



AMC 2025

WALA Session 2

**AI in Law Firms: Balancing
Technology, Compliance,
and Effective Practice
Management**

Presented By:

Christopher Shattuck, Madison College, Madison

About the Presenter...

Christopher Shattuck is the Program Director and Legal Studies/Paralegal Program Instructor at Madison College. Previously, he managed a department and litigated cases for a creditor's rights firm in Milwaukee. He then dedicated nearly six years to the State Bar of Wisconsin as the Law Practice Assistance Manager. During this time, he provided over two thousand consultations, authored more than fifty published articles, and delivered over one hundred presentations, all focused on practice management, technology, and their ethical implications. He earned his undergraduate and Master of Business Administration degrees from the University of Wisconsin–Oshkosh and completed his Juris Doctor at the University of La Verne College of Law in Southern California.

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AI in Law Firms: Balancing Technology, Compliance, and Effective Practice Management

I. AI 101: Basics

A. [What is AI and How Can Law Firms Use it?](#)

- 1) **Machine learning** is a subset of AI. It refers to humans training machines to learn based on data input. More than simply performing (or mimicking) a human task, machine learning looks for patterns in data to draw conclusions.
- 2) **Natural language processing (NLP)** is another subfield of AI that focuses on helping computers communicate with us humans in our own language. Put simply, NLP enables computers to read text or hear speech and then understand, interpret, and manipulate that natural language—just as humans would do.
- 3) **Retrieval-augmented generation (RAG)** is an approach used to reduce AI hallucinations by combining real-time data retrieval with language generation, allowing AI to ground its responses in reliable, external sources.

B. Examples

- 1) **Machine learning example:** [Lex Machina](#) provides data on case outcomes, lawyers, damages, and timelines, turning this into actionable insights. For example, you can assess the likelihood of success in a breach of contract case with a specific judge by analyzing similar past cases.
- 2) **NLP Example:** [Relativity](#) NLP to analyze and review large volumes of documents, helping to extract key information, flag privileged content, highlight important phrases and terms, and identify patterns of communication—ultimately reducing the manual effort and cost of legal professionals reviewing every single document.
- 3) **RAG Example:** LexisNexis and Co-Counsel feature built-in RAG tools that help ground AI-generated responses in case law, statutes, and secondary materials, reducing the occurrence of hallucinations.

C. Does Your Firm Leverage AI Tools?

- 1) [The Best AI Time Tracking Tools for Lawyers | Clio](#)
- 2) [LexisNexis Protégé](#)
- 3) [Westlaw CoCounsel](#)
- 4) Microsoft Copilot
 - i. [Microsoft Copilot for Word](#)
 - ii. [Microsoft Copilot for Excel](#)
 - iii. [Microsoft Copilot for PowerPoint](#)

II. Compliance

A. SCR 20:1.1 Competence

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

- 2) 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.
- B. ABA Opinion, State Bar Guidance, & Local Rules Review
- 1) **ABA issues first ethics guidance on a lawyer's use of AI tools:** The [article](#) provides a summary of the guidance issued by the ABA, reinforcing many of the rules that have already been discussed. "[Formal Opinion 512](#) states that to ensure clients are protected, lawyers and law firms using GAI must "fully consider their applicable ethical obligations," which includes duties to provide competent legal representation, to protect client information, to communicate with clients and to charge reasonable fees consistent with time spent using GAI."
 - 2) **Ethical Considerations When Using Generative Artificial Intelligence:** The State Bar of Wisconsin [summarized](#) Formal Opinion 512 and discussed its implications under the Wisconsin Supreme Court Rules. Keep in mind that both the opinion and the article are intended to provide guidance within the framework of the rules. Only changes to the rules or decisions by the Wisconsin Supreme Court determine the enforceability and scope of using AI in legal practice.
 - 3) **Local Rules:** Review and comply with local court rules and standing orders regarding the use and disclosure of AI. At least 21 federal trial judges had issued standing orders regarding the use of AI in legal filings [as of last year](#).
- C. Federal Courts Respond – [Sample Order](#)
- 1) The Court has adopted a new requirement in the fast-growing and fast-changing area of generative artificial intelligence ("AI") and its use in the practice of law.
 - 2) The requirement is as follows: Any party using any generative AI tool to conduct legal research or to draft documents for filing with the Court must disclose in the filing that AI was used, with the disclosure including the specific AI tool and the manner in which it was used.
 - 3) Further, Rule 11 of the Federal Rules of Civil Procedure continues to apply, and the Court will continue to construe all filings as a certification, by the person signing the filed document and after reasonable inquiry, of the matters set forth in the rule, including but not limited to those in Rule 11(b)(2).
- D. Protecting Confidential Information
- 1) How Does ChatGPT Protect Confidential Client Info?
 - 2) How Do Lexis & Westlaw Protect Confidential Client Info?
 - i. Pfeifer said that the [Lexis](#) product has been developed with an emphasis on privacy and security, so that any individual user's

