

Date of Hearing: July 1, 2026
Fiscal: No

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION

Rebecca Bauer-Kahan, Chair
SB 574 (Umberg) – As Amended June 22, 2026

PROPOSED AMENDMENTS

SENATE VOTE: 39-0

SUBJECT: Attorneys, arbitrators, judicial officers, and alternative resolution providers

SYNOPSIS

Developed and used correctly, generative artificial intelligence (GenAI) has the potential to enhance the practice of law and accelerate access to justice. However, a steady stream of cases involving lawyers and judges carelessly relying on errant outputs of GenAI tools has raised major concerns for the integrity of the legal system.

This author-sponsored bill provides guidelines for the use of GenAI in the practice of law. The bill establishes various duties for attorneys in the use of GenAI, including restricting the inputting of nonpublic information into systems that allow for access by anyone not authorized by the attorney. Attorneys must take reasonable steps to verify and correct erroneous outputs, and remove biased, offensive, or harmful content. The bill also prohibits attorneys from filing documents with courts that include unverified citations provided by GenAI. As for judicial officers, the bill requires that they disclose whether they relied on GenAI in researching or drafting any legal determination. Finally, the bill generally prohibits arbitrators from delegating any part of their decision-making process to a GenAI tool.¹

The bill is supported by Oakland Privacy, SEIU California, and TechEquity Action. The bill is opposed by the American Arbitration Association.

This analysis is based on the bill in print. Comment #4 describes amendments agreed to in the Judiciary Committee, which will be adopted in this Committee, along with additional clarifying amendments.

EXISTING LAW:

- 1) Requires every pleading, petition, written notice of motion, or other similar paper to be signed by at least one attorney of record in the attorney's individual name, or, if the party is not represented by an attorney, by the party. (Civ. Proc. Code, §128.7.)
- 2) Imposes various ethical duties on courts, including to never seek to mislead a judicial officer. (Bus. & Prof. Code § 6068.)
- 3) Imposes a duty upon all attorneys in California to perform legal services with competence and reasonable diligence. (Cal. Rules of Prof. Conduct, 1.1 & 1.3.)

¹ The bill contains other provisions relating to arbitration, but they are not outside of this Committee's jurisdiction.

- 4) Provides that a judicial officer using generative AI for any task within their adjudicative role should:
 - a) Not enter confidential, personal identifying, or other nonpublic information into a public generative AI system, as specified;
 - b) Not use generative AI to unlawfully discriminate against or disparately impact individuals or communities based on age, ancestry, color, ethnicity, gender, gender expression, gender identity, genetic information, marital status, medical condition, military or veteran status, national origin, physical or mental disability, political affiliation, race, religion, sex, sexual orientation, socioeconomic status, and any other classification protected by federal or state law;
 - c) Take reasonable steps to verify that generative AI material, including any material prepared on their behalf by others, is accurate, and should take reasonable steps to correct any erroneous or hallucinated output in any material used;
 - d) Take reasonable steps to remove any biased, offensive, or harmful content in any generative AI material used, including any material prepared on their behalf by others;
 - e) Consider whether to disclose the use of generative AI if it is used to create content provided to the public. (Cal. Rules of Court, Standard 10.80.)
- 5) Governs arbitrations in California pursuant to the California Arbitration Act, including the enforcement of arbitration agreements, rules for neutral arbitrators, the conduct of arbitration proceedings, and the enforcement of arbitration awards. (Civ. Proc. Code, §1280 *et seq.*)
- 6) Requires the State Bar to create a program to certify alternative dispute resolution firms, providers, or practitioners. (Bus. & Prof. Code § 6173 (a).) Authorizes the State Bar to deny or revoke certification for a failure to meet or maintain certification standards. (*Id.* at (b).)

