



PROGRAM MATERIALS
Program #3683
April 15, 2026

The AI Blind Spot in Solo and Small Law Firms: Ethical Risks Hiding in Plain Sight

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The AI Blind Spot in
Solo and Small Law
Firms: Ethical Risks
Hiding in Plain Sight

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Criminal Law

AI Legal
Strategist

20+ years as a
trial attorney

Katori AI

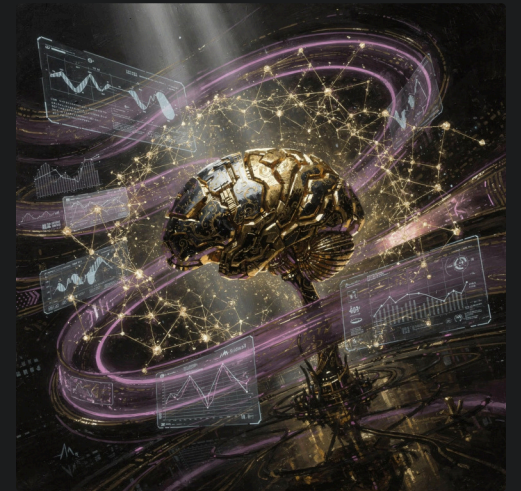
My experience with AI

Early adopter of AI - LLM's

Legal expert training AI models

AI Legal advisor in CA

AI Governance (non legal)



Disclaimer

NOT LEGAL
ADVICE

For educational
purposes only

*Please consult the
rules in your
jurisdiction*



Learning Objectives

1

Spot AI blind spots -
RISKS

2

Apply the ABA rules
to common scenarios

3

Distinguish between
convenient AI and
noncompliant AI

4

Identify internal
policies and
procedures

5

Practical first step framework for implementing
an AI policy in your practice

THE END GOAL?



Protect the public

No suspensions

No sanctions

No disbarments

Do you use AI in your practice?

Clio 2025 survey:
72% of solos using AI,
67%% of small firms using AI but
only 8% (solos) -wide adoption
and 4% (small firms) -wide
adoption





Compare to midsize firm
(26-100)

Clio 2025 survey:
93% using AI in some capacity,
51% have adopted widely

Compare to large firm
(100+)

Clio 2025 survey:
85% using AI in some capacity,
35% have adopted widely

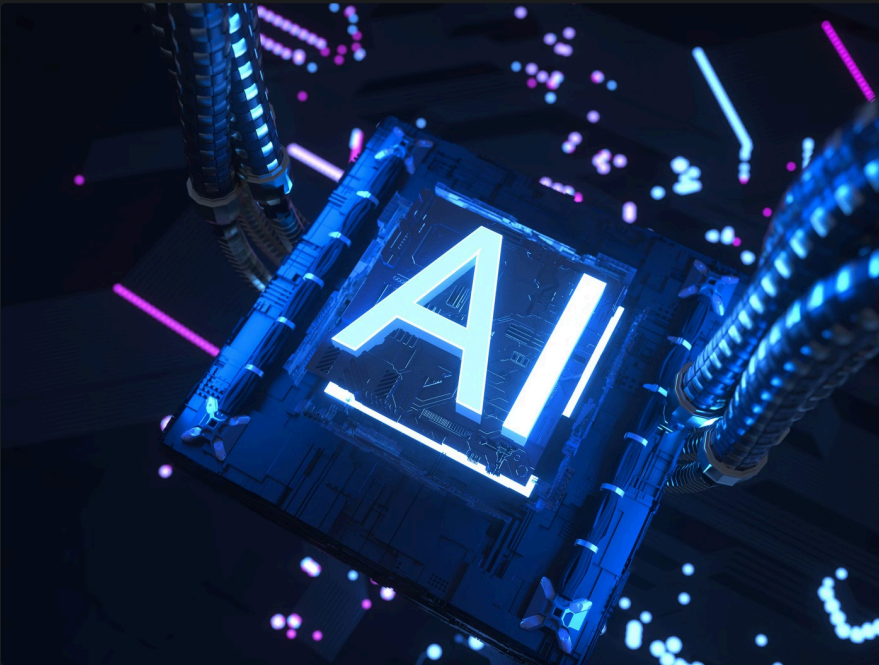




The future of law?

Will lawyers be replaced by AI?

