



UNCORKING SOLUTIONS



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Uncorking Intelligence: Safely Tapping AI in Bankruptcy Practice

This Program

Artificial intelligence is fermenting rapidly in the legal world — but like any new vintage, it must be handled with care.

This panel will demystify how AI actually works and explore the evolving landscape of generative and agentic tools.

Our speakers will provide insight on various AI products and uncork practical guidance on using AI ethically, effectively, and transparently in courts, firms, and client relationships.

Understanding AI and Hallucinations

Token Prediction Mechanism

AI models generate text by predicting the next token using patterns from previous data, not by recalling facts.

Causes of Hallucinations

Hallucinations occur when AI creates inaccurate or fabricated responses due to gaps or ambiguities in training data.

Prevalence Across Drafting Tools

All drafting tools based on token prediction can hallucinate since they do not possess true factual knowledge.



Types of AI in Law



Generative AI Applications

Generative AI is used to draft contracts and summarize legal documents, creating new content for legal professionals.

Agentic AI Capabilities

Agentic AI interacts with users, carries out tasks, and makes decisions based on user input in legal settings.

Assistive AI Tools

Most legal AI tools assist with research and document review, operating under human supervision due to regulatory concerns.

AI Tools in Legal Practice

AI in Legal Research

AI-powered legal research tools speed up information retrieval and help lawyers find relevant cases and statutes efficiently.

Document Drafting and Summarization

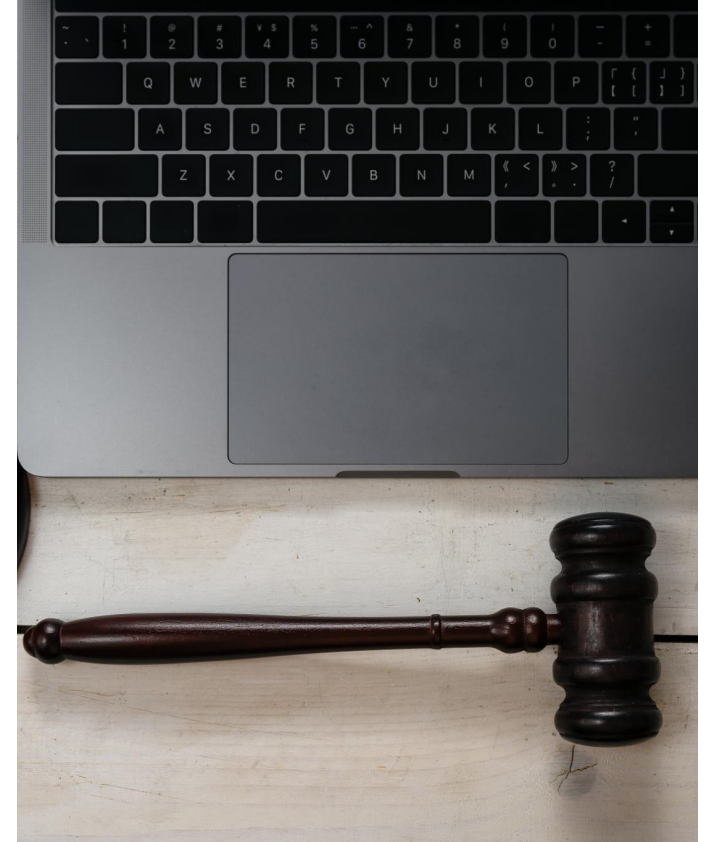
AI platforms assist in generating, summarizing, and condensing legal documents, making drafting more efficient and accurate.

Editing and Vetting Support

Editing tools powered by AI improve document clarity, while vetting tools help verify evidence and ensure legal accuracy.

Bankruptcy and Practice Management

Specialized AI applications assist with bankruptcy tasks, including cash flow projections, fee examination, and managing legal practices.



Effective AI in Action

Intake and Triage

AI reviews client inquiries and intake forms to flag urgency, identify issue types, and route matters to the right team.

Deadlines and Task Management

AI extracts deadlines from dockets and court orders, generates task lists, and sends reminders to reduce missed filings.

