (Litify 2025)
2. Used for:
 - Legal Research
 - Drafting
 - Contract Review
 - Litigation Support
3. Efficiency gains vs. Ethical risks

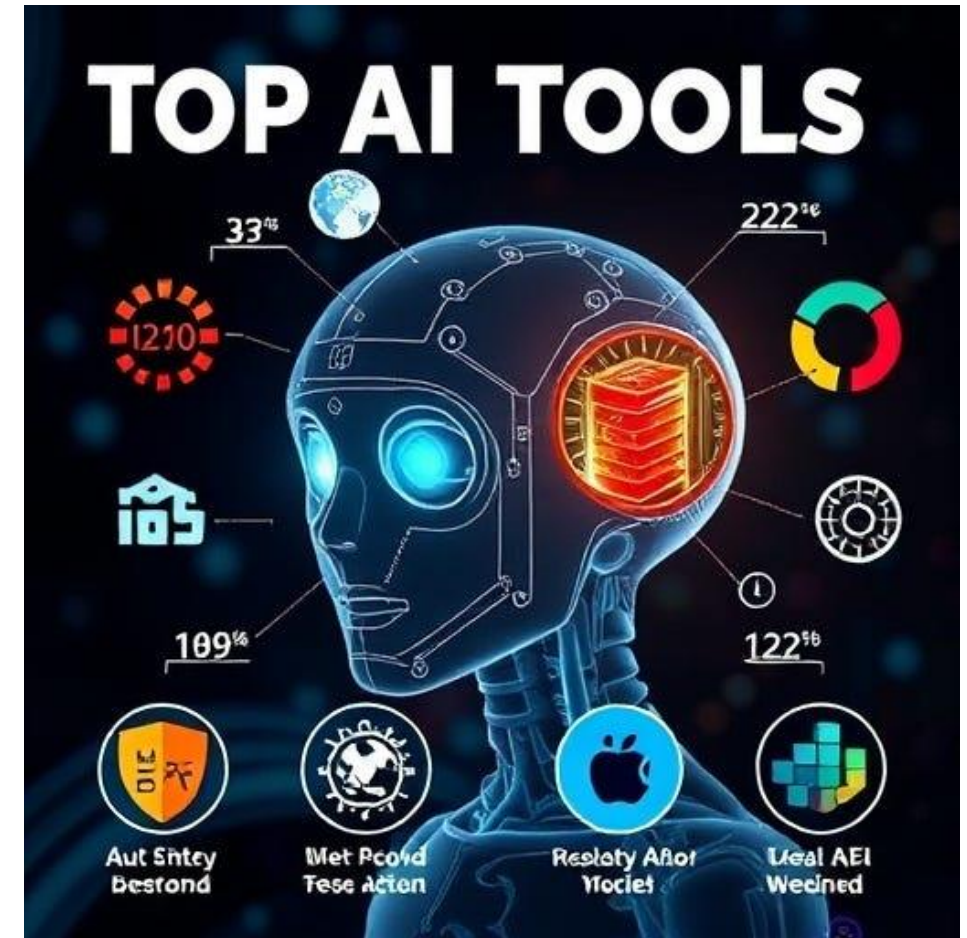


Key Idea: AI is a tool, not a replacement for attorney judgment. 44% of firms still lack AI governance policies.

COMMON AI TOOLS USED BY LAWYERS

- Generative AI (e.g. Chat GPT)
- Legal Research platforms with AI
- Document Review Tools
- Predictive Analytics

“Not all tools meet legal-grade standards.”



THE ETHICAL FRAMEWORK

Professional Responsibility Rules Implicated

- Duty of competence
- Duty of confidentiality
- Duty of candor to the court
- Duty of supervision
- Duty to communicate with clients
- ABA Formal Opinion 512 (2024) confirms these duties apply to generative AI use



THE ETHICAL FRAMEWORK

Duty of Competence

Key Issue: Understanding AI's capabilities and limits

Attorney's must:

- Know how AI works (at a high level)
- Verify AI outputs
- Avoid blind reliance



Ethical Risk: Using AI without understanding its error rates.

THE ETHICAL FRAMEWORK

Duty of Confidentiality

Major Risk Area

AI tools may:

- Store prompts
- Use data for training
- Be accessed by third parties

Best Practice:

- Never input confidential client data into public AI tools
- Use firm-approved platforms only



THE ETHICAL FRAMEWORK

Accuracy & “Hallucinations”

What can go wrong?

- Fabricated case citations
- Incorrect legal standards
- Incomplete or outdated law



Reality: 1,400+ documented court cases of AI hallucinations globally (per Charlotin Database, May 2026).