Brief History of AI



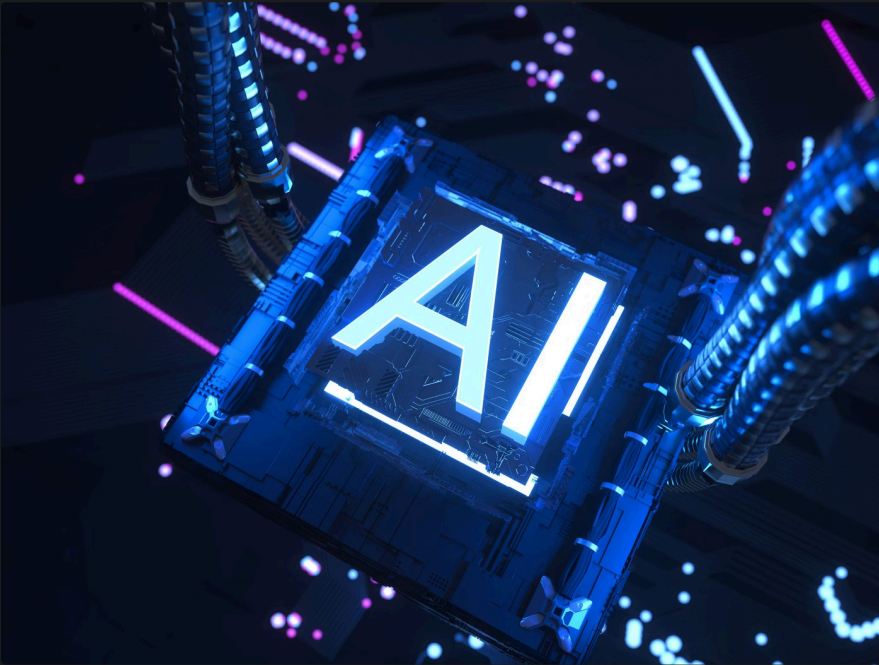
🖥️ AI is not new

👤 Mid-1950's

🏭 Evolved over the years

AI Revolution

Rise of the LLM's

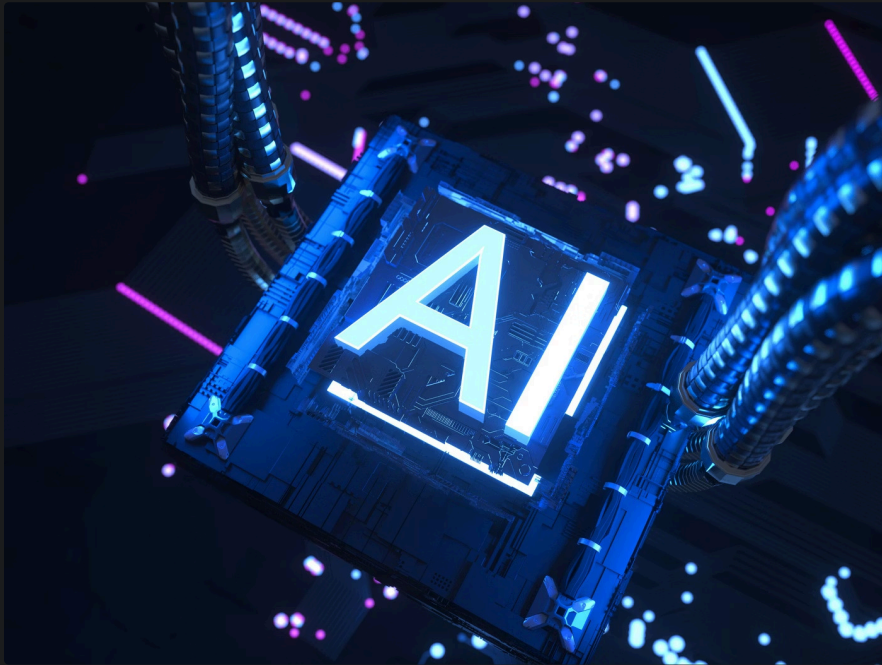


🖥️ Nov 2022 Chat GPT

🗨️ LLM = Large Language Model

🏭 Claude, Perplexity, Grok, Gemini etc.

Defining AI in the legal setting



 ABA Formal Opinion 512, July 29, 2024

 Generative Artificial Intelligence (GAI)

 "creates various types of new content"



In legal practice

Lawyer puts
something in —
input

LLM puts
something out —
output

"Black Box"
You see inputs and
outputs but no
internal decision
making

Traditional legal
research
You can trace each
step, but not with AI



1

LLM's generate responses
through billions of
numerical calculations

2

Hallucinations

3

Now what?

4

Who's at fault?

5

Risk to the public

THE AI BLIND SPOT



Starting with what you can
see....

1

AI use in the solo and small firm

2

Risks for each type of use

3

Client communication

4

The AI Policy

5

ABA rules

How are solos and small law firms using AI?

📄 Clio 2026 survey:

01

Legal
Research

02

Document
Drafting

03

Scheduling

04

Client intake

05

General Purpose





LAW

Legal Research

Find cases
faster, Chat
GPT or Clio
Work

Ask the tool
to identify
key statutes,
local or
federal rules

Summarize
cases, ask AI
to explain the
holding

Spot areas
for deeper
follow-up

Legal Research: Risks

Fake cases or fake quotes

Real case, wrong holding

Missing controlling or adverse authority

Confidential client facts are fed into the AI tool

Violation of ABA Rules

Rule 1.1 - Competence

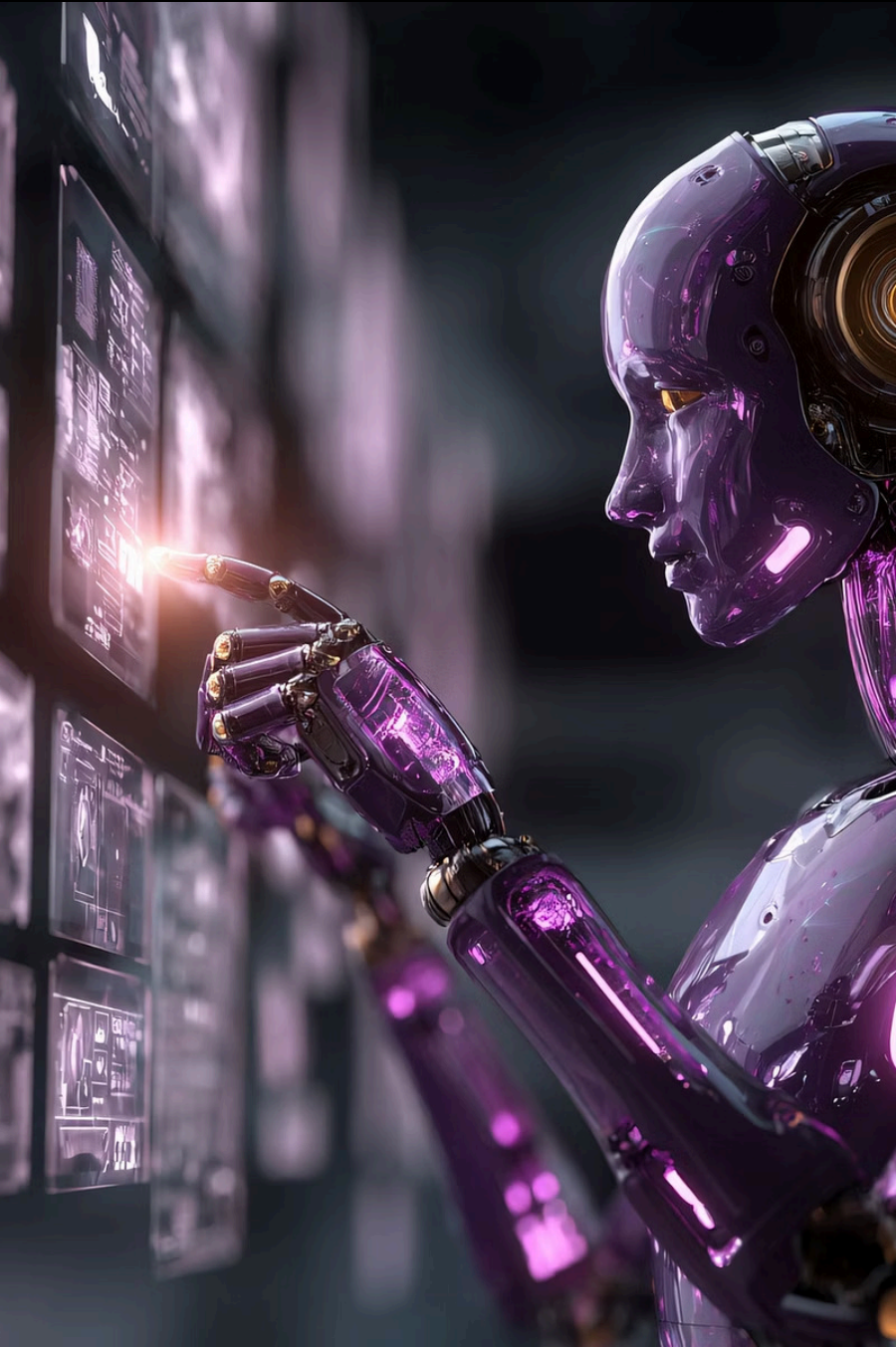
Rule 1.6 - Confidentiality

Rule 3.1 - Meritorious Claims

Rule 3.3 - Candor toward tribunal

Rule 5.3 - Supervision of
Nonlawyer Assistance





Document Drafting

Draft first version of a demand letter

Draft routine pleadings

Draft contracts or clauses

Create a starting template faster

Document Drafting: Risks

May contain fake law or wrong legal standards

Confidential client facts may be exposed

Lawyer may overbill or bill incorrectly

Lawyer may stop reviewing carefully





Violation of ABA Rules

Rule 1.1 - Competence

Rule 1.6 - Confidentiality

Rule 1.5 - Fees

Rule 3.1 - Meritorious Claims

Rule 3.3 - Candor Toward the
Tribunal

Scheduling

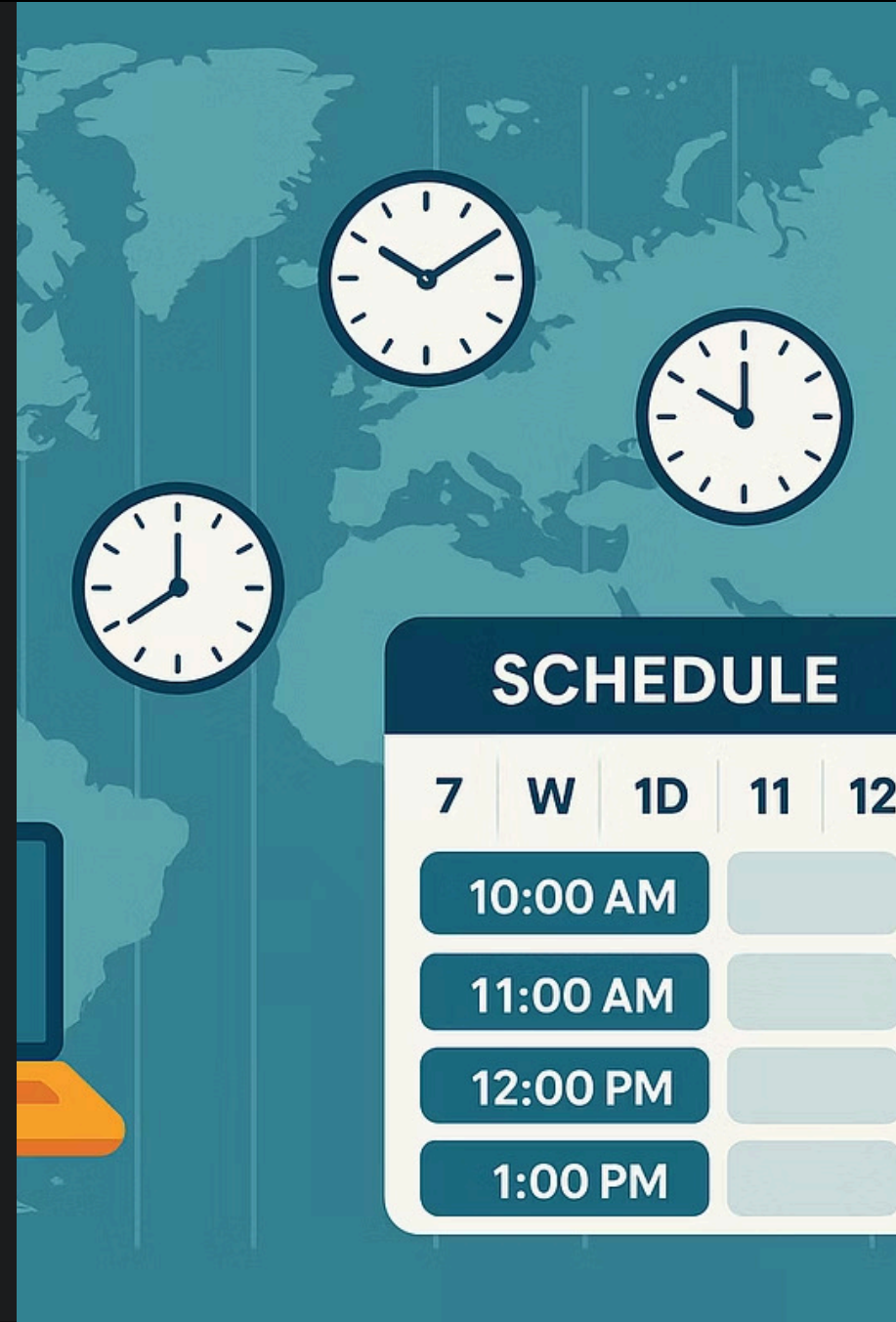
Book consultations automatically

Send automatic reminders

Pull dates from court papers

Create events and reminders

Automate follow-up and intake scheduling





Scheduling: Risks

Wrong deadline gets calendered
A reminder goes out wrong or not
at all
Client communication quietly
breaks down
Lawyer later covers up the mistake

