



RIVERS STRATEGIC ADVISORY LLC

WAKE COUNTY BAR ASSOCIATION | TECHNOLOGY CLE

AI Governance For Lawyers

Guardrails to navigate emerging technology

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Thursday, October 1, 2026



AGENDA

What we'll cover

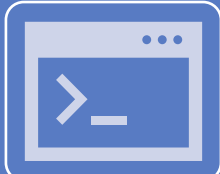
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- 01 **High-Stakes Technology Changes**
 - 02 **Duties & Professional Conduct**
 - 03 **AI Strategy & Governance**
 - 04 **Risk Identification & Assessment**
 - 05 **AI Use Policy**
-

01

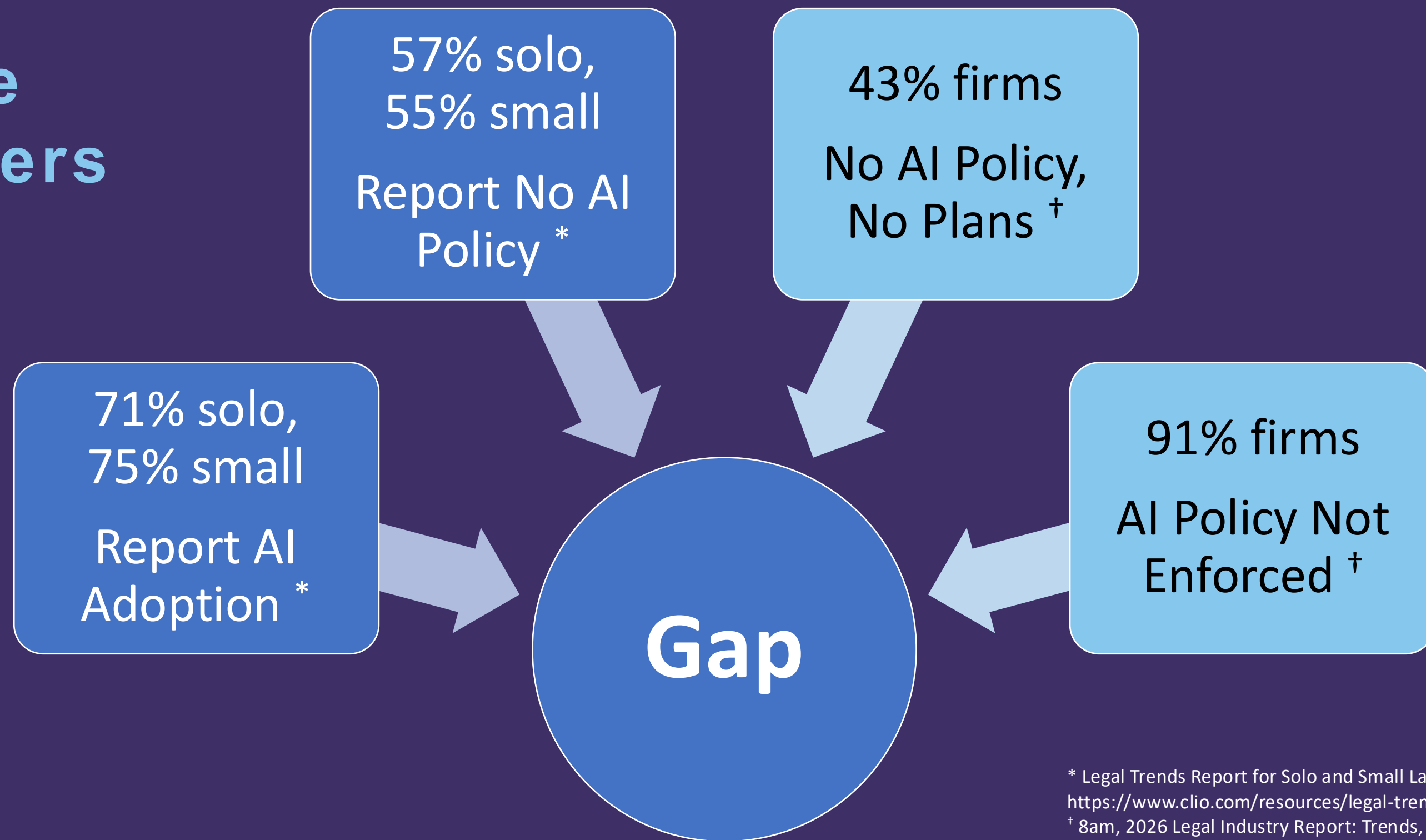
High Stakes

What's your number?



-  Hardware
-  Applications
-  Browsers
-  Websites

By the Numbers



* Legal Trends Report for Solo and Small Law Firms, CLIO (2026), <https://www.clio.com/resources/legal-trends/2026-solo-small-firm-report/>.
† 8am, 2026 Legal Industry Report: Trends, Benchmarks & Insights (2026), <https://www.8am.com/reports/legal-industry-report-2026/>.

