



PROGRAM MATERIALS
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Ethical Billing in the AI Revolution

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Ethical Billing in the AI Revolution

Mathew Kerbis, The Subscription Attorney

In this session, you'll learn:

- I. Ethical obligations lawyers have under Model Rules 1.1 and Rule 1.5
- II. How inefficient workflows and outdated billing practices conflict with professional responsibility rules
- III. Identify appropriate uses of AI and other technologies that improve efficiency while maintaining ethical compliance
- IV. Contrast traditional hourly billing models with alternative approaches, such as flat fees and subscription models, in light of ethical guidance
- V. Implement practical strategies for adopting technology in ways that enhance client service, accuracy, and compliance with evolving standards of practice

Disclaimer:

Everything today is for educational purposes only

Things are changing all the time in this fast moving legal AI landscape.

This is a snapshot of the present moment.

Discussing an AI tool is not a warranty or representation of the quality of the tool.

Mathew Kerbis Bona Fides:

Launched Subscription Attorney LLC in March of 2022.

Using AI since launch (still a daily user).

Using Generative AI since November 2022 when ChatGPT launched.

Teaches lawyers how to ethically use AI in law practice.

Teaches lawyers how to adopt and use hardware and software.

Target market is latent legal market.

Co-founded a legaltech startup helping law firms use subscription billing.

My Software/Platforms:

Canva	Carrd	Google Meet	Adobe Scan
LinkedIn Live	Substack	Webex	iPad Pro Photo Scan Mode
River	GoDaddy	GoToMeeting	iD
Meetup	SuiteDash	OBS	ShurePlus MOTIV
LinkedIn	SixFifty	Continuity Camera	OnScreen Control
Meta	IICLE Formulaw	Descript	MacOS Sequoia 15.3.1
Partiful	Paxton	Elgato Control Center	Screen Control
Luma	NotebookLM Pro	Elgato Camera Hub	Teams
Pie	Perplexity	DisplayLink Manager	Slack
Eventbrite	Gemini	Lawline	Discord
iOS Invites	Claude	Bar Associations	WhatsApp Business
Google Docs	ChatGPT	Adobe Acrobat Pro	WhatsApp
Word	Stripe	Notarize	Switchmail
Google Sheets	Confido Legal	iCloud	Logi Plugin Service
Overture	Banking App	Google Drive	Canon Print
Lexamica	Amazon Business App	Google Voice for Business	iOS Google Drive
ContractsCounsel	iOS Passwords App	Google Workspace	iOS Finder
Google Slides	Passwords Chrome Extension	Chrome Browser	Xfinity Internet 1G/s
Calendly	Unsplash	Wave Accounting	Xfinity Mobile
Calendly Chrome Extension	Zoom	ScanSnap	Kisi
Gamma	WisprFlow	HPSmart	Comet

My Software/Platforms:

Canva

LinkedIn Live

River

Meetup

LinkedIn

Meta

Partiful

Luma

Pie

Eventbrite

iOS Invites

Google Docs

Word

Google Sheets

Overture

Lexamica

ContractsCounsel

Google Slides

Calendly

Calendly Chrome Extension

Gamma

Carrd

Substack

GoDaddy

SuiteDash

SixFifty

IICLE Formulaw

Paxton

NotebookLM Pro

Perplexity

Gemini

Claude

ChatGPT

Stripe

Confido Legal

Banking App

Amazon Business App

iOS Passwords App

Passwords Chrome Extension

Unsplash

Zoom

WisprFlow

Google Meet

Webex

GoToMeeting

OBS

Continuity Camera

Descript

Elgato Control Center

Elgato Camera Hub

DisplayLink Manager

Lawline

Bar Associations

Adobe Acrobat Pro

Notarize

iCloud

Google Drive

Google Voice for Business

Google Workspace

Chrome Browser

Wave Accounting

ScanSnap

HPSmart

Adobe Scan

iPad Pro Photo Scan Mode

iD

ShurePlus MOTIV

OnScreen Control

MacOS Sequoia 15.3.1

Screen Control

Teams

Slack

Discord

WhatsApp Business

WhatsApp

Switchmail

Logi Plugin Service

Canon Print

iOS Google Drive

iOS Finder

Xfinity Internet 1G/s

Xfinity Mobile

Kisi

Comet

ABA Model Rule 1.1:

Maintaining Competence

Comment: [8] To maintain the requisite knowledge and skill, a lawyer should keep abreast of changes in the law and its practice, including the benefits and risks associated with relevant technology, engage in continuing study and education and comply with all continuing legal education requirements to which the lawyer is subject.