Violation of ABA Rules

Rule 1.1 - Competence

Rule 1.3 - Due Diligence

Rule 1.4 - Communication

Rule 5.3 - Supervision of
Nonlawyer Assistance

Rule 8.4(c) Misconduct involving
dishonesty, fraud, deceit





Client Intake

Collect information through online intake forms

Automate follow-up and reminders

Screen for fit before consultation

Run initial conflict check

Move prospects to engagement

Client Intake: Risks

Confidential information gets collected too early or in the wrong place

Firm fails to respond clearly or fast enough

Nonlawyer staff or AI cross the line into legal advice



Client Intake: Risks

A conflict gets missed because the system was trusted blindly

Firm makes misleading promises during intake



Violation of ABA Rules

Rule 1.4 - Communication

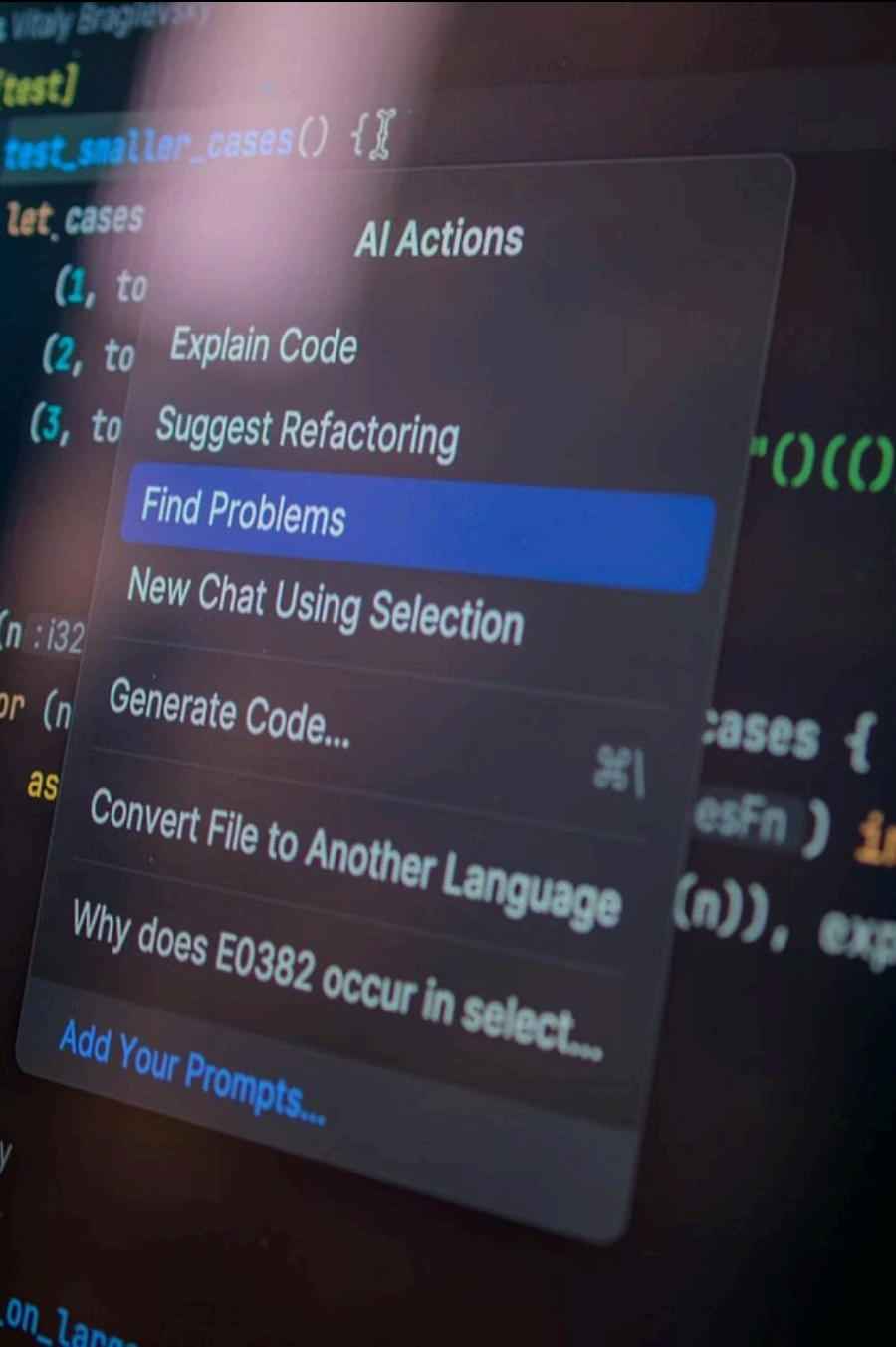
Rule 1.6 - Confidentiality

Rule 1.18 - Duties to Prospective Clients

Rule 5.3 - Supervision of Nonlawyer Assistance

Rule 8.4(c) - Misconduct involving dishonesty, fraud, deceit or misrepresentation





General Purpose

Brainstorm and outline work

Draft or rewrite emails

Summarize materials and create next step lists

Create marketing content for blogs, website copy, social media

General Purpose: Risks

Wrong facts or wrong law

Bad client communication

Missed tasks or deadlines

Confidential info into AI tool

False or misleading marketing
content



Violation of ABA Rules

Rule 1.1 - Competence

Rule 1.6 - Confidentiality

Rule 1.3 - Diligence

Rule 1.4- Communication

Rule 7.1 - Communications Concerning
a Lawyer's Services

Rule 8.4 (c) Misconduct involving
dishonesty, fraud, deceit, or
misrepresentation



Shadow AI: Bigger problem for solos and small firms - fewer resources, less formal oversight

→ Using AI secretly

→ Convenience and speed

→ Avoiding oversight

→ No audit trail

A Blind Spot: How competent do you need to be?



Rule 1.1: Duty of Competence

A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.

A blind spot: Where does your input go?

❏ Rule 1.6: Duty of Confidentiality

(a) A lawyer shall not reveal information relating to the representation of a client unless the client gives informed consent, the disclosure is impliedly authorized in order to carry out the representation or the disclosure is permitted by paragraph (b).



A blind spot: Do you need to tell the client?



Rule 1.4: Communications

(a) A lawyer shall: (2) reasonably consult with the client about the means by which the client's objectives are to be accomplished;

(b) A lawyer shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation.

A blind spot: Did you check the citation?

Rule 3.1: Meritorious Claims & Contentions

A lawyer shall not bring or defend a proceeding, or assert or controvert an issue therein, unless there is a basis in law and fact for doing so that is not frivolous, which includes a good faith argument for an extension, modification or reversal of existing law.



A blind spot:

What NOT to do in court



☐ Rule 3.3: Candor toward the Tribunal

- ☐ *(a) A lawyer shall not knowingly:
(1) make a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or law previously made to the tribunal by the lawyer;*

A blind spot: Did the AI make you dishonest?

❏ Rule 8.4(c): Misconduct

It is professional misconduct for a lawyer to: (c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation;



A blind spot: Who needs training?

☐ Rule 5.1: Duty to Supervise

(a) A partner in a law firm.....shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurance that all lawyers in the firm conform to the Rules of Professional Conduct.