THE ETHICAL FRAMEWORK

Attorney Responsibility for AI Errors

- Attorney remains fully responsible
- “The AI made a mistake” is not a defense
- Courts expect human verification - \$30,000+



THE ETHICAL FRAMEWORK

Duty of Candor to the Court

- False citations - Sanctions
- Misleading filings - Ethical violations
- AI generated errors can become misconduct



THE ETHICAL FRAMEWORK

Duty of Supervision

Applies to:

- Associates
- Staff
- Vendors
- AI Tools

Supervision Requires:

- Training
- Policies
- Review Procedures



CASE STUDY

AI-generated Fake Citations

Mata v. Avianca (S.D.N.Y. 2023)

Filing included fake cases generated through ChatGPT-assisted research

AI fabricated cases

Attorney submitted them without verification

Outcome:

Sanctions imposed

Court emphasized accountability

Federal court sanctions imposed – one of 1,400+ similar cases documented since

Reference: <https://law.justia.com/cases/federal/district-courts/new-york/nysdce/1:2022cv01461/575368/54/>

CASE STUDY

Lessons from Mata v. Avianca

- Always verify resources
- AI research must be treated as a draft
- Ethical rules apply regardless of technology

Reference: <https://law.justia.com/cases/federal/district-courts/new-york/nysdce/1:2022cv01461/575368/54/>

CASE STUDY

Hypothetical Law Firm Scenario

- Associate inputs client facts into public AI tool
- Data becomes externally accessible
- Client confidentiality compromised

Ethical Exposure:

- Breach of confidentiality
- Malpractice risk

CASE STUDY

Court Disclosure Requirements

Courts increasingly require:

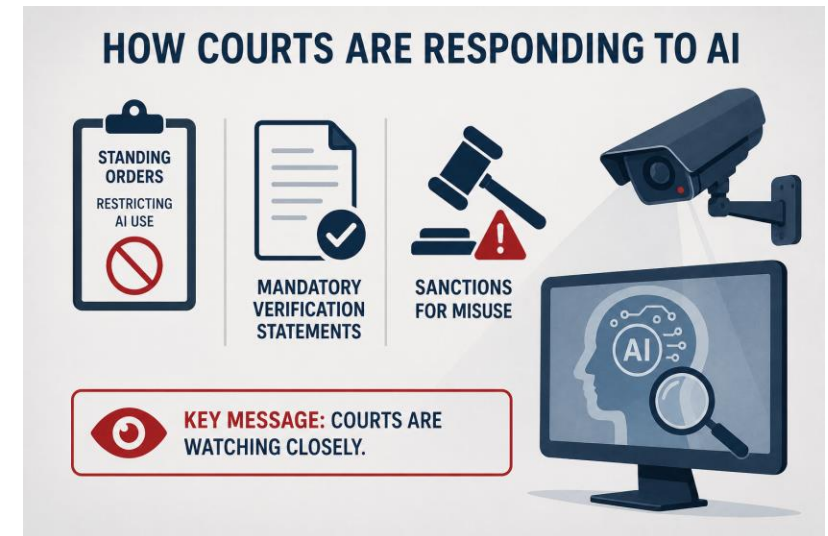
- Disclosure of AI use
- Certification of human review

300+ federal judges now require AI disclosure (up from 1 in May 2023)

COURTS, POLICIES, & CLIENT COMMUNICATION

How Courts Are Responding: Standing Orders, Disclosure, and Verification

- Standing orders restricting AI use
- Mandatory verification statements
- Sanctions for misuse



