ARTIFICIAL INTELLIGENCE: LAWYERS "DON'T PANIC"[1]—OR MAYBE YOU SHOULD!

(This is NOT Just Another Article About How AI "Hallucinates" Cases)

Judge Stacey G. C. Jernigan, October 2026

I. INTRODUCTION.

We read about artificial intelligence ("AI") every day lately. Headlines have screamed for months now that 50% of white-collar jobs will be eliminated, due to AI, within a few short years. We read predictions that lawyers will be greatly impacted—replaced by machines that can do certain legal work in a fraction of the time that it takes a lawyer. Sure, there are reasons for doubting this—with the almost daily examples of lawyers getting sanctioned by courts for submitting briefs that contain fake ("hallucinated") cases. AI, so far, does not exactly appear to be the perfect lawyer! But many experts say that this "hallucinated" case problem will be cured in time—there are products from Westlaw[2] and Lexis that are starting to help with this—and we just need to be careful, cite check, and actually read the cases that we argue are applicable (if you are older like me, remember being warned in law school to actually read cases and not simply rely on the headnotes?). So have the rumors of the death of white-collar professional jobs been greatly exaggerated? Or not? Is AI just another revolution like the industrial revolution was to the agricultural economy,[3] or like the introduction of computers and the internet and cell phones were to life in the twentieth century? Will we adapt and evolve and land on our feet—even better? Or, is this far different? Specifically, could ***lawyers*** actually fall victim to technology as did Kodak, Blockbuster Video, and the Blackberry?

Bankruptcy and restructuring lawyers understand very well that extinction is a part of life. Over the millennia, more than 99% of Earth's species have vanished. As with biological life forms, the same holds true for business practices, business enterprises, and whole industries. Extinction is likely, eventually, for a significant majority. Bankruptcy lawyers' and judges' jobs deal with that sad fact. Which ones can be saved? Which ones can be given a dignified end? And how do we protect the rights of creditors and other parties in interest in the process?

So, what might this AI-revolution mean? Is it a bunch of unjustified hype? Or should we all be listening and learning—lest we be like the poor citizens of Pompeii who were engulfed by a volcano despite warnings?

This paper presents some basic background about what AI is ("AI for Dummies"?) and some basic thoughts about how AI might impact those of us in the legal profession. Bankruptcy

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[1] With apologies to fans of Douglas Adams's THE HITCHHIKER'S GUIDE TO THE GALAXY novel series.

[2] *E.g.*, Westlaw's Drafting Assistant and Quick Check.

[3] When our nation was formed 250 years ago, 90% of Americans lived on farms; in Europe, 50–60% of employment was agricultural. Now those percentages are in the low single digits in those places, because workers switched to industrial jobs (and later, "knowledge" work jobs).

and restructuring lawyers in particular—those who deal with chaos and disruption—should especially take note.

II. WHAT IS "AI"? IS IT REALLY NEW, AND IS IT AN EXISTENTIAL THREAT TO HUMANITY?

AI is, of course, not new. AI started June 18, 1956, at a workshop at Dartmouth College, where the goal of a group of widespread professors was to build a machine that could think. To put this into further context, just two years earlier, in 1954, IBM Corporation—"Big Blue"—had introduced the world's first main frame computer. This group of professors were curious how far they could push this whole concept of digital machines.[4]

The founder of the Dartmouth AI workshop was a man named John McCarthy. McCarthy subsequently moved to the "AI Lab" that was established at Stanford University in 1962, which has been famous for several AI breakthroughs, including Google which uses AI to search the internet.[5] To be clear, AI has been decades in the making. It was John McCarthy that coined the phrase artificial intelligence. But even before him, a British mathematician name Alan Turing, who came up with a machine to break the German Enigma military codes in World War II, was dreaming up ideas on how to train machines to do thinking.[6] He died two years before the Dartmouth workshop (at age 41, from cyanide poisoning in a half-eaten apple).