ABA Model Rule 1.5:

Terms of Payment

Comment: [5] ... a lawyer should not enter into an agreement whereby services are to be provided only up to a stated amount when it is foreseeable that more extensive services probably will be required, unless the situation is adequately explained to the client...A lawyer should not exploit a fee arrangement based primarily on hourly charges by using wasteful procedures.

Hypothetical:

You charge \$500/hour

10 hours of billable time makes you \$5,000

AI can make 10 hours of billable work only take 10 minutes

Under the billable hour in an AI world, \$5,000 worth of work is only billable at \$100

What do you do?

Raise your rates?

Hypothetical:

To make .2 of an hour worth \$5,000 means your billable hour rate would be \$25,000/hour

That's a 5,000% increase to your hourly rate (or 50x)

Will your clients be happy to be to pay that rate?

Are you ethically allowed to charge that high of a rate?

What does that mean for serving the latent legal market and access to justice?

What are your options?

Real World Example:

Client schedules a 15-minute call and doesn't say what it's about

In the first minute explains he purchased a booth outside his region

Can he market outside where he has a license to sell?

600+ page franchise disclosure document in NotebookLM Pro

Semantic search to find the answer in minutes

Analyze the exact contract language side-by-side with the output

Advise the client that he can market outside his region to sell

Schmooze for 5 minutes

Learn how NotebookLM protects your data

NotebookLM

For users accessing NotebookLM through your work accounts with a qualified Workspace edition, the [Google Workspace Terms of Service](#) apply. For users accessing NotebookLM through your Workspace for Education accounts, the [Google Workspace for Education Terms of Service](#) apply. For other users accessing NotebookLM, the [Google Terms of Service](#) apply to your use of NotebookLM. The below notice and our [Privacy Policy](#) describe how Google handles your data when you interact with NotebookLM.

We value your privacy and never use your personal data to train NotebookLM.

- If you are logging in with your personal Google Account and choose to provide feedback, human reviewers may review your queries, uploads, and the model's responses to troubleshoot, address abuse or make improvements. Keep in mind that it's best to avoid submitting any information you wouldn't feel comfortable sharing.
- As a Google Workspace or Google Workspace for Education user, your uploads, queries and the model's responses in NotebookLM will not be reviewed by human reviewers, and will not be used to train AI models.

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For users who access NotebookLM through a work account, the [Google Workspace Terms of Service](#) apply.

For users who access NotebookLM through a school account, the [Google Workspace for Education Terms of Service](#) apply.

For users who access NotebookLM through Google Cloud, the [Google Cloud Platform/SecOps Terms of Service](#) apply.

What does this Privacy Hub cover?

This Generative AI for Google Workspace Privacy Hub covers:

- **Gemini in Workspace Apps**—Including in-line features like Help me write in Gmail and the Workspace side panel
- **Gemini app**—Including [gemini.google.com](#), mobile apps, and Gemini in Chrome
- **NotebookLM** and **NotebookLM Plus**

Throughout this Privacy Hub, we'll refer to Gemini in Workspace Apps and the Gemini app as Gemini. Any differences between the two will be clearly identified. For clarity this Privacy Hub only applies when you are using Gemini and NotebookLM with a [qualifying edition](#) of Google Workspace or Google Workspace for Education.

Your privacy is our priority

We want to be completely clear that generative AI does not change our foundational privacy protections that give you choice and control over your data:

- **Your interactions with Gemini stay within your organization.** Gemini does not share your content outside your organization without your permission.
- **Your existing Google Workspace protections are automatically applied.** Gemini brings the same enterprise-grade security as the rest of Google Workspace.
- **Your content is not used for any other customers.** Your content is not human reviewed or used for Generative AI model training outside your domain without permission.