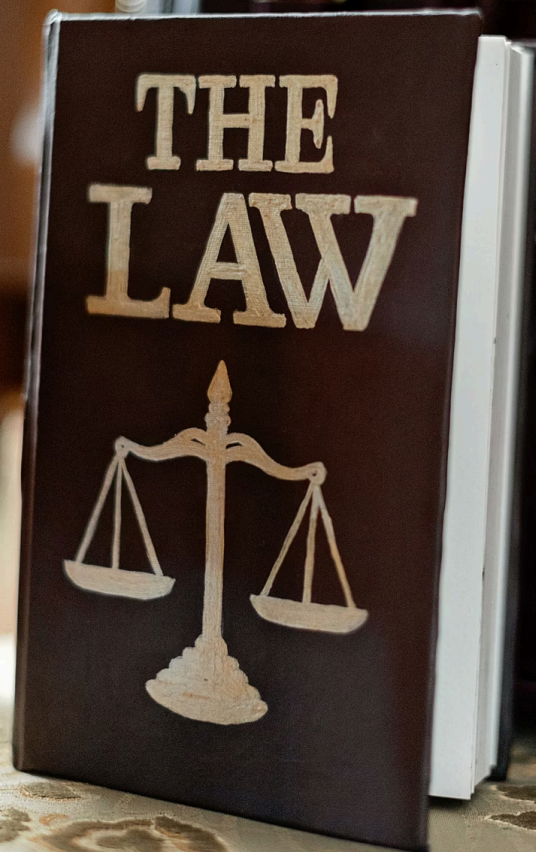


A blind spot:

Does a non lawyer have to be human?

Rule 5.3(b): Nonlawyer Assistance

(b) a lawyer having direct supervisory authority over the nonlawyer shall make reasonable efforts to ensure that the person's conduct is compatible with the professional obligations of the lawyer



A blind spot: How much are you charging for AI?

📄 Rule 1.5(a): Fees

(a) A lawyer shall not make an agreement for, charge, or collect an unreasonable fee or an unreasonable amount for expenses.



A blind spot:
Did you disclose to the client?



Rule 1.5(b): Fees

(b) The scope of the representation and the basis or rate of the fee and expenses for which the client will be responsible shall be communicated to the client.....

Look to the ABA and your jurisdiction's rules for guidance on how to apply AI

No rule specifically mentions AI causing uncertainty and confusion

*ABA Formal Opinion 512 —
July 29, 2024*

*CA: Practical Guidance for
the Use of Generative AI —
November 16, 2023
"guiding principles not
best practices" May 2026
Proposed comments to the
rules regarding AI*

California AI Guidance

AB 2013 (effective Jan 1, 2026)

Mandates transparency for GenAI training data through developer documentation.

SB 53 (signed Sept 29, 2025)

Establishes reporting for frontier model transparency and safety incidents.

SB 574 (pending)

Defines explicit lawyer duties for AI use, including verification and confidentiality.

State AI Laws: What Attorneys Need to Know

Colorado (CO) — General "High-Risk AI" Governance

SB 24-205: duties for developers + deployers of high-risk AI to prevent algorithmic discrimination; implementation has been subject to delays (watch dates closely).

New York (NY) — Synthetic Media + Advertising Disclosure + Publicity Rights

AI "synthetic performer" ad disclosure law (effective June 9, 2026).

Utah (UT) — Consumer Disclosure

Notable for requiring clearer disclosure when people interact with AI in certain contexts (useful "anti-deception" example).

Nevada (NV) — Healthcare / Mental Health Guardrails

Notable restrictions/guardrails in behavioral health/AI contexts.

State AI Laws: What Attorneys Need to Know

Illinois (IL) — Employment / Hiring AI Controls

Known for AI rules around hiring and other sensitive-use cases (use as "employment is regulated first" example).

New Jersey (NJ) — Deepfakes With Teeth

Criminal/civil approach to deceptive synthetic media (use as "this can become a lawsuit fast" state).

Tennessee (TN) — Voice / Likeness Protection

Strong "right of publicity" flavor (great example for IP/branding/entertainment clients).