THIS BILL:

- 1) Establishes that it is the duty of an attorney using GenAI to practice law to ensure all of the following:
 - a. Confidential, personal identifying, or other nonpublic information is not entered into a public generative artificial intelligence system.
 - b. The use of generative artificial intelligence does not unlawfully discriminate against or disparately impact individuals or communities based on age, ancestry, color, ethnicity, gender, gender expression, gender identity, genetic information, marital status, medical condition, military or veteran status, national origin, physical or mental disability, political affiliation, race, religion, sex, sexual orientation, socioeconomic status, and any other classification protected by federal or state law.
 - c. Reasonable steps are taken to do all of the following:
 - i. Verify the accuracy of generative artificial intelligence material, including any material prepared on their behalf by others.

- ii. Correct any erroneous or hallucinated output in any material used by the attorney.
 - iii. Remove any biased, offensive, or harmful content in any generative artificial intelligence material used, including any material prepared on their behalf by others.
 - d. The attorney considers whether to disclose the use of generative artificial intelligence if it is used to create content provided to the public.
- 2) Defines, for purposes of 1), the following:
 - a. “Public generative artificial intelligence system” means a generative artificial intelligence system that allows anyone other than the attorney who inputted or uploaded the data to the system, or a person authorized by the attorney who inputted or uploaded the data to the system, to access that data, or a generative artificial intelligence system that uses that data to train an artificial intelligence system without authorization from the attorney.
 - b. “Personal identifying information” includes all the following:
 - i. Driver’s license numbers.
 - ii. Dates of birth.
 - iii. Social security numbers.
 - iv. National Crime Information and Criminal Identification and Information numbers.
 - v. Addresses and phone numbers of parties, victims, witnesses, and court personnel.
 - vi. Medical or psychiatric information.
 - vii. Financial information.
 - viii. Account numbers.
 - ix. Any other content sealed by court order or deemed confidential by court rule or statute.
- 3) Requires the State Bar to adopt procedures for the State Bar or a professional organization to receive, investigate, and resolve any complaints that a certified firm, provider, or practitioner failed to comply with the applicable ethical standards of conduct, as specified. Require complaint proceedings to occur in private and be confidential. After a decision on a complaint, the bill authorizes the State Bar to publicly disclose information or records concerning complaint proceedings that do not reveal confidential or privileged communications. Exempts information, records, or communications provided under these provisions from disclosure under the Public Records Act.
- 4) Prohibits attorneys responsible for submitting briefs, pleadings, or any other paper filed in court from including any citations the attorney has not personally read and verified, including any citation provided by GenAI.
- 5) Requires judicial officers to disclose whether they or any other person involved in the process of researching or drafting any order, ruling, decision, finding, recommendation, or other determination made by that officer relied on GenAI in that process.
- 6) Prohibits arbitrators from:

- a. Delegating any part of their decisionmaking process to any GenAI tool.
 - b. Using GenAI to replace their independent analysis of the facts, law, and evidence.
 - c. Relinquishing their decisionmaking powers to GenAI and delegating any tasks to GenAI tools if such use could influence procedural or substantive decisions.
 - d. Relying on information generated by GenAI outside the record without making appropriate disclosures to the parties beforehand and, as far as practical, allowing the parties to comment on its use.
 - e. Assuming that sources exist or are characterized accurately when a GenAI tool cannot cite them such that they can be independently verified.
- 7) Requires arbitrators to assume responsibility for all aspects of an award, regardless of any use of GenAI tools to assist with the decisionmaking process.

COMMENTS:

1) **Author’s statement.** According to the author:

Artificial Intelligence and its use now permeate every industry in the U.S. Its capabilities continue to improve at an exponential rate, but it is far from perfect. We must be cautious when determining best practices for its use in high-stakes industries, including the legal profession. SB 574 protects those receiving legal services by codifying certain safeguards for the use of A.I. by attorneys and arbitrators. It also makes important technical changes to the upcoming voluntary California State Bar Alternative Dispute Resolution (ADR) Certification program.