Drafting and Review Support

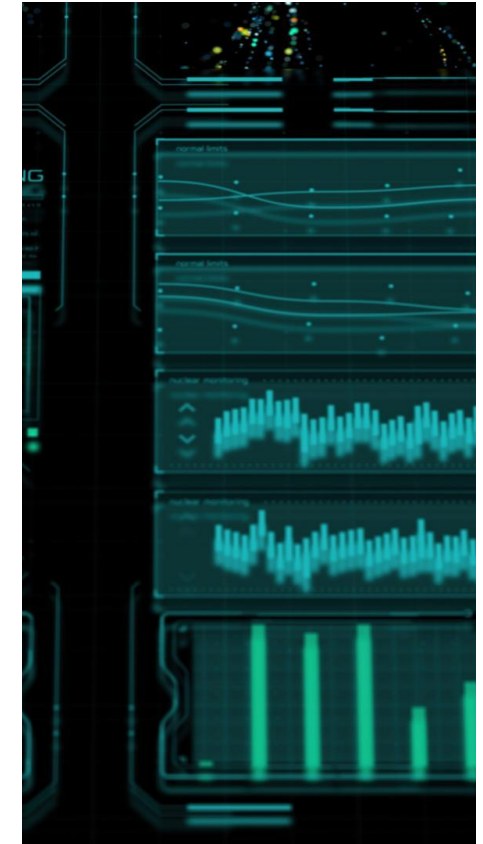
AI produces first drafts of routine documents and summaries using firm templates, with attorney review required.

Document Organization and Summaries

AI summarizes pleadings and rulings, builds matter timelines, and helps onboard new team members quickly.

Visibility and Oversight

AI dashboards show matter status and workloads, supporting better resource allocation under attorney supervision.



Effective AI in Action



Bankruptcy Specific Examples

- 13 Week Budgets
- Employment Applications
- Fee Applications
- Plan Projections

Litigation Specific Examples

- Issue Spot and Theme Development
- Outlining the Opposing Party's Papers
- Cite Checking Opposing Party's Brief
- Drafting and Editing Briefs

Courts Embracing AI Technology



Local Bankruptcy Rules Governing Use of AI

Bankr. S.D. Cal. General Order No. 210 requires certification that the documents were reviewed for accuracy if generative AI is used



Guidance for Judiciary Use of Artificial Intelligence

In early 2026, the Committee on Codes of Conduct has issued initial ethics guidance regarding the Court's use of AI



Transparency and Oversight

AI-driven research enhances transparency by cite checking

Clients and AI Expectations

AI Bill Analysis

Clients now leverage AI to review bills.

AI in Firm Pitches

Firms integrate AI in their presentations to highlight innovation and differentiate themselves from competitors.

Transparency and Trust

Clients expect clear communication about AI usage, applications, and safeguards.



AI Transforming Legal Training

Associate Training

Training associates regarding the safe and ethical use of AI is critical.

Streamlined Legal Research

AI tools accelerate legal research and case analysis.

Enhanced Skill Development

AI advancements enable skill development for legal professionals, promoting efficiency and precision in practice.



AI Privacy Policies

Strict Privacy Measures

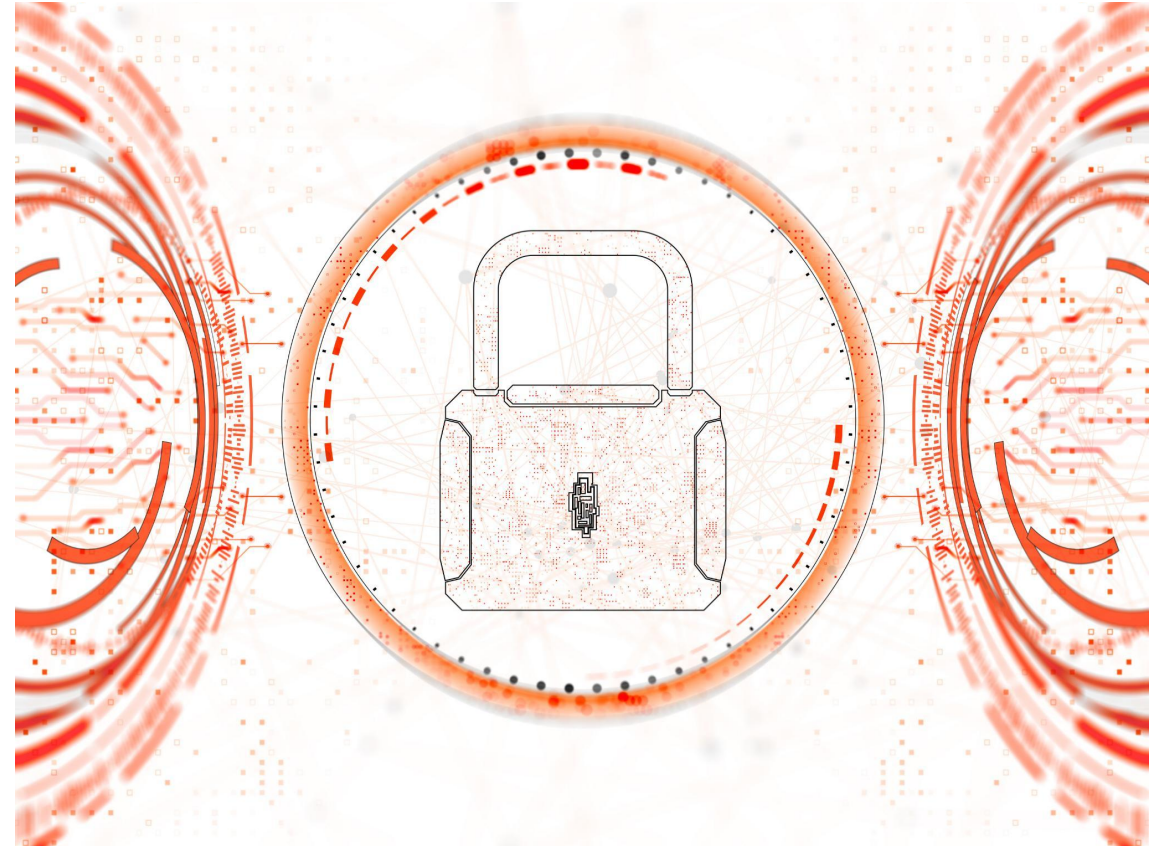
AI solutions for legal practice require robust privacy policies to protect attorney-client privilege and confidential information.