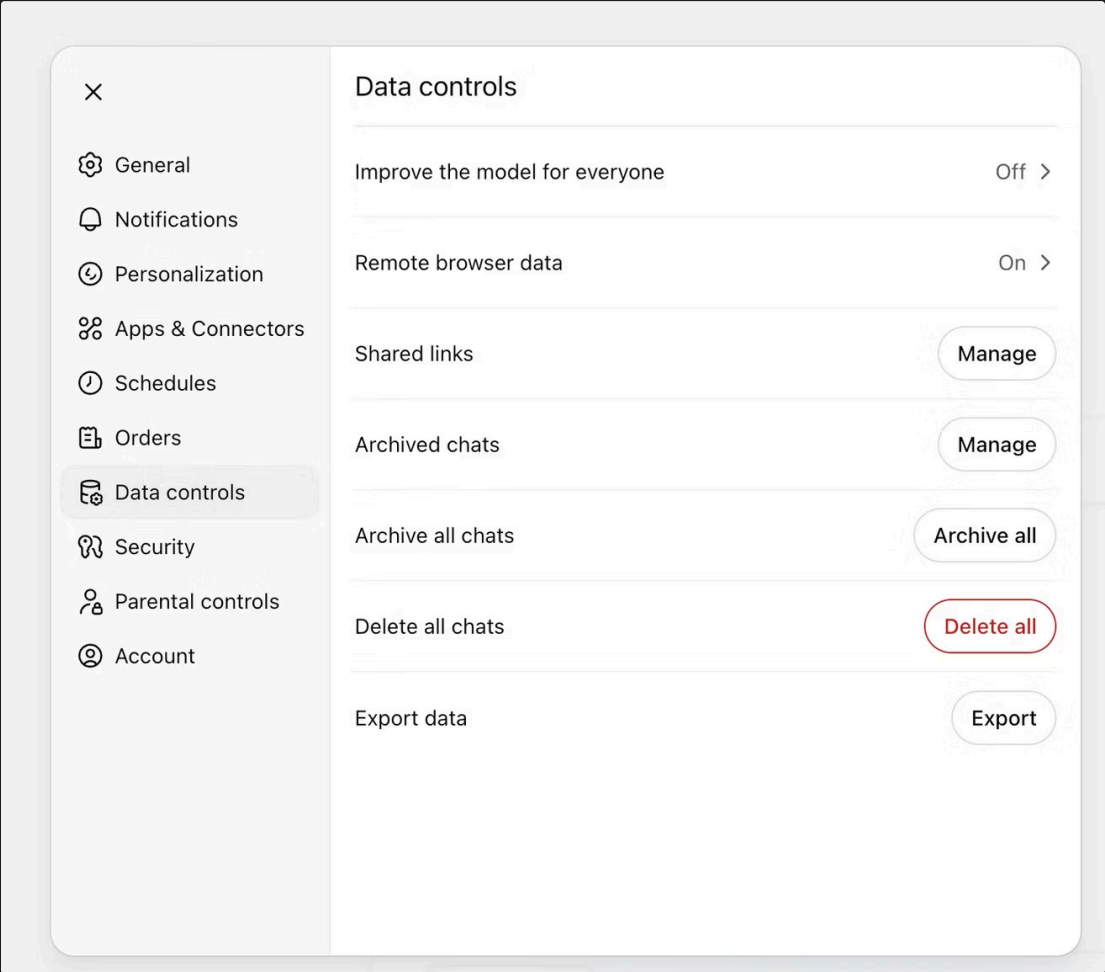
Case Study: CHAT GPT–Personal Use



CHAT GPT AT HOME

- Attorney working from home used personal ChatGPT account (paid version) to draft legal documents
- Attorney turned off "improve model for everyone"
- Attorney did not upload any client documents into ChatGPT but did input sensitive and confidential client data into her chats but deleted them after

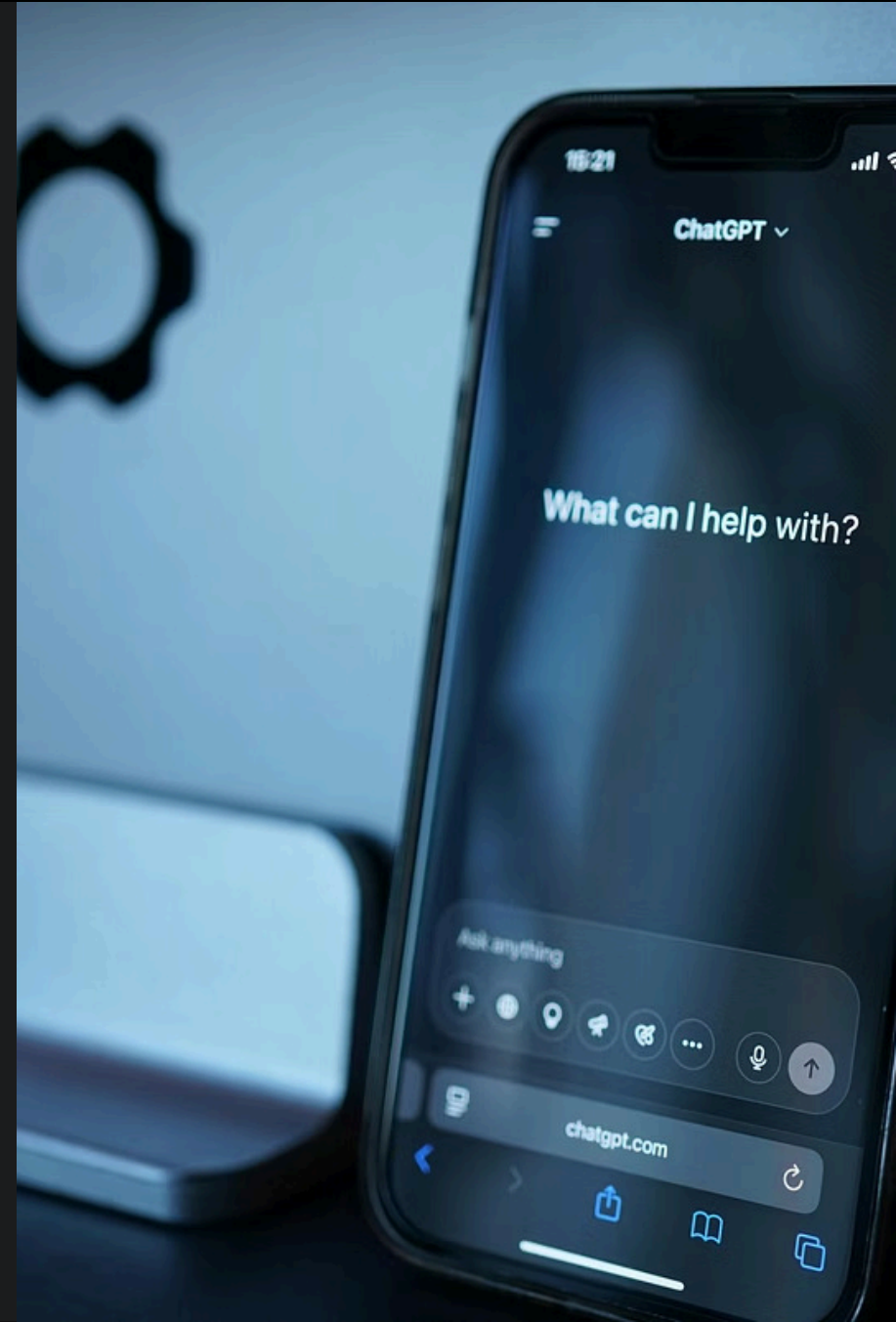
Case Study: CHAT GPT — Personal Use



Case Study: CHAT GPT– Personal Use

What Happened

- **Data still exists in Open AI's servers for 30 days** for abuse/security monitoring, includes deleted chats
- **No verifiable deletion audit:** Attorney cannot independently confirm deletion after 30 days
- **Lawyers must treat AI tools as cloud vendors,** not privileged confidants



Case Study: CHAT GPT–Personal Use



Ethical Violations

- **Rule 1.6 (Confidentiality)** — Disclosed confidential client information to a third party without informed consent, failing to understand that privacy settings do not create confidentiality protections
- **Rule 1.1 (Competence)** — Failed to maintain technological competence by misunderstanding the difference between training opt-out and data retention

THE ENTERPRISE SOLUTION: Focus is on training the model - what about the data?



Read the DPA (Data Processing Agreement)

No training, false sense of security

Real issues: Where is my data being stored?

Who has access? How long is it kept?