2) **Background.** “Artificial intelligence” refers to the mimicking of human intelligence by artificial systems, such as computers. AI uses algorithms – sets of rules – to transform inputs into outputs. Inputs and outputs can be anything a computer can process, including numbers, text, audio, video, or other data.² GenAI is a subset of AI that produces outputs closely resembling human-created content.³

Compared to conventional computer programs, which act according to pre-programmed rules, GenAI models “learn” from examples such as books, articles, photos, film, or music. This learning occurs within “neural networks” – massive systems of nodes linked by adjustable connections – that encode statistical patterns gleaned from data. During training, data is broken into fundamental units known as “tokens” – groups of syllables, pixels, or musical notes, for example – that can be represented numerically. A naïve neural network is exposed to an incomplete sequence of tokens and prompted to predict the next token in the sequence. If the prediction is incorrect, the network adjusts the strengths of its connections in order to minimize

² AB 2885 (Bauer-Kahan & Umberg; Ch. 843, Stats. 2024) defined AI as “an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.”

³ AB 2013 (Irwin, Ch. 817, Stats. 2024) defined GenAI as “artificial intelligence that can generate derived synthetic content, such as text, images, video, and audio, that emulates the structure and characteristics of the artificial intelligence’s training data.”

error and improve its next prediction. This process continues iteratively until the neural network can reliably emulate the human-created content it was trained on. A trained neural network embedded in a GenAI system is known as a “model,” and the strengths of its connections are known as its “model weights.”⁴

Large language models such as GPT-4, the model embedded in ChatGPT 4, do not fundamentally understand the text they are producing. They calculate one token at a time – if they predict that the next word or symbol in an outputted sentence should be a period, then the sentence ends. Otherwise, the sentence continues. It is a testament to the ingenious architecture of the deep neural nets powering these systems that their outputs are remotely coherent. But while the text these systems produce is cogent, it is not always correct. “ ‘These systems live in a world of language,’ said Melanie Mitchell, an A.I. researcher at the Santa Fe Institute. ‘That world gives them some clues about what is true and what is not true, but the language they learn from is not grounded in reality. They do not necessarily know if what they are generating is true or false.’ ”⁵

Thus, when a California lawyer infamously used ChatGPT to draft a brief in which 21 of 23 quotations were fabricated,⁶ the model was doing precisely what it was designed to do: draw on the patterns encoded in its weights to output a text that convincingly mimicked the countless examples of legal documents – good, bad, outdated, irrelevant – arrayed in its training data. The fake quotes were next-token predictions that looked like real quotes and cases the model had learned from. This case is far from isolated: one researcher has documented 1641 legal decisions in which GenAI produced hallucinated content – most often, fake citations.⁷

This illustrates the folly of uncritical reliance on a general-purpose model like GPT-4 to craft highly nuanced analyses that necessitate genuine legal acumen. Although GenAI systems are highly capable and advancing rapidly – ChatGPT 4 passed a bar exam⁸ – and can use database retrieval techniques to enhance the accuracy of their answers, they are not developed for this purpose, nor trained on curated datasets that accurately reflect the state of current law. Even if they were, the tendency of GenAI systems to hallucinate makes them unsuited to practice law unsupervised. While these systems may generate outputs that have the appearance of polished questions, the outputs themselves are not fundamentally grounded in reality.

Developed and used correctly, however, GenAI has the potential to enhance the practice of law and accelerate access to justice. The practice of law can be costly, tedious, and slow, and often involves sifting through reams of documents to find relevant evidence or case authority. Certain tools can readily expedite these processes, helping overburdened lawyers and courts deliver resolutions to litigants sooner. But even with human oversight helping to screen out false

⁴ IBM, What is generative AI?, <https://www.ibm.com/think/topics/generative-ai>; IBM, What is machine learning?, www.ibm.com/topics/machine-learning.

⁵ Cade Metz, “What Makes A.I. Chatbots Go Wrong?,” *New York Times*, March 29, 2023, www.nytimes.com/2023/03/29/technology/ai-chatbots-hallucinations.html.