Encryption and Access Control

Sensitive legal data should be encrypted and accessible only to authorized individuals, ensuring maximum security in AI platforms.

Audit Logs and Compliance

Comprehensive audit logs and adherence to regulations like GDPR or HIPAA help monitor and safeguard confidential information within AI systems.



AI Verification in Law



Lawyers Must Verify AI Work

Courts have sanctioned attorneys for submitting AI-generated false citations, stressing the responsibility to verify all legal work.

AI Can Assist but Not Replace

California State Bar guidance confirms that AI can help with tasks, but cannot replace ethical obligations or professional judgement.

Policies Limit AI in Law

Legislation and court policies aim to prevent AI errors, mandate human oversight, and restrict AI's role in legal decisions.

Notable Decisions



- *U.S. v. Heppner*, No. 1:25-cr-00503-JSR, Dkt. No. 27., Mem. Op. (S.D.N.Y. Feb. 17, 2026) – The Court found that information entered into an AI program was not protected by the attorney client privilege.
- *Warner v. Gilbarco, Inc.*, No. 2:24-CV-12333, 2026 WL 373043, at *4 (E.D. Mich. Feb. 10, 2026) – The Court found ChatGPT and other generative AI programs are tools, not persons, and input of information into those tools does not constitute a waiver of the attorney-client privilege.
- *Mendones v. Cushman & Wakefield, Inc.*, No. 23CV028772, Order RE: Terminating Sanctions (Cal. Super. Ct. Alameda Cnty. Sept. 9, 2025) – The Court dismisses a case where the plaintiff created/altered evidence using AI.

Resources



- Song-Chun Zhu, Why One of the World’s Most Brilliant AI Scientists Left the U.S. for China, *The Guardian* (Sept. 16, 2025), <https://www.theguardian.com/news/ng-interactive/2025/sep/16/song-chun-zhu-why-one-of-the-worlds-most-brilliant-ai-scientists-left-the-us-for-china>.
- RAILS Project, *Resource: AI Orders*, Responsible AI in Legal Services (Mar. 14, 2024), <https://rails.legal/resources/resource-ai-orders/> (last visited Feb. 18, 2026).
- Ropes & Gray LLP, *Artificial Intelligence Court Order Tracker*, <https://www.ropesgray.com/en/sites/artificial-intelligence-court-order-tracker> (last visited Feb. 18, 2026).
- AI Futures Forum, “*The Broken Ladder*” – *Green Paper Request*, <https://aiforum.org.uk/the-broken-ladder-green-paper-request/> (last visited Feb. 18, 2026).
- Sayash Kapoor, Peter Henderson & Arvind Narayanan, *Promises and Pitfalls of Artificial Intelligence for Legal Applications* (Ctr. for Info. Tech. Pol’y, Princeton Univ. Feb. 6, 2024), <https://arxiv.org/abs/2402.01656>.

Thank you to our speakers!

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