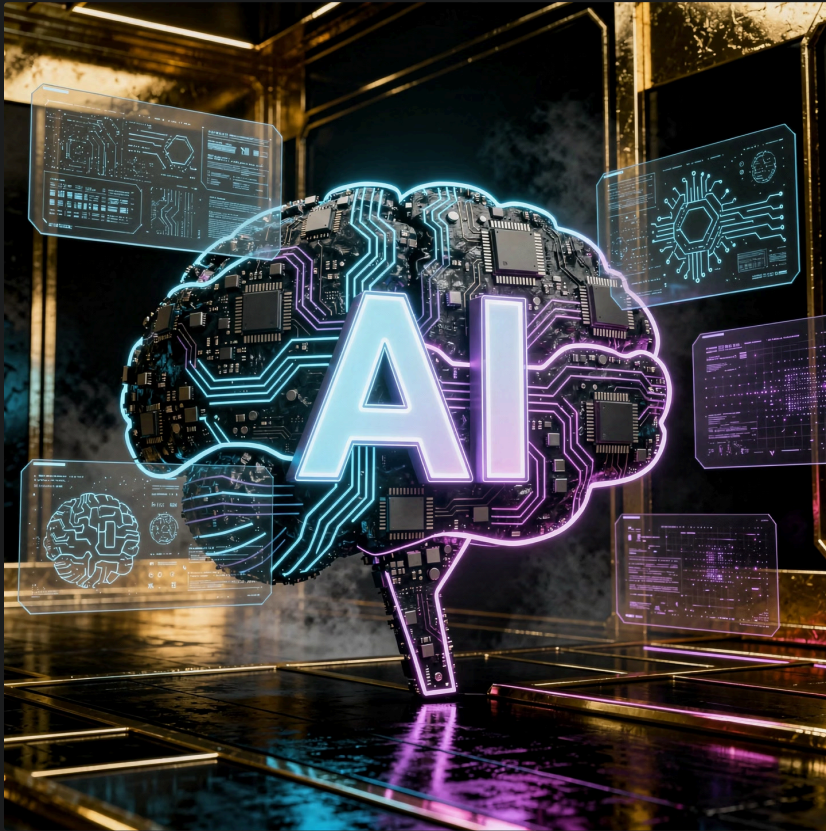
What are the 3rd parties/sub processors doing with my data? (Open AI breach)

WARNING:

If large law firms with enterprise contracts still have data risk... what do you think is happening when you're using free or basic AI tools?

Risk Management for Solos/Small Firms

AI Compliance Protocols



1

Vendor Selection Criteria

2

AI Usage Policy

3

Professional Liability Considerations

An abstract 3D graphic on the left side of the slide. It features several light purple and blue cubes and rectangular prisms of various sizes and orientations, some appearing to be stacked or connected by thin rods. The background is a dark purple gradient. The overall aesthetic is modern and tech-oriented.

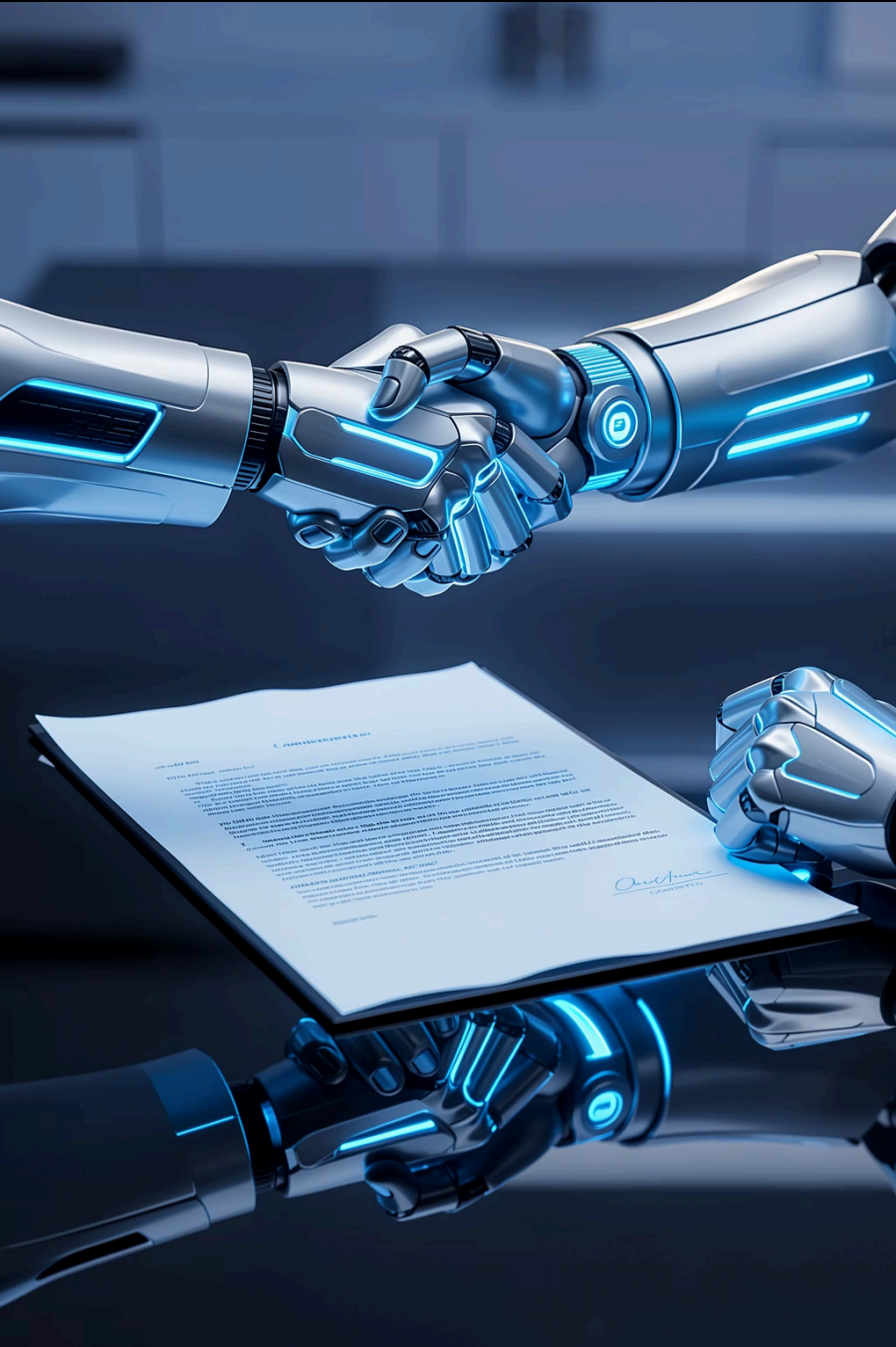
Typical AI Vendor Demo

Save time and money

Data will be safe

No clear audit trail

Low to no risk



Vendor Selection

CRITERIA

Data Security & Privacy

Ethical and Regulatory Compliance

Proven Use Cases and Value

Vendor Support & Reliability



AI Policy

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Donohard bare rert'...
 Ministry of Education and Science of the Republic of Serbia

Quick Poll:

Does your firm have an AI policy

YES

NO

I don't know

AI Usage Policy - Bare minimum

Define purpose and scope

Address Ethics and
Competence

Ensure Client
Confidentiality and Data
Privacy

Mitigate bias and fairness

AI Usage Policy - Bare minimum

Human verification

Training and supervision

Client communication,
what if client uses AI?