⁶ Khari Johnson, “California issues historic fine over lawyer’s ChatGPT fabrications” *CalMatters* (Sep. 22, 2025), <https://calmatters.org/economy/technology/2025/09/chatgpt-lawyer-fine-ai-regulation/>.

⁷ Damien Charlotin, AI Hallucination Cases, <https://www.damiencharlotin.com/hallucinations/>.

⁸ Pablo Arrendo, “GPT-4 Passes the Bar Exam: What That Means for Artificial Intelligence Tools in the Legal Profession,” *Stanford Law School Blog* (April 19, 2023), <https://law.stanford.edu/2023/04/19/gpt-4-passes-the-bar-exam-what-that-means-for-artificial-intelligence-tools-in-the-legal-industry/>.

positives, these systems can fail to identify key information that traditional human review would discover.⁹

Beyond lawyers, “a growing contingent of judges are increasingly embracing AI to help them draft opinions, analyze court filings and quickly conduct legal research.”¹⁰ The Los Angeles County Superior Court is conducting a pilot program to test a tool created by Learned Hand. The tool uses a combination of LLMs from Anthropic, OpenAI, and Google to act as an AI clerk for judges.¹¹ At least nine other states have active pilots.¹²

Similarly, AI is being rapidly implemented in the context of arbitration:

In limited instances, AI is beginning to replace human adjudicators. The American Arbitration Association introduced an “AI Arbitrator” last year that can generate decisions in construction-related disputes. It was trained on more than 1,500 past decisions to predict how a human would have ruled.

Individuals or businesses in arbitration—a dispute process that happens outside of courtrooms—can opt to use the AI generator. The tool can generate a decision much more quickly than human arbitrators, said Bridget McCormack, the AAA’s chief executive and a former chief justice of the Michigan Supreme Court.

Since it launched, the AAA has been flooded with requests to use the tool, McCormack said.

“Courts will always and should always have humans in the loop,” McCormack said. Still, she added, for the overburdened court system, “It’s a game changer.”¹³

3) What this bill would do. This bill establishes guidelines for attorneys, judicial officers, and arbitrators using GenAI in the practice of law.

The bill imposes various duties for attorneys, including restricting the inputting of nonpublic information into systems that allow for access by anyone not authorized by the attorney, avoiding using a GenAI system in a way that results in unlawful discrimination, and considering whether to disclose the use of GenAI in certain circumstances. Attorneys must take reasonable steps to verify and correct erroneous outputs, and remove biased, offensive, or harmful content. The bill also prohibits attorneys responsible for submitting briefs, pleadings, or any other paper filed in court from including any citations the attorney has not personally read and verified, including any citation provided by GenAI.

⁹ David Shargel, “Avoiding risk: AI’s double-edged role in e-discovery,” *Reuters* (Oct. 8, 2025), <https://www.reuters.com/legal/legalindustry/avoiding-risk-ais-double-edged-role-e-discovery--pracin-2025-10-08/>.

¹⁰ Erin Mulvaney, “How Judges Are Using AI to Help Decide Your Legal Dispute” *The Wall Street Journal* (Jan. 6, 2026), https://www.wsj.com/tech/ai/how-ai-could-help-decide-your-next-legal-dispute-9cb12517?mod=tech_lead_pos1.

¹¹ California judges are testing a new AI clerk, and you won’t know if it’s looking at your case, (May 26, 2026), <https://calmatters.org/economy/technology/2026/05/ai-los-angeles-riverside-courts/>.

¹² Erin Mulvaney, “How Judges Are Using AI to Help Decide Your Legal Dispute” *The Wall Street Journal* (Jan. 6, 2026), https://www.wsj.com/tech/ai/how-ai-could-help-decide-your-next-legal-dispute-9cb12517?mod=tech_lead_pos1.

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The bill requires judicial officers to disclose whether they or any other person involved in the process of researching or drafting any order, ruling, decision, finding, recommendation, or other determination made by that officer relied on GenAI in that process.