113 active standing orders on AI in federal and state courts as of May 2026

COURTS, POLICIES, & CLIENT COMMUNICATION

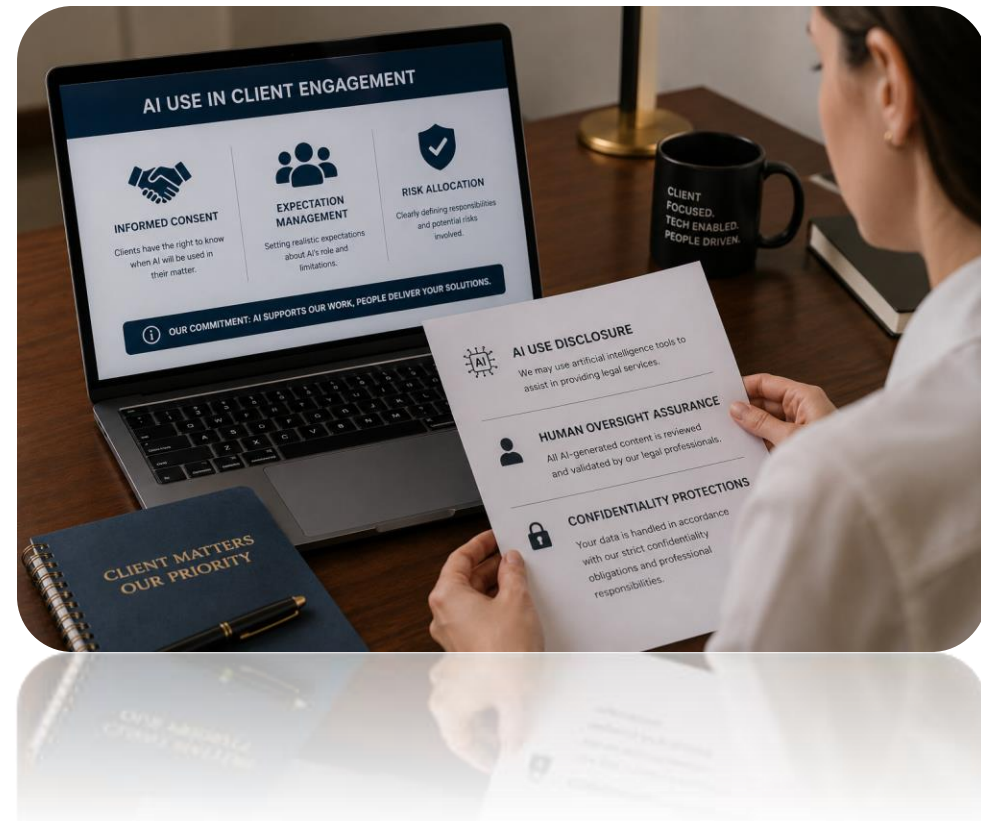
Addressing AI in Client Arrangements

Why it matters:

- Informed consent
- Expectation management
- Risk Allocation

Suggested Language Topics:

- AI use disclosure
- Human oversight assurance
- Confidentiality protections



COURTS, POLICIES, & CLIENT COMMUNICATION

Firm Wide AI Policies

73% of Am Law 200 have policies

- Approved AI tools list
- Prohibited uses
- Data handling rules
- Review requirements
- Training mandates



COURTS, POLICIES, & CLIENT COMMUNICATION

Integrating AI Without Increasing Liability: Draft. Verify. Protect. Document.

Best Practices

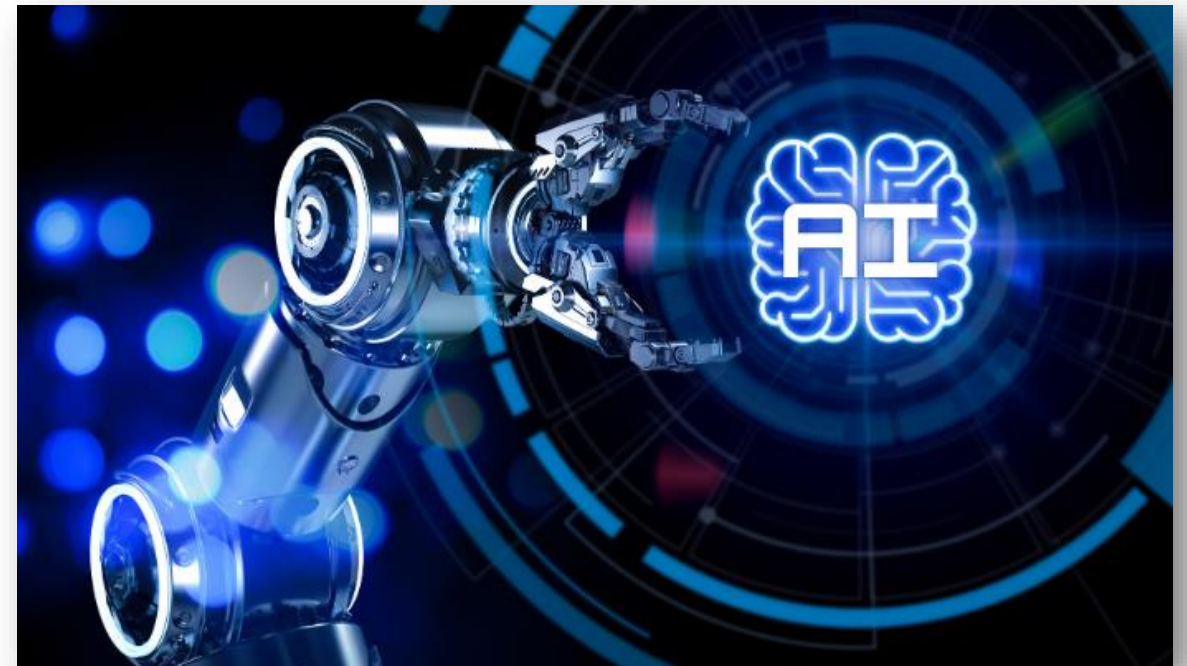
- Treat AI as a drafting assistant
- Require attorney review of all outputs
- Keep humans in the loop
- Document verification steps