Reporting rules

AI Policies - Resources



ABA website: "Why You Need an AI Policy Yesterday, and How to Write It" -March 2026



State Bar websites



Local bar websites



Beware if you try to do DIY AI Policy - would you advise your client to do that?

Professional Liability Concerns



Review malpractice insurance policy

Exclusions for AI related errors

Add cyber liability coverage if needed

Rules 1.1, 1.6-duties of competence and confidentiality

Professional Liability Concerns

Save prompts, document review
process

AI detailed records

Get client permission, train the
team

Rules 1.6, 5.1-confidentiality, supervise and train staff



What are next steps for your office?

AI INTEGRATION PLAN

Create your AI policy
Verify every AI output
Train your team
Monitor and audit



Small firms doesn't mean
small consequences



AI INTEGRATION PLAN

Create your AI policy
Map your workflow
Verify every AI output
Train yourself and your
small team
Monitor and audit

1

Spot AI blind spots,
read the TOS of all AI
tools and 3rd parties

2

Human verification at
all times, train your
team

3

Monitor and audit
regularly, know the
ethics rules!

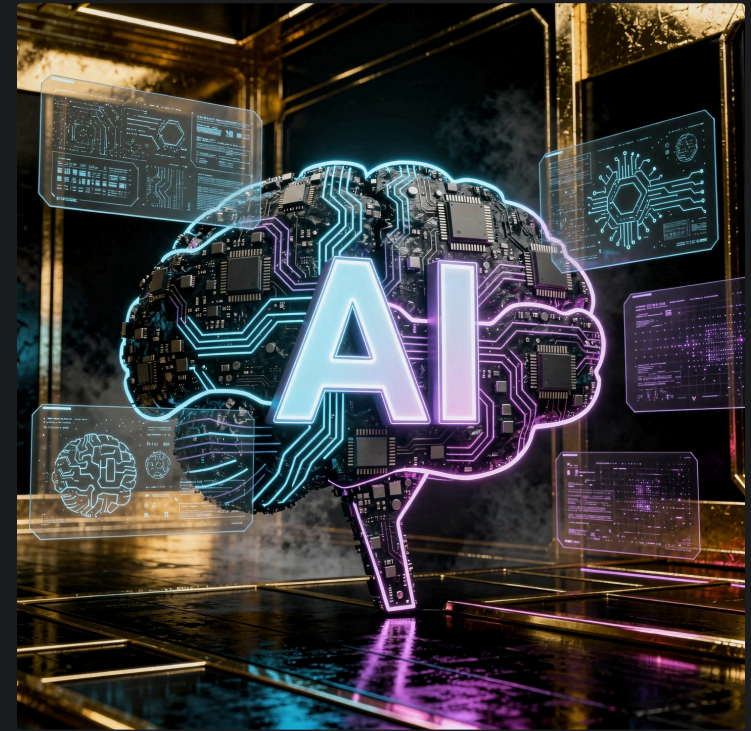
4

Review malpractice
insurance regarding
AI

5

Bottom Line: Like the ABA said: You need an AI
Policy YESTERDAY!

Key Takeaways



References

1. American Bar Association Standing Committee on Ethics and Professional Responsibility. Formal Opinion 512: Generative Artificial Intelligence Tools. July 29, 2024.

https://www.americanbar.org/content/dam/aba/administrative/professional_responsibility/aba-formal-opinion-512.pdf

2. <https://www.clio.com/blog/solo-small-law-firms-highlights-2025-legal-trends/>

3. State Bar of California Standing Committee on Professional Responsibility and Conduct, Practical Guidance for the Use of Generative Artificial Intelligence in the Practice of Law (Nov. 16, 2023), available at

<https://www.calbar.ca.gov/Portals/0/documents/ethics/Practical-Guidance-Gen-AI.pdf>.

4. In *Mata v. Avianca, Inc.* (678 F. Supp. 3d 443, S.D.N.Y. 2023), two New York attorneys (Steven Schwartz and Peter LeDuca) and their firm were sanctioned \$5,000 for submitting a brief with six fictitious case citations generated by ChatGPT, which they failed to verify. This violated duties of competence and candor, leading to fines but no suspension.

5. In *Francisco v. Superior Court* (2025, CA Court of Appeal), attorney Christopher Francisco was fined \$1,000 for submitting a brief with 21 out of 23 fabricated quotes from nonexistent cases, likely AI-hallucinated, violating candor and diligence rules.

References

In a 2025 Alabama federal case, three attorneys from Butler Snow were disqualified from representing a client after submitting AI-generated fake citations in a motion, again for failing to check outputs, breaching ethical duties.

ABA Definition (from Formal Opinion 512, July 2024): Generative Artificial Intelligence (GAI) refers to a subset of AI technology that generates new content, such as text, images, audio, or code, based on patterns learned from large datasets, often in response to user prompts; it has drawn attention for its ability to mimic human-like outputs but risks inaccuracies like hallucinations.

CA Definition (from Practical Guidance, Nov 2023): Generative AI is a tool that uses large volumes of data to generate responses and content in a manner that projects confidence and effectively emulates human responses, applicable to legal practice and administration, but posing unique risks due to opacity and potential for overreliance.

References

Sam Altman's Warning on Legal Confidentiality

TechCrunch article covering Sam Altman's podcast interview where he states ChatGPT conversations have no legal privilege

Sam Altman warns there's no legal confidentiality when using ChatGPT as a therapist | TechCrunch

URL: <https://techcrunch.com/2025/07/25/sam-altman-warns-theres-no-legal-confidentiality-when-using-chatgpt-as-a-therapist/>

Published: July 25, 2025

OpenAI's Official Response: "How we're responding to The New York Times' data demands in order to protect user privacy"

URL: <https://openai.com/index/response-to-nyt-data-demands/>

Published: June 5, 2025



AI Ethics for Attorneys

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