activity and interactions are completely private to that user.” Our generative AI is a private model not shared with third parties,” Pfeifer said. “This means that user sessions are always secure.”

- ii. Cognizant of customers’ concerns about the [security of using generative AI](#), TR says it protects customers’ data through a comprehensive information security management framework and a range of security policies, standards and practices. Specifically with regard to AI, it says that it expressly prohibits any vendor from retaining or using Westlaw or Practical Law customer data to train its generative AI model.

3) How Does [Copilot Protect Confidential Client Info](#)?

- i. **Data Usage and Storage:** Microsoft Copilot uses organizational data (such as documents, emails, chats, meetings, and calendar events) that a user has permission to access to generate contextually relevant responses. All data accessed and responses generated remain within the Microsoft 365 service boundary. Data from user interactions (prompts and responses) is stored securely, encrypted, and not used to train the foundation large language models (LLMs) used by Copilot.
- ii. **Security and Encryption:** Microsoft Copilot honors the existing Microsoft 365 permissions model to ensure data is only accessible to authorized users. It supports encryption in transit and at rest, and integrates with Microsoft Purview Information Protection. Copilot is protected by Microsoft 365’s tenant isolation, access controls, and multilayered security infrastructure, including Microsoft Entra and Information Rights Management.
- iii. **Content Ownership and Copyright:** Microsoft does not claim ownership of Copilot-generated content. Customers retain rights to the outputs, and Microsoft offers copyright protection under its “CCC”, defending customers against third-party infringement claims when Copilot is used with built-in content filters and safeguards in place.

III. Implementing AI

A. Does Your Firm Have an [AI Policy](#)?

B. Additional Questions

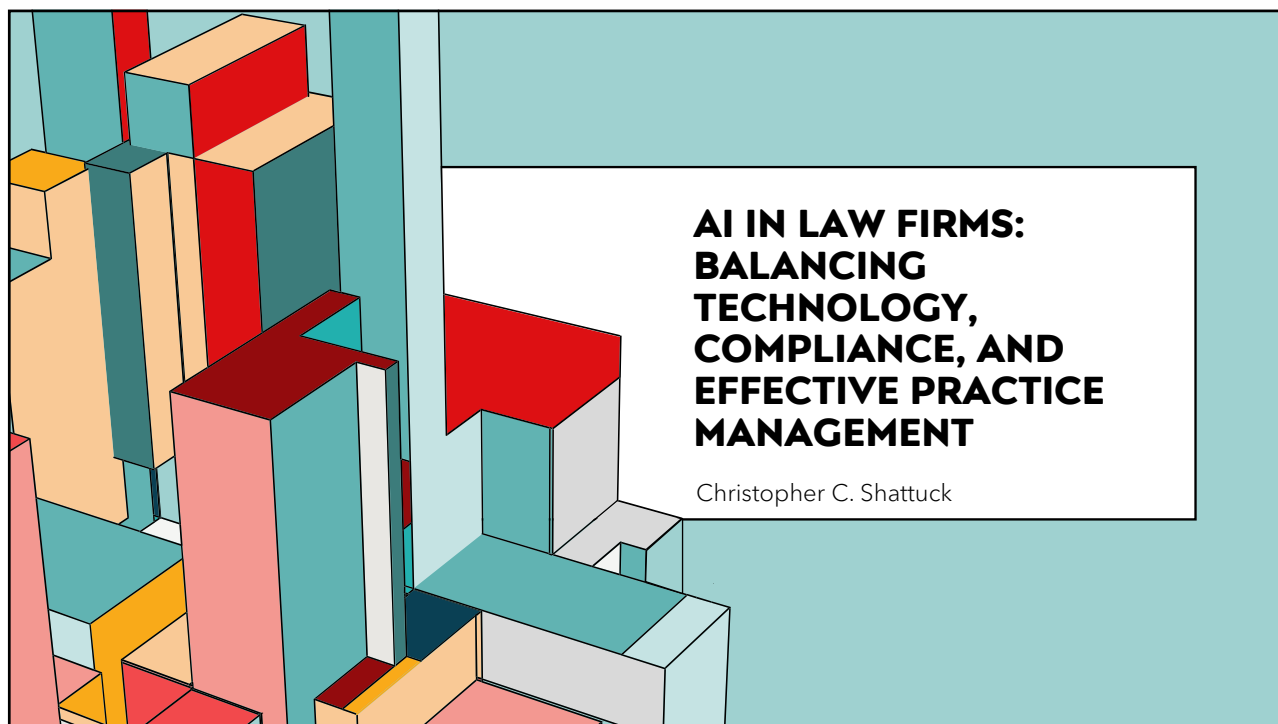
- 1) Do any of your engagement letters with clients prohibit the use of AI, and if so, do you have technology protocols in place to ensure AI is not used for their data?
- 2) Have you conducted a review to see if members of your firm are using AI without your knowledge?
- 3) What do the firm employees think about whether AI should be used in the firm?