HIGH STAKES

Exposure



Unverified output

Confidential info shared

Undocumented AI practice

Shadow AI Use

Cautionary Tales



- ◆ Fivehouse v. *U.S. Dep't of Def.*, No. 2:25-CV-00041-M-RN (E.D.N.C. Mar. 2, 2026) (order to show cause).
 - Court found clear and convincing evidence
 - Knowingly filed a brief with fabricated quotations and misstated holdings
 - Errors arose generative AI use
 - Failure to verify its contents.
 - Public reprimand. Terminated employment.

- ◆ Creech v. City of Raleigh, 929 S.E.2d 925 (N.C. Ct. App. 2026).
 - Court of Appeals decided on governmental & public official immunity grounds,
 - Affirming in part & reversing in part.
 - Silent on AI misuse, the fabricated citations, motion to amend.
 - Under N.C. R. App. P. 30(e)(3), unpublished opinion not controlling authority, citation is disfavored.

HIGH STAKES

Governance



“

Distrust and a lack of clear governance are challenges to AI adoption, not a shortage of tools.

~ U.S. federal government 2025 AI Action Plan

02

Duties & Professional Conduct

TRUE OR FALSE

What are rules on AI use?

- As of today, no North Carolina statute directly regulates lawyers' use of AI.

TRUE

- In 2026, the NC State Bar adopted a new AI-specific Rule of Professional Conduct.

FALSE

- Lawyers filing in the Eastern District of NC must attach a separate certificate disclosing AI use.

FALSE

- BONUS: Federal law now preempts state AI regulation.

FALSE

AUTHORITY

Competence and supervision, confidentiality, candor and billing

- NC Rules of Professional Conduct
- 2024 FEO Opinion 1: Use of Artificial Intelligence in a Law Practice
- ABA Opinion 512

AUTHORITY

NC RPC 1.1 Competence, Comment 8

A lawyer shall not handle a legal matter that the lawyer knows or should know he or she is not competent to handle without associating with a lawyer who is competent to handle the matter. 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 the technology relevant to the lawyer's practice*, engage in continuing study and education, and comply with all continuing legal education requirements to which the lawyer is subject.

AUTHORITY

NC RPC 1.4 Communication

(a) A lawyer shall:

- (1) promptly **inform** the client of any decision or circumstance with respect to which the client's informed consent, as defined in Rule 1.0(f), is required by these Rules;
- (2) reasonably **consult** with the client about the means by which the client's objectives are to be accomplished;
- (3) keep the client reasonably informed about the status of the matter;
- (4) promptly comply with reasonable requests for information; and
- (5) consult with the client about any relevant limitation on the lawyer's conduct when the lawyer knows that the client expects assistance not permitted by the Rules of Professional Conduct or other law.

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

AUTHORITY

NC RPC 1.5 Fees

(b) When the lawyer has not regularly represented the client, 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*, preferably in writing, before or within a reasonable time after commencing the representation.

Comment 2, Basis or Rate of Fee. When the lawyer has regularly represented a client, an understanding will have ordinarily evolved concerning the basis or rate of the fee and the expenses for which the client will be responsible. In a new client-lawyer relationship, however, a *written understanding* as to fees and expenses should be promptly established. Generally, furnishing the client with a simple memorandum or copy of the lawyer's customary fee arrangements will suffice, provided that the writing states the general nature of the legal services to be provided, the basis, rate or total amount of the fee and whether and to what extent the client will be responsible for any costs, expenses or disbursements in the course of the representation. A written statement concerning the terms of the engagement reduces the possibility of misunderstanding.

AUTHORITY

NC RPC 3.3 Candor Toward the Tribunal

(a) A lawyer shall **not knowingly**:

(1) **make a false statement** of material 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;

(2) **fail to disclose** to the tribunal legal authority in the controlling jurisdiction known to the lawyer to be directly adverse to the position of the client and not disclosed by opposing counsel; or

(3) **offer evidence that the lawyer knows to be false**. If a lawyer, the lawyer's client, or a witness called by the lawyer, has offered material evidence and the lawyer comes to know of its falsity, the lawyer shall take reasonable remedial measures, including, if necessary, disclosure to the tribunal. A lawyer may refuse to offer evidence, other than the testimony of a defendant in a criminal matter, that the lawyer reasonably believes is false.

(b) A lawyer who represents a client in an adjudicative proceeding and who knows that a person intends to engage, is engaging or has engaged in criminal or fraudulent conduct related to the proceeding shall take reasonable remedial measures, including, if necessary, disclosure to the tribunal.

(c) The duties stated in paragraphs (a) and (b) continue to the conclusion of the proceeding, and apply even if compliance requires disclosure of information otherwise protected by Rule 1.6.

