



**AMC 2026**

**WALA Session 3**

**AI in the Law Firm: Ethical  
Rules, Risk Management, &  
Fee Agreement  
Considerations**

**Presented by:**

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## 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.

# AI in the Law Firm: Ethical Rules, Risk Management, and Fee Agreement Considerations

Christopher C. Shattuck



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## Speaker Bio

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## Agenda

1. Ethical Rules
2. Risk Management
3. Fee Agreement Considerations

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## 1. Ethical Rules

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## SCR 20:1.1 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.

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.

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## SCR 20:4.1, SCR 20:3.3, and SCR 20:8.4(c)

Prohibit a lawyer from making false statements. ChatGPT cautions "that the model is not able to verify the authenticity of the citation or the source it's referencing, and the generated text might contain false or inaccurate citations that were present in the training data."

Source: Wisconsin Lawyer: Technology ChatGPT Artificial Intelligence: Will It Replace Lawyers and Legal Staff?: (wisbar.org).

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## SCR 20:5.3 Responsibilities regarding nonlawyer assistance

SCR 20:5.3 requires the law firm to have in effect measures that give reasonable assurance that the assistance by a nonlawyer is compatible with the professional obligations of the lawyer and that a lawyer having direct supervisory authority over the nonlawyer assistance make reasonable efforts to ensure that the assistance is compatible with the professional obligations of the lawyer. In addition, the firm's lawyers may be vicariously responsible for violation of the rules caused by the assistance.

*See Wisconsin Lawyer: Technology ChatGPT Artificial Intelligence: Will It Replace Lawyers and Legal Staff?: (wisbar.org).*

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## SCR 20:8.4 Misconduct

It is professional misconduct for a lawyer to:

**(c) engage in conduct involving dishonesty, fraud, deceit or misrepresentation;**

**(f) violate a statute, supreme court rule, supreme court order or supreme court decision regulating the conduct of lawyers;**

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## Wis. Stat. § 802.05 – Signing of pleadings, motions, and other papers; representations to court; sanctions.

(2) Representations to court. By presenting to the court, whether by signing, filing, submitting, or later advocating a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, all of the following:

- (a) The paper is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.
- (b) The claims, defenses, and other legal contentions stated in the paper are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law.
- (c) The allegations and other factual contentions stated in the paper have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery.
- (d) The denials of factual contentions stated in the paper are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

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## 2. Risk Management

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## Ethical Dilemma: Are Client Interactions with AI Protected?

- “Neither attorney-client privilege nor the work product doctrine are ethics rules.”
- Lawyers are still required to keep abreast of changes in the law and to explain matters to the extent reasonably necessary for clients to make informed decisions.
- A defendant, not his attorney, used Claude AI to prepare an outline of legal defenses. The court found that Claude’s disclaimer indicates it cannot provide legal advice (no attorney-client privilege, and system provides no confidentiality) and that the content is also not protected by work product, since the attorney did not request preparation of the materials.

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## Ethical Dilemma: Are Client Interactions with AI Protected? – Contd.

- In a separate case, a self-represented plaintiff faced a request from the defendant to produce all documents and information relating to the use of AI tools for the lawsuit. The court found that the work product doctrine protects documents used in anticipation of litigation and that a work product waiver requires disclosure to an adversary. Finally, the court found that AI programs are tools, not persons.
- As the article notes, these are not Wisconsin cases and have no binding effect.
- What steps can your organization take?

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## Protecting Confidential Information

- **LexisNexis** – “LexisNexis large language model partners are bound by agreement ‘not to train’ models on your data.”
- **Thomson Reuters** – “Customer data is not used to train third-party models and is not shared beyond a customer’s environment.”
- **Microsoft** – “Prompts, responses, and data accessed... aren’t used to train foundation LLMs used by Microsoft 365 Copilot.”
- **ChatGPT** – “We may we may use Content you provide us to improve our Services, for example to train the models that power ChatGPT.”

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## AI Use Policy

- Does your firm have an AI policy?
- Are you blocking or monitoring traffic to common AI websites?
- If you are using Copilot, have you blocked access to copilot.com?
- Do you know the difference between the free version and paid version of AI applications?

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Hi there. What should we dive into today?

Message Copilot

The Difference Between Free and Paid AI Tools

Free Edition - You can opt out of use of your conversation activity for model training at any time.

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What can I help you with?

Message Copilot

The Difference Between Free and Paid AI Tools

Paid Edition - "Prompts, responses, and data accessed... aren't used to train foundation LLMs used by Microsoft 365 Copilot."

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## Checking the local court rules before filing...

### **Kenosha County: CR 02-12 USE OF ARTIFICIAL INTELLIGENCE (AI) IN COURT FILINGS**

Any persons filing documents with the court must disclose the use of artificial intelligence (AI) in writing or preparing any document filed with the court. This disclosure shall be made with the document or in a separate certification filed simultaneously.

### **Federal Courts Respond – Sample Order**

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).

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## 3. Fee Agreement Considerations

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## ABA Opinion & State Bar Guidance

- **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."
- **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.

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## Informed Consent – Formal Opinion 512

- "Because many of today's self-learning GAI tools are designed so that their output could lead directly or indirectly to the disclosure of information relating to the representation of a client, **a client's informed consent is required prior** to inputting information relating to the representation into such a GAI tool."
- "When consent is required, it must be informed. To obtain informed consent when using a GAI tool, **merely adding general, boiler-plate provisions to engagement letters purporting to authorize the lawyer to use GAI is not sufficient.**"

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### Wisconsin Ethics Opinion E-09-03: Communications Concerning Attorneys' Fees and Expenses

- "In setting the basis or rate of the fee, a lawyer must comply with SCR 20:1.5(a), which prohibits a lawyer from making an agreement for, charging, or collecting an unreasonable fee or an unreasonable amount for expenses."
- Several factors are to be considered in determining the reasonableness of the fee.

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### Wisconsin Ethics Opinion E-09-03: Communications Concerning Attorneys' Fees and Expenses – Contd.

- "(1) the time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly;  
(2) the likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the lawyer;  
(3) the fee customarily charged in the locality for the similar legal services;  
(4) the amount involved and the results obtained;  
(5) the time limitations imposed by the client or by the circumstances;  
(6) the nature and length of the professional relationship with the client;  
(7) the experience, reputation, and ability of the lawyer or lawyers performing the services; and  
(8) whether the fee is fixed or contingent."

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## Wisconsin Ethics Opinion E-09-03: Communications Concerning Attorneys' Fees and Expenses – Contd.

- Two different factors are at play in this opinion.
- If you are using AI in your work, does your fee still reflect a reasonable amount of time, labor, and skill required to properly perform the legal service?
- Are you charging clients for the cost of AI tools appropriately?

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## Questions?

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