COURTS, POLICIES, & CLIENT COMMUNICATION

Practical AI Use Cases

- Brainstorming non-confidential outlines
- Editing style and grammar
- Summarizing public documents
- Generating checklists (with review)



WRAP-UP

Key Takeaways:

- AI can improve efficiency, but not ethics – 1,400+ hallucination cases prove it
- Attorneys remain accountable
- Verification is mandatory
- Policies and disclosure reduce risk



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WRAP-UP

Ethical Safeguards Checklist

- Understand your AI tool
- Protect client confidentiality
- Verify all outputs
- Train attorneys and staff
- Update policies regularly



REFERENCES & RESOURCES

- ABA Model Rules of Professional Conduct (Official Page)
[https://www.americanbar.org/groups/professional_responsibility/publications/model_rules_of_professional_conduct/\[americanbar.org\]](https://www.americanbar.org/groups/professional_responsibility/publications/model_rules_of_professional_conduct/[americanbar.org])
- ABA Formal Opinion 498 (Virtual Practice, March 10, 2021)
<https://practicesource.com/wp-content/uploads/2021/03/aba-formal-opinion-498.pdf> [practicesource.com]
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- Denton County, Texas - Standing Order on AI Use
<https://www.dentoncounty.gov/DocumentCenter/View/11419/Standing-Order-Regarding-Use-of-Artificial-Intelligence-Denton-County-District-Courts-PDF> [dentoncounty.gov]
- U.S. District Court (Eastern District of Texas) - AI Disclosure Order
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REFERENCES & RESOURCES

Charlotin AI Hallucination Database (1,400+ cases tracked globally)

<https://www.damiencharlotin.com/hallucinations/>

Litify State of AI in Legal Report (Feb 2026) – 78% adoption, tool breakdown (ChatGPT 66%, Copilot 42%, Gemini 24%)

<https://www.businesswire.com/news/home/20260204208985/en/>

Mordor Intelligence – AI Software Market in Legal Industry (2026) – Market size and projections (\$2.4B in 2025, \$4.4B by 2031)

<https://www.mordorintelligence.com/industry-reports/ai-software-market-in-legal-industry>

Harvey AI – \$11B Valuation (Mar 2026)

<https://www.cnn.com/2026/03/25/legal-ai-startup-harvey-raises-200-million-at-11-billion-valuation.html>

Thomson Reuters / Casetext Acquisition (\$650M)

<https://ccbjournal.com/news/thomson-reuters-corporation-signs-definitive-agreement-to-acquire-casetext>

LexisNexis / Anthropic Integration (Feb 2026)

<https://www.lexisnexis.com/community/pressroom/b/news/posts/lexisnexis-enhances-lexis-with-protege-platform>

Sixth Circuit Sanctions – Whiting v. City of Athens (Mar 2026)

<https://www.lawnext.com/2026/03/sixth-circuit-slaps-steep-sanctions-on-two-lawyers>

K&L Gates / Ellis George AI Sanctions (\$31,100, May 2025)

<https://www.abajournal.com/web/article/judge-imposes-sanctions-for-collective-debacle>

Alabama Supreme Court AI Dismissal (Apr 2026)

<https://www.actionnewsjax.com/news/trending/alabama-supreme-court-sanctions-fines-attorney>

ALM Intelligence (2026) – Am Law 200 AI Policy Data – 73% with policies, 29% with enforcement

Legal AI Governance – Court Order Tracker

<https://legalaigovernance.com/tracker/states/>

We have created some great checklists for you... for free.

It will help you with:

- Streamline Compliance and Security
- Empowers Non-Technical Staff
- Save Time and Reduces Errors
- Supports Business Continuity



To get your FREE checklist, visit:

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- Build Customer Trust
- Gain Insight into Email Activity
- Detect Leaked or Stolen Information



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Hacking demo you should watch:

This is for teams who don't yet believe how simple attacks really are

Why?

- See how easy a hacker gains FULL access to a computer.
- See how simple social engineering can trick employees.
- See how fast your pictures or files can be stolen.
- See how simple hacker can capture your keystrokes.

To watch this video, visit:

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Stay in touch



- Reach out to me directly with questions/ concerns
- Reach out to request a speaking engagement

My social links and contact information:

www.GallopTechGroup.com/Beits

Or scan the QR code



THE END

Thank you! Stay ethical!