(d) In an ex parte proceeding, a lawyer shall inform the tribunal of all material facts known to the lawyer that will enable the tribunal to make an informed decision, whether or not the facts are adverse.

AUTHORITY

NC RPC 1.6(c) Confidentiality Of Information

(c) A lawyer shall make reasonable efforts to prevent the inadvertent or unauthorized disclosure of, or unauthorized access to, information relating to the representation of a client.

AUTHORITY

NC RPC 5.1 Responsibilities Of Principals, Managers, And Supervisory Lawyers

(a) A principal in a law firm, and a lawyer who individually or together with other lawyers possesses comparable managerial authority, shall make reasonable efforts to ensure that the firm or the organization has in effect measures giving reasonable assurance that **all lawyers** in the firm or the organization **conform** to the Rules of Professional Conduct.

(b) A **lawyer having direct supervisory authority** over another lawyer shall make reasonable efforts to ensure that the other lawyer conforms to the Rules of Professional Conduct.

(c) A lawyer shall be **responsible for another lawyer's violation** of the Rules of Professional Conduct if:

(1) the lawyer orders or, with knowledge of the specific conduct, ratifies the conduct involved; or

(2) the lawyer is a principal or has comparable managerial authority in the law firm in which the other lawyer practices, or has direct supervisory authority over the other lawyer, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action to avoid the consequences.

AUTHORITY

NC RPC 5.3 Responsibilities Regarding Nonlawyer Assistance

With respect to a nonlawyer employed or retained by or associated with a lawyer:

(a) a principal, and a lawyer who individually or together with other lawyers possesses comparable managerial authority in a law firm or organization shall make reasonable efforts to ensure that the firm or organization has in effect measures giving reasonable assurance that the **nonlawyer's conduct** is **compatible with the professional obligations of the lawyer**;

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

(c) a lawyer shall be **responsible for conduct of such a nonlawyer** that would be a violation of the Rules of Professional Conduct if engaged in by a lawyer if:

- (1) the lawyer orders or, with the knowledge of the specific conduct, ratifies the conduct involved; or
- (2) the lawyer is a principal or has comparable managerial authority in the law firm or organization in which the person is employed, or has direct supervisory authority over the nonlawyer, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action to avoid the consequences.

AUTHORITY

NC Rule 11 Signing and Verification of Pleadings

(a) Signing by Attorney. - Every pleading, motion, and other paper of a party represented by an attorney shall be signed by at least one attorney of record in his individual name, whose address shall be stated. A party who is not represented by an attorney shall sign his pleading, motion, or other paper and state his address. Except when otherwise specifically provided by rule or statute, pleadings need not be verified or accompanied by affidavit. The signature of an attorney or party constitutes a certificate by him that he has read the pleading, motion, or other paper; that to the best of his knowledge, information, and *belief formed after reasonable inquiry* it is *well grounded in fact* and is *warranted by existing law* or a *good faith argument* for the extension, modification, or reversal of existing law, and that it is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation. If a pleading, motion, or other paper is not signed, it shall be stricken unless it is signed promptly after the omission is called to the attention of the pleader or movant. If a pleading, motion, or other paper is signed in violation of this rule, the court, upon motion or upon its own initiative, shall impose upon the person who signed it, a represented party, or both, an appropriate sanction, which may include an order to pay to the other party or parties the amount of the reasonable expenses incurred because of the filing of the pleading, motion, or other paper, including a reasonable attorney's fee.

03

AI Strategy & Governance

Adhering to Standards and Best Practices

- NIST AI Risk Management Framework
 - Govern, Map, Measure, Manage
- ISO/IEC 42001
 - Risk-based framework for AI Management System (AIMS)
- OECD AI Principles
 - Value-based foundation: stewardship, human-centric values, fairness, transparency, and robustness

Establishing AI Strategy & Governance

Written policy

Named owner

Approved tool list

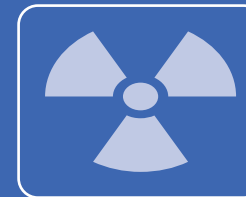
Training records

Signed acknowledgements or certificates of completion

Clauses in client agreements

Billing position

Feel Better About Using AI



Mitigates risk



Ensures compliance



Builds trust

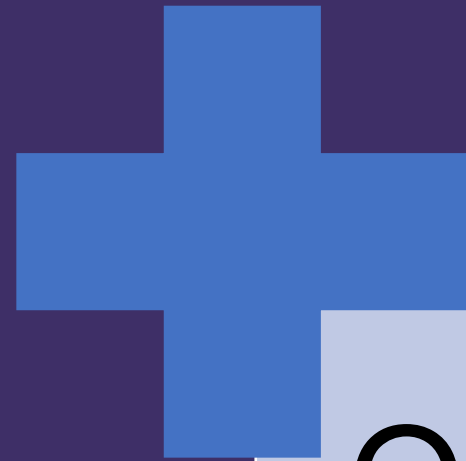


Drives value

04

Risk Identification & Assessment

What are risks?