In any event, AI is all about machine-thinking. Yes, thinking machines. It is gradually getting where it can think deeper. But the evolution of it has essentially been as follows.

First there was "**Predictive AI"** — in which AI tools are used to analyze a pool of data to which the AI has access and, through so-called "machine learning algorithms," the AI makes predictions of what the correct answer is. A common example given is the auto-complete function on your phone. It's not certain to give you the correct answer for the word you intend to type, but it's fast, time-saving, and often predicts correctly. Your phone simply has a dictionary of words and their frequencies. If you type "app" then auto complete tells you the most likely way to finish the word is "apple." A google internet search, or even Westlaw or Lexis, are similar examples. Based on one's query or prompt, it simply predicts the result that you are wanting.

Next there came **"Generative AI,"** which is a different type of machine thinking. It is the type of AI that many say is revolutionizing, and will continue to revolutionize, legal work. It creates actual content, based on so-called "large language models." In other words, ***it creates text*** *(e.g.*, a poem, an article, a legal brief), based again on a pool of data (*i.e.*, analyzing the

[4] TOBY WALSH, THE SHORTEST HISTORY OF AI, p. 1 (published by The Experiment, LLC 2025).
[5] *Id.* pp. 3-5.
[6] You may have seen the Academy Award-winning movie about him called the IMITATION GAME (Black Bear Pictures 2014).

examples it has of the type of things it is asked to produce). An example is "Chat GPT"[7] which is not trained in simply a dictionary but with a significant fraction of the web. This means it can finish not just a word but a whole sentence or a whole paragraph or a page. Think of it as auto complete on steroids, but it is still merely statistical. It is not understanding the words. It is simply saying what is probable—not necessarily what is true. There are legal versions of generative AI that are proliferating. ***A pile of data is fed into the generative AI product (it's not simply accessing the internet)***. The more fulsome and useful the data that is put into it, and the better the queries/prompts that are used to access the data, the better the output will be, in theory. One might say, with generative AI, things have escalated from thinking machines to talking machines.

Yet another type of AI we are reading about more and more is **"Agentic AI,"** which supposedly leverages both Predictive AI and Generative AI to ***actually make decisions and perform tasks*** with limited human involvement. Some of this has been around for years. For example, airplanes on auto-pilot; GPS on one's phone or car; an I-Roomba vacuum cleaner.

Oh, and we are starting to hear about "**Powerful AI,**" too. More on that later.

Philosophical question*:** Is it accurate to call this all "intelligence"? Or machine "thinking"? What is intelligence? The capacity to learn? An accumulation of knowledge? If so, then maybe AI is aptly named. The AI experts tell us that the machines will get as smart as humans (or smarter)—maybe already have. But they are predicting answers, based on accessible data, right? And isn't creativity and the ability to harness knowledge to solve a problem ***something separate? Can or will machines do that as well as or better than humans? Isn't a lawyer, who can come up with analogies for a specific fact pattern (when, perhaps, there is no case or law right on point), and strategize, and draw from his or her own human experience and instincts, better than an algorithm? Maybe or maybe not. Think about IQ tests. They assess reasoning, logic, and problem solving—not just knowledge accumulation—although test scores are influenced by education and environment. Some would say that IQ tests are not comprehensive measures of intelligence (or certainly not of potential for success), ***as they often fail to capture creativity or emotional intelligence.***

So, is the AI of today still just accessing a pool of data it has been fed/accessed, or is it now doing (or on the verge of doing) something more sophisticated so as to warrant the term "thinking" machines? AI systems apparently have been constructed to actually work like the neural networks (i.e., the layered architecture of interconnected "neurons") in biological brains. They have been given shape by a trial-and-error process, with adjustments made to the models' "weights," or the strengths of the connections between the neurons.[8] This is hard for most normal people to fully understand. Some have described this architecture as "training the models" to match patterns. A simple example commonly given is as follows: the models are fed every

[7]"GPT" stands for "Generative Pretrained Transformer." "Generative" means the model can generate text. "Pretrained" means that the model is pretrained with no particular goal in mind other than to discover features in the training data. And "transformer" is because the model has a transformer architecture.