Summary of Gemini Privacy & Security Controls

	Gemini DOES NOT	Gemini DOES
Data access	✗ Access Workspace content that you don't have permission to access	✔ Access relevant Workspace content based on your prompt and that you have permission to access
Data use	✗ Use your prompt, Workspace content, webpage context, or generated responses to train generative AI models without your permission	✔ Use your prompt, relevant Workspace content, and webpage context to generate a response
Data protection	✗ Share your prompt or the generated response with other users or organizations	✔ Automatically apply your existing data protection controls when you insert the generated response into your email or document

Generative AI:

What makes AI generative?

It generates something!

Analysis is not generative but it can be powered by AI

AI can revolutionize the practice of law when used correctly

AI's training data is not a source of facts or data

YOU or a DATABASE are the source of facts or data

It's not perfect but it's less prone to error than humans

General Use vs. Legal-Specific AI:

What makes an AI legal-specific?

The vendor will tell you it's designed for legal.

Is that enough?

No - but's a good start.

Inputs/uploads/prompts will not train underlying LLMs.

Each user and/or client will have a separate layer/instance from the LLM and can be replicated through the firm or per client.

Higher security for compliance such as with HIPAA/SOC 2.

Company reps cannot access your data or prompt history.

Retrieval-Augmented Generation:

What is retrieval-augmented generation and why does it matter?

RAG is when Generative AI draws from a specific source of truth when responding to a prompt.

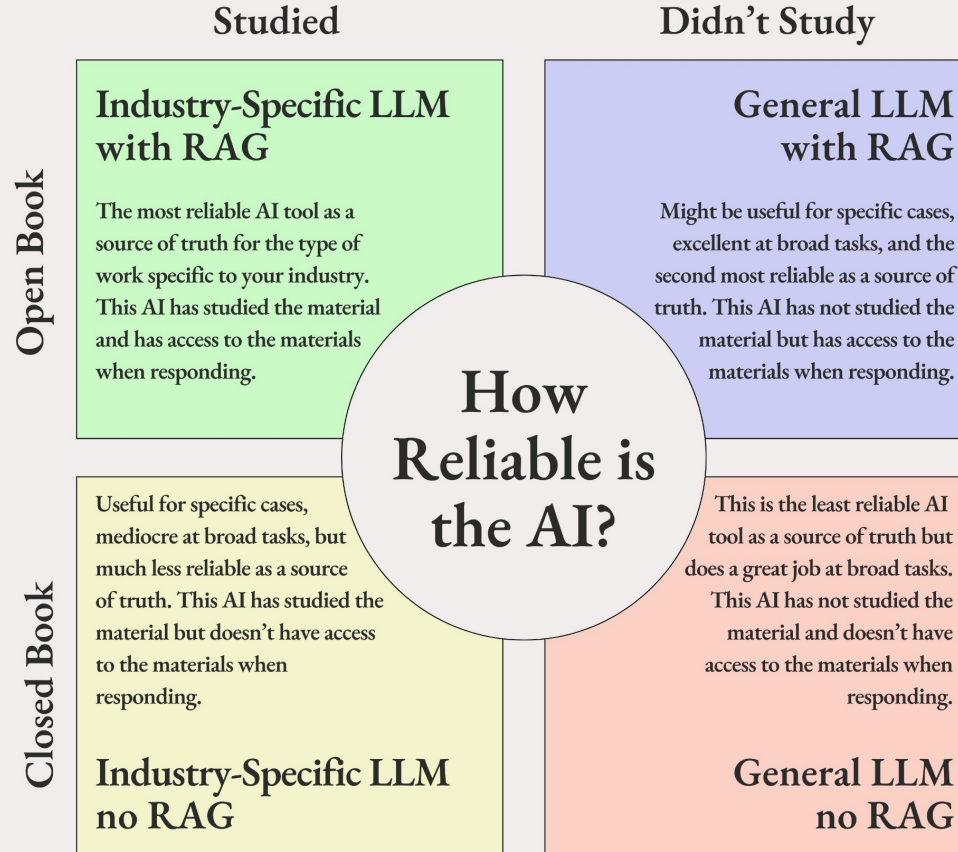
The purpose is to improve the accuracy and relevance of responses.

External knowledge sources include documents, databases, and APIs.

Reduces if not completely eliminates “hallucinations.”

LLMs are not necessarily trained on the sources of truth.