C. Building a Coalition

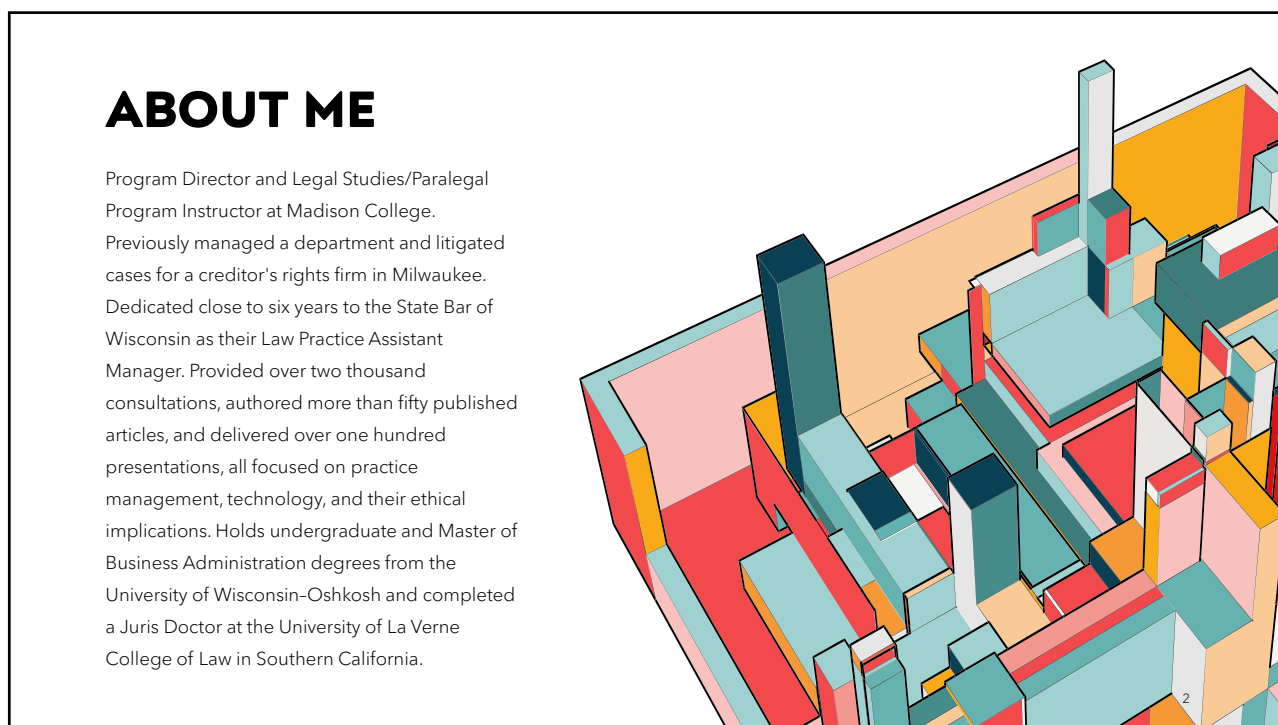
- 1) **Identifying Barriers:** Recognize challenges within the firm and get buy-in from stakeholders.
- 2) **Scoping Costs vs. Potential Savings:** Analyze costs in relation to potential future savings or gains.
- 3) **SWOT Analysis:** Assess if other firms are using this technology and the advantages they gain.
- 4) **Reasonableness of Fees:** If competitors are reducing fees with AI, are our fees still reasonable without it?
- 5) **Testing, Planning, and Input:** – AI implementation requires collaboration and feedback from all team members to improve inputs.
- 6) **Continuous Improvement:** Regularly evaluate timelines and make improvements.