[8] *See generally* GIDEON LEWIS-KRAUS, WHAT IS CLAUDE? ANTHROPIC DOESN'T KNOW, EITHER, THE NEW YORKER (Feb. 9, 2026).

available image of a cat, so that the AI can sort cats from non-cats. Using that example for text-creation, the generative AI is trained to recognize and repeat embedded word chains, based on elaborate, statistical guesswork.

Many experts predict that, in just a few years, AI will be better than humans at essentially everything—not simply a great tool to sift through and summarize data. But, is the smartest course of action always the right course of action? Will AI go rogue and overpower humanity, like a plot from a *James Bond, Agent 007* movie? Is science fiction finally going to become reality?

The company called Anthropic that created Claude has publicly stated that it has been hiring Gen Z philosophy and psychology majors and ethicists in Silicon Valley to try to create a moral conscious or ethical ethos in Claude.[9] Sometimes they call it a "Constitution" of principles, to help with the AI's moral programming. How's that going to work out? Arnold Schwarzenegger said in the movie *The Terminator 2: Judgment Day*, speaking to the character John Connor, that the Terminator (a T-800 model of robot created by the artificial intelligence company known as Skynet) could never cry or feel the underlying emotion of sadness. Remember? Perhaps this is not exactly a reference to cinematic greatness, but the Terminator character was right, I think. The AI will never become sentient—capable of feelings and sensations such as pain, pleasure, joy, or suffering. So, can we ever really defer to AI for important decisions?

Perhaps there is an existential threat that **"Powerful AI"** systems will be accessed by malicious people. There are potentially people out there, that if they have access to an easy way to kill millions of people (through a biological attack or chemicals or nuclear weapons or other things), sooner or later one of them may do that. AI potentially enables bad actors to commit even larger-scale destruction than they could before. The company OpenAI has posted a statement on its website describing how it is working to train models to "refuse requests for instructions, tactics, or planning that could meaningfully enable violence."

But forget about malicious people. What about the phenomena of "AI psychosis" and "AI girlfriends"? We already are hearing that AI chatbots have in some instances had a powerful psychological influence on people. Much more powerful versions of these models, that become much more embedded in and aware of people's daily lives, could influence them over months or years, and might be capable of essentially brainwashing some people into a desired ideology or attitude. Some say it is already happening with TikTok. And there have been lawsuits already accusing some social media platforms of having encouraged people to commit suicide.

What about "singularity"? The moment when AI surpasses human intelligence and begins improving itself internally? Doing its own thing (think *2001: A Space Odyssey* and the HAL 9000). Is this starting to sound ridiculous? Maybe not.

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[9] Dario Amodei, The Adolescence of Technology (Jan. 2026) (a paper widely circulated by the CEO and founder of Anthropic).

Here is wat Dario Amodei of Anthropic recently wrote about the quickly evolving Powerful AI (which some people call Super AI or "Frontier AI") which is similar to today's **Generative AI** in form, but will probably be based on a different architecture, that might involve several interacting models, and might be trained differently:[10]