With respect to arbitrators, the bill generally prohibits delegating any part of their decision-making process to a GenAI tool. The bill lists specific prohibitions and requirements using various synonyms for “delegate” that generally appear to fall under this basic principle.

4) **Amendments.** The bill is set to be heard in the Judiciary Committee the day before it will be heard in this Committee. Amendments agreed to in that Committee, to be adopted in this Committee, include:

- Clarifying that the use of artificial intelligence is not to be construed to abrogate an attorney’s professional duty to exercise reasonable competence and diligence in the practice of law.
- Clarifying that an arbitrator’s use of artificial intelligence does not excuse their duty of competence and to make unbiased decisions.
- Requiring attorneys to verify the accuracy of all case citations.
- Requiring an attorney filing a document with the court to certify that either they, or an attorney under their supervision, have personally read all cases cited in the document.
- Revising and recasting provisions of the bill related to judicial disclosure of the use of artificial intelligence to instead require the Judicial Council of California to revisit existing Rules of Court related to judicial use of artificial intelligence (Standard 10.80) every two years.
- While maintaining the State Bar’s ability to certify an organization to conduct oversight of complaints against arbitrators, to avoid any potential for bias, clarifying that the organization cannot be a voluntary association of attorneys.

The author has also agreed to amend the bill to make additional clarifying and conforming changes.

ARGUMENTS IN SUPPORT: Oakland Privacy writes:

Senate Bill 574 proposes some modest baseline standards for a set of problems that seem to be considerably ramping up in frequency and for which remedies and standing expectations have been somewhat unclear.

The first standard established by the bill is to prevent the entry of several kinds of personal information about plaintiffs, defendants, witnesses or other individuals involved in a lawsuit into a public generative AI system like Chat GPT, Gemini, Claude or many others. The set of personal information data points includes identifying numbers including drivers licenses, SS#, DOB, addresses and phone numbers as well as NCIC ID’s and medical, psychiatric and financial information. The bill includes a useful clause that allows additional data points that may be deemed confidential by court or statute, which makes the law adaptable to changing norms.

This clause is consistent with existing privacy laws in that it makes clear that attorney-client privilege does not extend as far as converting personal information into publicly available information that can be repurposed in multiple ways. We agree that consent or the lack thereof is somewhat irrelevant in this situation, as individuals involved in a lawsuit are under some level of relative coercion due to circumstances, and public generative AI systems can be used in many different ways by absolutely anyone.

ARGUMENTS IN OPPOSITION: The American Arbitration Association writes:

As background, the AAA has taken a leadership role in promoting the responsible and ethical use of artificial intelligence (AI) in the field of arbitration. Last year, we developed and published “AAAI Standards for AI in ADR” (copy attached), which provides a comprehensive framework for the use of AI in the ADR field, focusing on six key areas: (i) Ethical & Human-Centered Values; (ii) Privacy & Security; (iii) Accuracy & Reliability; (iv) Explainability & Transparency; (v) Accountability; and (vi) Adaptability. Several elements of the AAAI Standards for AI align with the objectives of SB 574. The AAAI Standards also delineate the six key areas for the different roles involved in ADR: ADR administrators, neutrals (arbitrators and mediators), and advocates.

The AAA has also developed guidance for our arbitrators in their use of AI tools (copy attached), encouraging them to use this technology to streamline tasks and improve work quality while adhering to their professional obligations under applicable state rules, the Code of Ethics for Arbitrators in Commercial Disputes, the Code of Professional Responsibility for Arbitrators of Labor-Management Disputes, and other relevant requirements to ensure fairness, integrity, and confidentiality in arbitration.

Thoughtful calibration is essential to ensure that well-intentioned safeguards, such as those in SB 574, do not inadvertently impede innovation or the responsible adoption of new technologies that serve parties and the arbitration process.

REGISTERED SUPPORT / OPPOSITION:

Support

Oakland Privacy
SEIU California
TechEquity Action

Oppose Unless Amended

American Arbitration Association

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