IV. Speaker Contact Bio and Contact Information

- A. Bio: Program Director and Legal Studies/Paralegal Program Instructor at Madison College. Previously managed a department and litigated cases for a creditor's rights firm in Milwaukee. Dedicated close to six years to the State Bar of Wisconsin as their Law Practice Assistant Manager. Provided over two thousand consultations, authored more than fifty published articles, and delivered over one hundred presentations, all focused on practice management, technology, and their ethical implications. Holds undergraduate and Master of Business Administration degrees from the University of Wisconsin–Oshkosh and completed a Juris Doctor at the University of La Verne College of Law in Southern California.
- B. Contact Information: cshattuck@madisoncollege.edu - 608-616-1553 - [Christopher Shattuck | LinkedIn](#).



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ROADMAP

AI 101: Basics

Compliance

Implementing AI

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1. AI 101: BASICS

The Best AI Time Tracking Tools for Lawyers | Clio

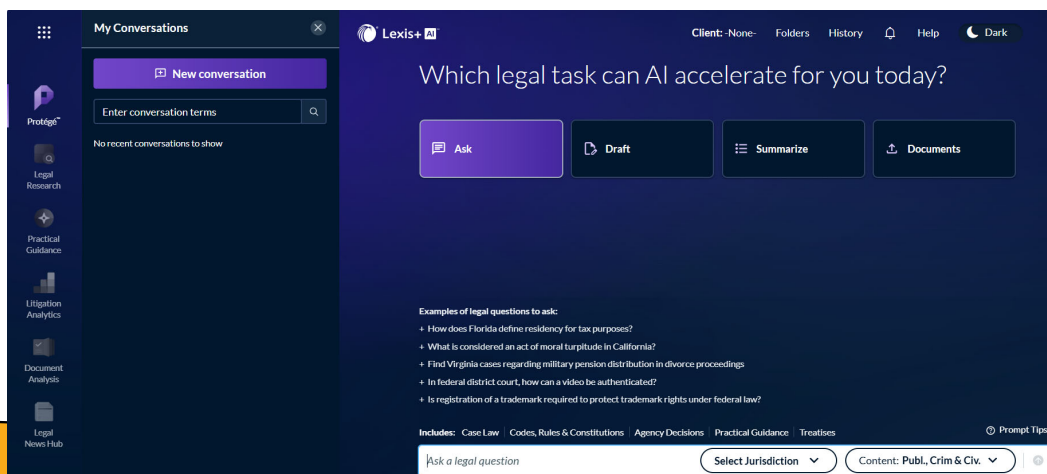


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1. AI 101: BASICS

LexisNexis Protégé

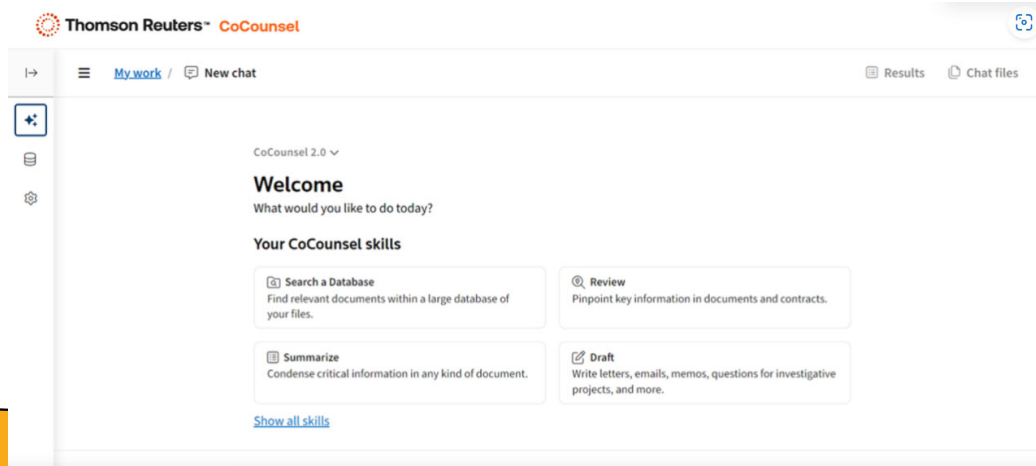


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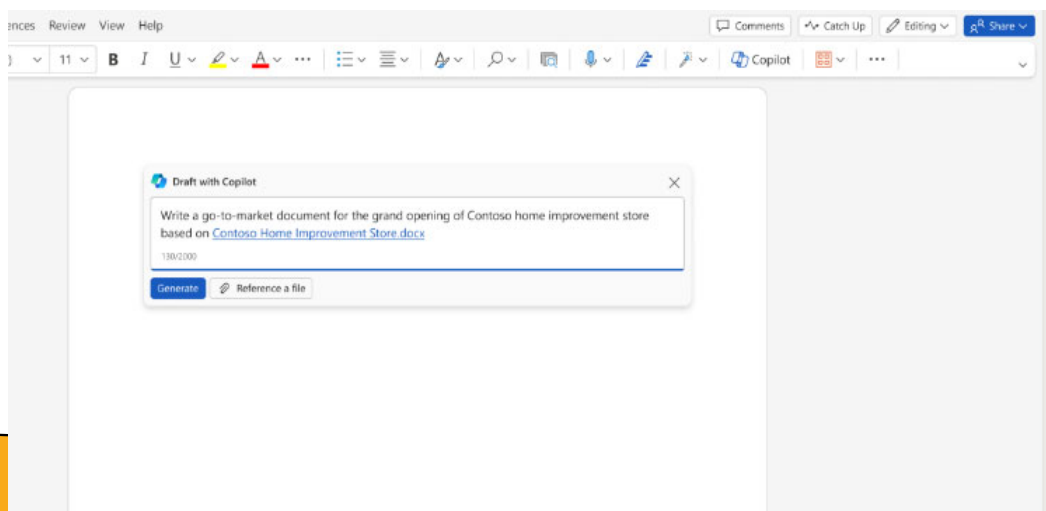
Westlaw CoCounsel



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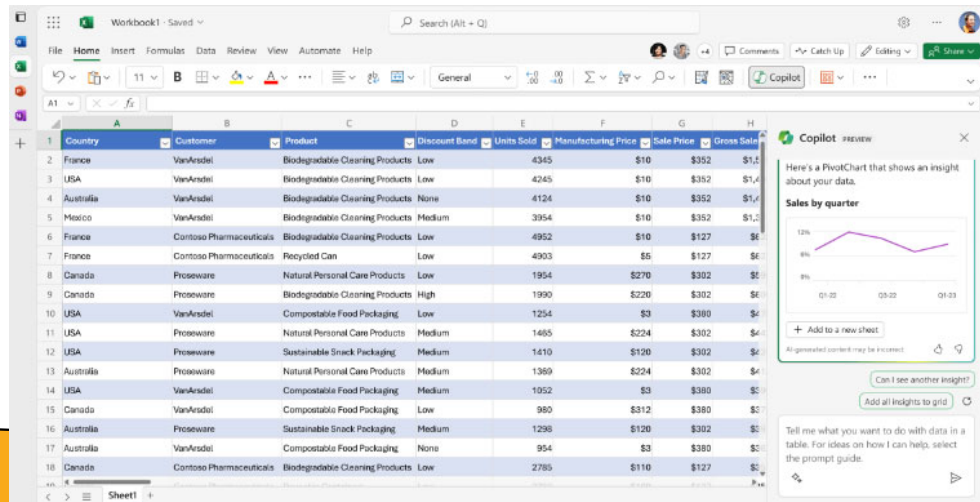
Microsoft Copilot for Word