> • *In terms of pure intelligence, it is smarter than a Nobel Prize winner across most relevant fields – biology, programming, math, engineering, writing, etc. This means it can prove unsolved mathematical theorems, write extremely good novels, write difficult codebases from scratch, etc.*
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> • *In addition to just being a "smart thing you talk to," it has all the "interfaces" available to a human working virtually, including text, audio, video, mouse and keyboard control, and internet access. It can engage in any actions, communications, or remote operations enabled by this interface, including taking actions on the internet, taking or giving directions to humans, ordering materials, directing experiments, watching videos, making videos, and so on. It does all of these tasks with, again, a skill exceeding that of the most capable humans in the world.*
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> • *It does not just passively answer questions; instead, it can be given tasks that take hours, days, or weeks to complete, and then goes off and does those tasks autonomously, in the way a smart employee would, asking for clarification as necessary.*
>
> • *It does not have a physical embodiment (other than living on a computer screen), but it can control existing physical tools, robots, or laboratory equipment through a computer; in theory it could even design robots or equipment for itself to use.*
>
> • *The resources used to train the model can be repurposed to run millions of instances of it . . . and the model can absorb information and generate actions at roughly 10x-100x human speed. It may however be limited by the response time of the physical world or of software it interacts with.*
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> • *Each of these million copies can act independently on unrelated tasks, or if needed can all work together in the same way humans would collaborate, perhaps with different subpopulations fine-tuned to be especially good at particular tasks.*[11]

[10] Dario Amodei, The Adolescence of Technology (cited earlier).
[11] *Id.*

Dario Amodei states that this can be all summarized as a "country of geniuses in a datacenter."

If this all sounds too much like science fiction, here's something that doesn't. ***What are the economic prospects for most humans in a world dominated by AI?*** This is what we bankruptcy and restructuring types should be significantly pondering.

We know that new technologies often bring labor market shocks, and in the past humans have resiliently recovered from them, but arguably that is because these previous shocks affected only a fraction of the full possible range of human activities, leaving room for humans to expand to new tasks. But some say the AI revolution is not exactly like the Industrial Revolution was to agriculture (where, after a short disruption, manufacturing jobs were waiting in the wings).

III. NOW FOR SOME QUESTIONS—IMPACT ON THE LEGAL PROFESSION.

A. Usage of Generative AI in Law Practice. True or False: Despite all the hype about AI, law firms are not really using it that much yet in a way that revolutionizes their practices.

The answer varies greatly. There are products like Harvey and Co-Counsel that are becoming widely used by law firms. Some large firms are forming "AI Departments" with different areas of expertise ("prompt engineers," teachers for how to formulate and revise prompts, *etc.*, and a "Head of AI"). It's usually a combination of IT people, law librarians, and lawyers who work together regarding what's put in the "black box" or "data pool" (folders). It might be fair to assume that, while there is fear of AI "replacing" lawyers, there might, in fact, be new jobs/roles for lawyers that involve servicing and maintaining the AI infrastructure. You need people who "think like lawyers" to understand what the AI is and what should be put in the data pool and to help with creating good prompts/queries to pull the best data.

B. The Billable Hour. True or False: AI is going to impact usage of the billable hour as a means for charging for legal services like no other development in legal history. Or have reports of the billable hour's death been greatly exaggerated?[12]

According to experts, AI is (or will be) able to complete certain discrete legal tasks faster, more consistently, and at lower cost than a human lawyer. Certain tasks that used to be very difficult will become easy. But does this undeniably mean, like some people suggest, that "lawyer time spent" stops working as a credible measure of value? If so, what replaces the

[12] RITA GUNTHER MCGRATH, SAY GOODBYE TO THE BILLABLE HOUR, THANKS TO AI, Above the Law (Dec. 4, 2025). McGrath is an academic director in executive education at Columbia Business School.

billable hour as a way of billing clients for legal services? Is the billable hour really dead? Or will lawyers just bill a lot less than they have historically and that's why some lawyers are increasing their billing rates to $3,000 per hour? Are these eye-popping rates to compensate for back-office expensive IT and AI costs? Lawyers are going to have to keep judges informed about how much all of this technology costs for their firms and how much this overhead impacts their need to raise billing rates. The flip side is, how will this extra efficiency impact hours needed for a task? Are lawyers still going to be billing 2,000 hours per year on average (assuming that's still the average)?