Retrieval-Augmented Generation



GPT Wrapper:

Provides a user-friendly interface to interact with and utilize LLMs

Sits on top of the core GPT language model, providing a more accessible and purpose-built user experience

Makes it easier for users to leverage the capabilities of GPT models without having to directly interface with the underlying API or complex prompting

Pre-built templates, industry-specific/specialized models, and mechanisms for user feedback to improve the outputs

Simplify user experience and making GPT more accessible

Another Analogy:

You hire a contractor to do your work at your home

You're going to pay them by the hour

They show up with a manual screwdriver and saw

You know power tools exist — why didn't they bring them?

You're not paying them by the hour unless they use power tools

So the contractor comes back with power tools

Sets down a 2x4 to saw in half

Then uses his power drill to drill sequential holes to cut it in half

Another Analogy:

When you use ChatGPT to do legal research and then check all of your citations, this is EXACTLY what you are doing

At best, you get a case available online

At worst, it makes something up

Wrong tool for the job

It will take longer and have rough edges

AI is not all equal and cannot be used for all things

Use purpose-built AI for specific tasks

AI is like...

The smartest person on the planet

Who is your assistant

Has read everything on the Internet

Works for free

Or for a much lower cost than a human assistant

AI is like...

But they're an entry level worker

This is their first job

And it's their first day on the job

And it's like that every time you start a new conversation with them

What would you do?

You'd provide a lot of context

And follow up and iterate on the work product

And not give up if they didn't get it right the first time

What would you do?

Would you trust this assistant as a source of truth?

Of course not!

This assistant is also not socially well adjusted and doesn't know how to say no or ask follow up questions (unless it does as a GPT wrapper)

AI is not...

A calculator

$2+2=4$ is an immutable truth, and once programmed it always gets it right

Language is all made up and the meaning changes with context

AI is not...

LLM-based AI is a probabilistic model guessing the word that most likely comes next

This is why it can never be relied on, on its own, as a source of truth

AI Takeaways:

Written/spoken natural language is the interface

Follow up, follow up, follow up

Context windows matter

The power of personas

The power of telling the AI who YOU are and why you need its help

AI Takeaways:

The future is agentic

Non-legal tasks

Semantic search

Internal version for firm team members to use to increase productivity

Subscriber benefit is access to models trained on firm data

The era of the billable hour is over...

ABA Model Rule 1.5:

Terms of Payment

Comment: [5] ... A lawyer should not exploit a fee arrangement based primarily on hourly charges by using wasteful procedures.

Why ditch the billable hour?

Not using AI in your practice means that you are exploiting a fee arrangement based primarily on hourly charges by using wasteful procedures

Adoption of legaltech and AI eliminates billable hours

Cost transparency demanded

Scale is possible without more hiring

Get your slice of the over trillion dollar latent legal market pie

Latent Legal Market:

According to Grand View Research, approximately \$396.80 billion was spent on US legal services in 2024

<https://www.grandviewresearch.com/industry-analysis/us-legal-services-market-report>

World Justice Project estimates that 77% of US legal issues are unresolved by a lawyer (<https://worldjusticeproject.org/>)

Only 23% of the market is being served by lawyers

Potential legal market of approximately \$1.328 trillion

Probably greater since this is based on most fees being billable hours

Subscription Model Benefits:

Predictable MRR and ARR

Predictable and transparent pricing for clients

Clients are not afraid to call or contact you

Fosters ongoing relationships with clients

Incentivized to be efficient and effective (adopt technology)

Overcome the labor shortage

Subscription Model Benefits:

Lifetime Value (LTV) for and from clients

Market opportunity for institutional clients who want to cut costs

Blue ocean market opportunities to clients previously priced out of billable hour and traditionally priced legal services

Competing with LegalZoom but actually providing legal services

Subscription Model Benefits:

Reduced burnout

Improved mental health

Attorneys are rewarded for efficiency

Compete with other industries offering a 4-day work week

Alleviate the need for reregulation (Arizona and ALSPs)

Increases A2J and attorney bottom-lines

Thought Experiment:

AI is making billing time untenable and probably unethical

Imagine your licensing entity bans the billable hour in 365 days

You have one year to strategize and implement a plan

What would you do?

Start Now!

Contact Information:

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