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1. AI 101: BASICS

Microsoft Copilot for Excel



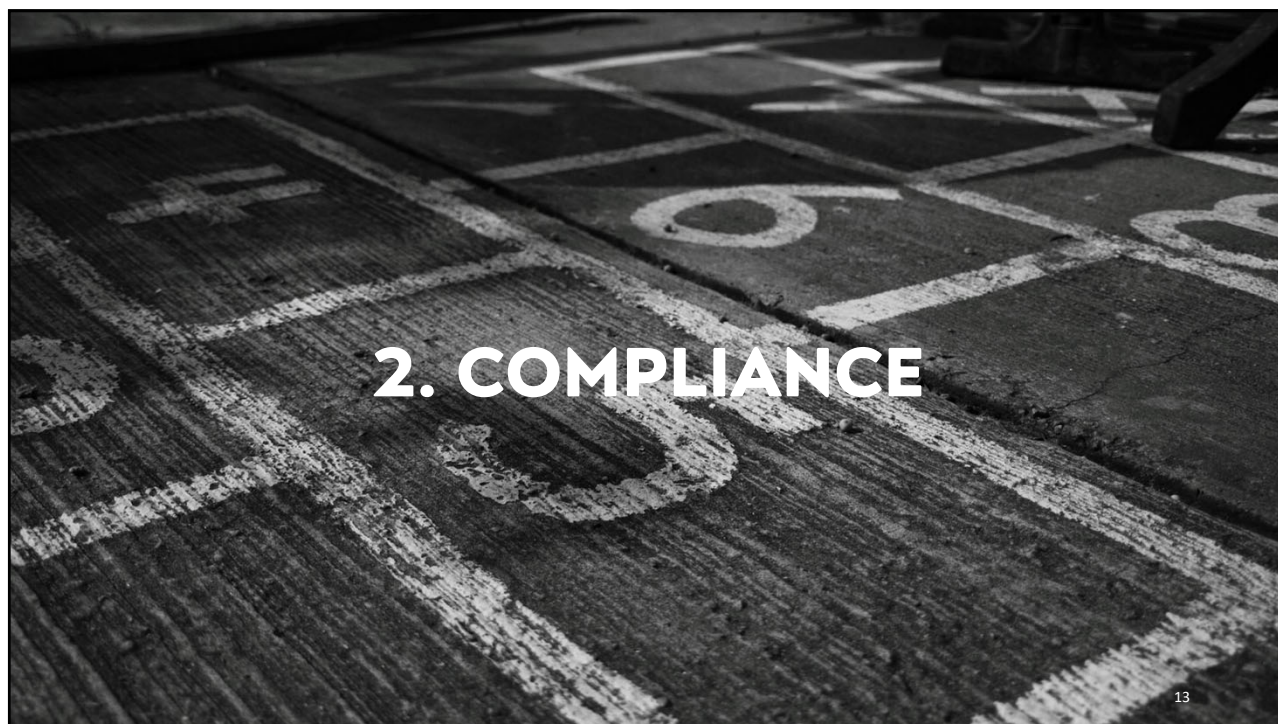
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ABA Opinion, State Bar Guidance, & Local Rules Review

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16

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2. COMPLIANCE

How Does ChatGPT Protect Confidential Client Info?



You

Can I safely place confidential information into ChatGPT?



ChatGPT

It's important not to share any confidential, sensitive, or personal information when interacting with ChatGPT. The system is designed to respect user privacy and confidentiality, but it's still crucial to avoid sharing details like:

- Personal identification numbers (e.g., social security numbers, driver's license numbers)
- Financial account information (e.g., bank account or credit card numbers)
- Health information (e.g., medical records or health conditions)
- Passwords or security credentials
- Legal documents or personally sensitive information
- Contact information (e.g., phone numbers, addresses, email addresses)

Remember, interactions with ChatGPT can be stored and might be reviewed for quality and training purposes. To safeguard your privacy and security, it's best to keep such sensitive information private.

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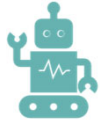
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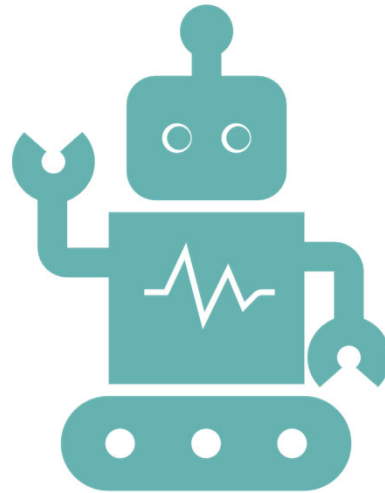
3. IMPLEMENTING AI