It seems possible that the efficiency created by this AI (for example, generating a brief super-fast), might be significantly offset by the time needed to verify the output? The verification costs? How many lawyers need to verify? How much faster does it really tend to be? It may take 15 minutes to produce a very good response to a claim objection (perhaps it is a mostly high-quality product—but a bit verbose). But how much lawyer-time to verify case cites? A professor at SMU Law School who has spent significant time experimenting with AI products tells me that he finds AI less reliable for bankruptcy questions.

Are in-house legal departments going to get all of these same AI tools and be able to perform more of their legal work in-house?

C. Writing and Communication Skills. True or False: AI may impair the development of good lawyering skills by taking the hard work out of writing. Restated, AI is going to make us all dumber lawyers.

"I write to know what I think." That's a quote from the late, brilliant author Joan Didion. Also, neuroscientists say that writing actually ***changes the brain***.[13] Translating thoughts into words on paper is a complex mental task. It engages multiple areas of the brain associated with memory and decision-making. And writing things down supports memory consolidation. It can convert short-term memories into long-term memories.[14] Historically, a young lawyer's stock-in-trade has been predominantly research and writing. It may seem like drudgery to many. But writing is a skill set that all young lawyers need to develop because ***the very act teaches them about the law, teaches them how to think critically, reason, and analyze, and teaches them how to orally communicate***. The practice of law requires deep thinking and sometimes creative thinking. Think about the business world: there are "idea people" and "operational people." Steve Jobs was an "idea person," not the genius back in the office doing the computer programming, but a creative genius with great instincts. Albert Einstein said imagination is more important than knowledge. Lawyering is likewise much more than spitting out forms and

[13] Confirmed in conversations with Dr. Jillian Jernigan, Clinical Psychologist at Yale University. *See also* ZOE ANDRES, PSYCHOLOGICALLY SPEAKING: YOUR BRAIN ON WRITING, Univ. of Waterloo/Writing and Communication Center (Apr. 22, 2019), found at https://uwaterloo.ca/writing-and-communication-centre/blog/psychologically-speaking-you-brain-writing.

[14] *Id.*

regurgitating legal authority. While pouring over lengthy contracts, studying every cause of action, and immersing oneself in case law early in one's career may not be glamourous, these tasks have traditionally been how good legal judgment is formed.

Should law firms restrict associates from using AI for the first three years?[15] Or, on the contrary, might AI do a better job mentoring young lawyers than some seasoned lawyers? There are products that train lawyers how to take and defend a deposition. How many lawyers had an older lawyer tutor them meaningfully on how to take a deposition?[16]

D. Fake Evidence. True or False: Lawyers and Courts are going to be grappling with identifying authenticity issues like never before (deep fakes; analysis of meta data, *etc.*). The burden of proof is going to get harder than ever.

Maybe authenticity of evidence will be an area of concern more in criminal law than in bankruptcy courts. Use of camera videos and products like FLOCK and TinEye are becoming prolific in criminal investigations.[17] But authenticity issues certainly can come up in all practices where proof is needed of something. Will fraud become easier to detect or harder? And what if an expert witness is relying on artificial intelligence? How will lawyers deal with that possibility?

E. Small Firms Versus Mega Firms: True or False: Technology is about to become such a game-changer that small firm practitioners will not be able to compete. Merger mania will amp up like never before.

Presumably most small firms have had law practice management platforms for a while that do as much as 80 percent of the tasks law firm owners need, from intake forms, payment processing, calendaring, client portals, and even legal research (via Westlaw or Lexis or whatever). But will they spend the money on generative AI? And will big firms decide in some situations that they can now take on smaller clients because they have a way to produce work product that is not so expensive?

F. Specific Practice Areas: True or False: Certain practice areas will become largely obsolete and other new ones will crop up.

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[15] Thank you to lawyer Deborah Perry, Munsch Hardt, for posing this philosophical question.

[16] A recent news article reported that a renowned lawyer, who is a frequent Supreme Court advocate, engaged AI to make hypothetical arguments to the Supreme Court for an oral argument the lawyer had (i.e., to be his sparring partner), and the lawyer thought AI did a better job than him at answering questions.