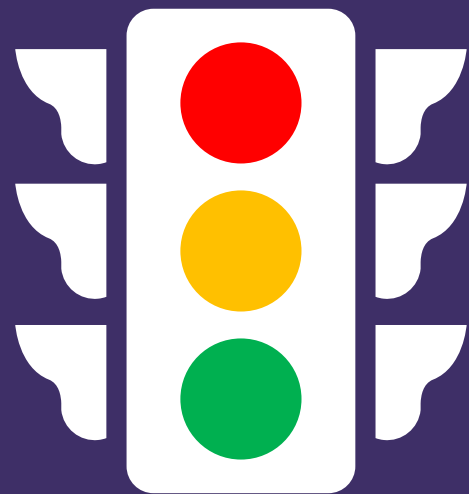
Opportunities

- Growth
- Competitive Advantage
- Efficiency

Threats

- Reputational Damage
- Monetary Sanctions
- Disciplinary Action

RISK CLASSIFICATION



Source: <https://www.alertmedia.com/blog/qualitative-risk-analysis/>

Risk Tolerance

- ◆ Sleep at night
- ◆ Liquidity & Cash Reserves
- ◆ Event Horizon
- ◆ Recovery Time
- ◆ Legality



Image generated using AI tools

Scenario 1. Family Law Filing

An associate at a four-lawyer Wake County firm drafts a memorandum of law supporting an unequal distribution claim in an equitable distribution case. She researches on Lexis, pulls six cases, and Shepardizes each one. The citations are correct.

The brief could read better, so she pastes it into ChatGPT with the prompt to “*tighten the language and make the argument flow better*”. The output is cleaner. The argument structure is unchanged. She reads it for tone, likes it, and files it.

Three of the six citations are now wrong. One case name has been swapped for a similar-sounding case that exists but says something else. Two pin cites have shifted. One quotation has been smoothed into language that appears nowhere in the opinion.

Opposing counsel's paralegal can't locate the quoted language. The court sets a show cause hearing for the Friday before the ED trial.

Scenario 2. Estate Administration Inventory

A client of a solo wills, trusts, and estates law firm dies with roughly 1,200 pages of financial statements across eleven accounts. The attorney decides to use an AI tool to inventory assets and flag transfers in the look-back period.

He wants to try Google's Gemini Enterprise for Legal because he already uses Google Gemini – a paid version but not the one tailored to legal. He just doesn't have it in the budget right now but plans to buy it if this inventory task goes well.

He uses a Microsoft CoPilot to de-identify the data. He plans to review the outputs from both AI tools since it will feed into the inventory to be filed with the clerk.

He files the inventory on time and doesn't hear any complaints. #winning

05



Image generated using AI tools

AI Use Policy

AI Use Policy Contents



AI Use: Acceptable, Restricted, Prohibited

Training and Acknowledgements

Verification Protocol

Signature

Data: Business & Customer/Client

Risk Management

Vendor: Vetting & Decisions

Industry Rules

WHAT "GOOD ENOUGH" LOOKS LIKE

A policy can fit on one page

- 01 **Allowed uses** – approved tools, use cases, accessible data, inclusion and transparency
- 02 **Prohibited uses** – confidential, privileged, sensitive information, trade secrets, PII, PHI, unapproved apps
- 03 **The human-review rule** – verify process & outputs, document decisions, no autonomous decisions, owner
- 04 **Transparency & Ethics** – Avoid plagiarism, acknowledge bias, disclose AI use, cite sources
- 05 **Measure & Monitor** – Promote awareness, track violations, train staff, enforce consequences, celebrate wins

RECAP

Take aways

- 01 **AI Governance is**
- set of rules, procedures, organizational structures that guide AI systems

- 02 **AI Governance matters because**
- ensures compliance
 - builds trust
 - drives value

- 03 **Where your law firm uses AI**
- Legal practice platforms
 - Websites
 - Chatbots

- 04 **AI Risk Management**
- Threats
 - Opportunities
 - Tolerance
 - Classification

- 05 **AI Use Policy**
- Can/Can't do
 - Data
 - Vendors
 - Human-in-the-loop
 - Owner
 - Training
 - Authority



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IN CLOSING

Thank You



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INSTAGRAM

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Your turn: name your gap

Self-Assessment

- ◆ Where is AI already being used in your business, even informally?
- ◆ Where would a confident, wrong AI answer cost you the most — money, a customer, or your reputation?

Analysis / Rules

- ◆ Of the four guardrail areas, what is your biggest blind spot?
- ◆ What is the first rule you would write down to close it?