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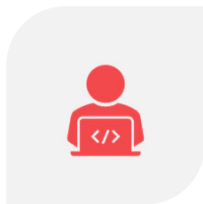
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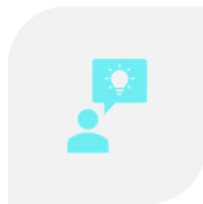
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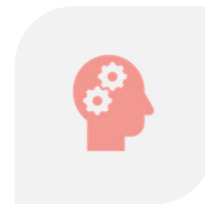
ADDITIONAL QUESTIONS



DO ANY OF YOUR ENGAGEMENT LETTERS WITH CLIENTS PROHIBIT THE USE OF AI, AND IF SO, DO YOU HAVE TECHNOLOGY PROTOCOLS IN PLACE TO ENSURE AI IS NOT USED FOR THEIR DATA?



HAVE YOU CONDUCTED A REVIEW TO SEE IF MEMBERS OF YOUR FIRM ARE USING AI WITHOUT YOUR KNOWLEDGE?



WHAT DO THE FIRM EMPLOYEES THINK ABOUT WHETHER AI SHOULD BE USED IN THE FIRM?

22

22

BUILDING A COALITION

Identifying Barriers:
Recognize challenges within the firm and get buy-in from stakeholders.

Scoping Costs vs. Potential Savings: Analyze costs in relation to potential future savings or gains.

SWOT Analysis: Assess if other firms are using this technology and the advantages they gain.

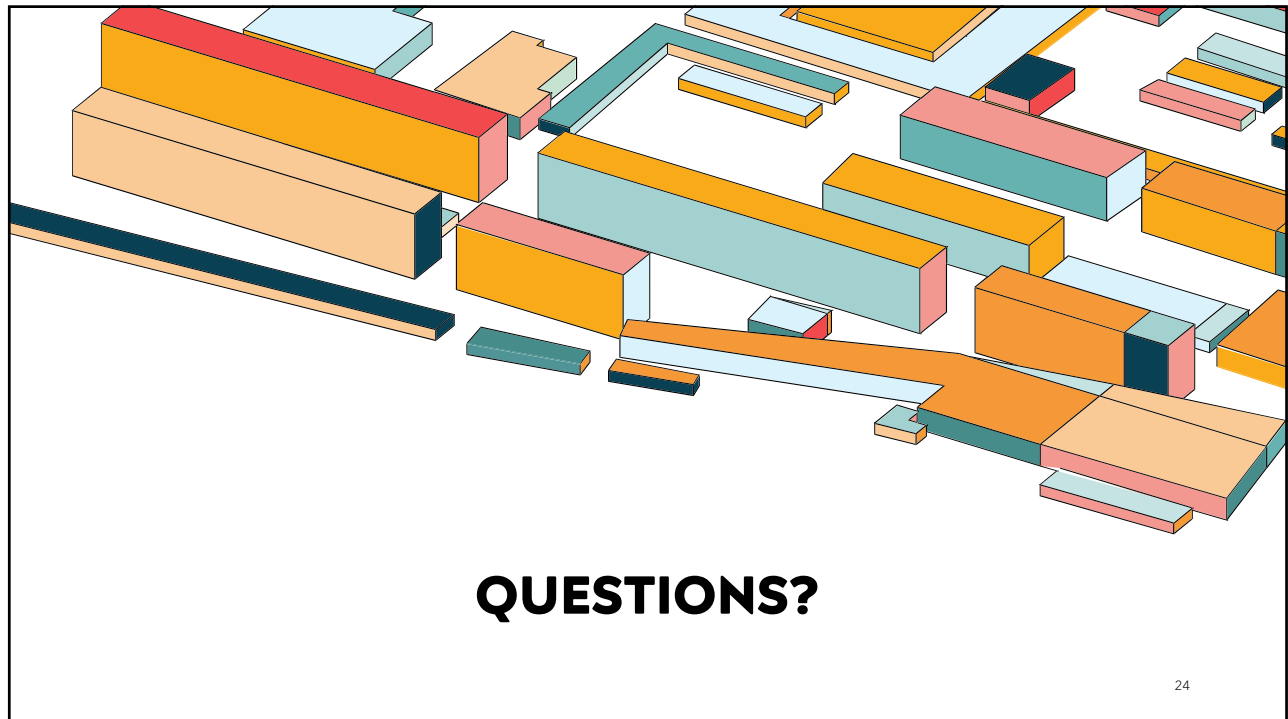
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