[17] TinEye is a reverse image search engine developed and offered by a company based in Toronto, Ontario. It was the first image search engine on the web to use image identification technology rather than key words, meta data, or watermarks. Upon submitting an image into it, TinEye creates a "unique and compact" digital signature or fingerprint of an image and then matches it with other images on the internet to potentially find a human match.

If true that some legal practice areas will vanish, which ones? Maybe tort law will be dramatically impacted because human mistakes are going to be significantly reduced with the help of AI (*e.g.*, self-driving cars will result in fewer accidents and fewer mistakes will be made in medical care)—or will things simply shift to liability-seeking against the AI-creators? Maybe technologies—genetics, nanotechnology, and robotics—will just spawn whole new classes of accidents and abuses. It seems inevitable that the rapid progress of AI will create situations that our existing legal frameworks are not well designed to deal with. Maybe any type of law that is pretty routine and form-based (wills; real estate sales) will dwindle down to very little lawyer-involvement. Maybe a whole new field of "data center law" is going to emerge. Maybe an expertise in new regulatory laws dealing with AI will become a hot new area.

I would hazard a guess that bankruptcy law practice could boom in coming years. Both consumer bankruptcy (with layoffs of human beings who are replaced by AI) and with some businesses becoming dinosaurs. Businesses will probably be more profitable at first (with lower labor costs) but eventually, with some businesses having fewer human customers (because of customers having less disposable income to spend), many businesses will suffer.

The real estate market could suffer (fewer employees means less office space needed; laid off employees maybe can't afford houses).

Software providers/licensors could get hurt hard. Fewer employees at their customers means fewer licensed users at their customer (reducing licenses-per-users fees). But also, software companies who contract with and license their products to companies (which these days, involves allowing access to their product online or through the cloud), may confront a reality that AI will be able to replicate the same tasks and customers may be able to use AI in-house for virtually the same product that the software/service provider has provided—only cheaper. So, the software providers discount their products to retain customers, and they eventually lose customers.

The same thing is happening in the field of medicine. AI agents will likely be performing clinical tasks completely on their own — with no human in the loop — in the near future. One example that has been cited is blood pressure medication titration. Maybe this will be a good thing for health care because of labor shortages in the health care sector.

G. Power Outages. True or False: We are going to face major power outages from time to time, because of insufficient capacity to run all the AI being used.

Does anyone really know? As alluded to earlier, AI has been described as having the potential for a country of geniuses in a datacenter. What will happen if we get used to having access to those machine geniuses but have intermittent periods with no access? Will lawyers (and people generally) be helpless during a power outage?

H. AI is an Existential Threat to Humanity. True or False: AI will be so programmed to make rational choices that it will override human decisions that are empathetic—always default to the path that favors the many over the few.

Back in my old law firm days, we referred to certain lawyers in the firm as "brains in a jar." It was meant to be (mostly) complimentary, because they were just so darned smart. I wonder if the days of lawyers who are "brains in a jar" are going to be long-gone. The machines will be the "brains in the jar." Maybe we will enter a phase where people with strong EQ will be more in demand as lawyers than strong IQ?

One expert on AI stated that "As the new generation of intelligent devices appears, it will be the stock analysts and petrochemical engineers and parole board members who are in danger of being replaced by machines. The gardeners, receptionists, and cooks are secure in their jobs for decades to come."[18] He went on to say that "The main lesson . . . of AI research is that the hard problems are easy and the easy problems are hard. The mental abilities of a four-year-old that we take for granted."[19] Could this really be right? Maybe it's time to go to culinary school.

Good night, and good luck.

[18] Arthur L. Samuel, *Artificial Intelligence: A Frontier of Automation*, THE ANNULS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE 340 (1), pp. 10-20 (1962) cited in WALSH, THE SHORTEST HISTORY OF AI, p. 77.
[19] *Id.*