SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 574 (Umberg)
Version: January 5, 2026
Hearing Date: January 13, 2026
Fiscal: No
Urgency: No
AM

SUBJECT

Generative artificial intelligence: attorneys and arbitrators

DIGEST

This bill seeks to provide guidelines for the use of generative artificial intelligence (AI) by attorneys and arbitrators.

EXECUTIVE SUMMARY

The powerful benefits and existential risks of AI technology is well documented. 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: numbers, text, audio, video, or other data. GenAI is a subset of AI that can produce outputs that closely resemble human created content. 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." This bill seeks to enact basic guidelines for the use of generative AI by attorneys and arbitrators. The bill is author sponsored and supported by Oakland Privacy. There is no known opposition.

PROPOSED CHANGES TO THE LAW

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. (Code Civ. Proc. § 128.7.)

2) Provides that by presenting to the court, whether by signing, filing, submitting, or later advocating, a pleading, petition, written notice of motion, or other similar

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 conditions are met:

a) it is not being presented primarily for an 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 therein 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 have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and
d) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief. (*Ibid*.)

3) Requires all attorneys who practice law in California to be licensed by the State Bar and establishes the State Bar, within the judicial branch of state government, for the purpose of regulating the legal profession. (Cal. Const., art. VI, § 9; Bus. & Prof. Code §§ 6000 et seq.)

4) Provides that protection of the public, which includes support for greater access to, and inclusion in, the legal system, shall be the highest priority for the State Bar in exercising their licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount. (Bus. & Prof. Code § 6001.1.)

5) Governs arbitrations in California pursuant to the California Arbitration Act (CAA), including the enforcement of arbitration agreements, rules for neutral arbitrators, the conduct of arbitration proceedings, and the enforcement of arbitration awards. (Code Civ. Proc. § 1280 et. seq.)

This bill:

1) States it is the duty of an attorney using generative artificial intelligence to practice law to ensure all the following listed below.
    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;
    iv. the attorney considers whether to disclose the use of generative artificial intelligence if it is used to create content provided to the public.

2) Prohibits a brief, pleading, motion, or any other paper filed in any court from containing any citations that the attorney responsible for submitting the pleading has not personally read and verified, including any citation provided by generative artificial intelligence.

3) Prohibits an arbitrator from delegating any part of their decision-making process to any generative artificial intelligence tool.

4) Prohibits the use of generative artificial intelligence tools by arbitrators from replacing their independent analysis of the facts, the law, and the evidence.

5) Prohibits an arbitrator from relinquishing their decision-making powers to generative artificial intelligence and delegating any tasks to generative artificial intelligence tools if such use could influence procedural or substantive decisions.

6) Prohibits an arbitrator from relying on information generated by generative artificial intelligence outside the record without making appropriate disclosures to the parties beforehand and, as far as practical, allowing the parties to comment on its use.
    a) If a generative artificial intelligence tool cannot cite sources that can be independently verified, an arbitrator shall not assume that such sources exist or are characterized accurately.
    b) An arbitrator assumes responsibility for all aspects of an award, regardless of any use of generative artificial intelligence tools to assist with the decision-making process.

7) Defines "generative artificial intelligence" means an artificial intelligence system that can generate derived synthetic content, including text, images, video, and audio that emulates the structure and characteristics of the system's training data.

COMMENTS

1. Stated need for the bill

The author writes:

> 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.

2. AI, the practice of law, and arbitration

The California State Bar's Standing Committee on Professional Responsibility and Conduct released guidance on the use of generative AI noting that:

> Generative AI use presents unique challenges; it uses large volumes of data, there are many competing AI models and products, and, even for those who create generative AI products, there is a lack of clarity as to how it works. In addition, generative AI poses the risk of encouraging greater reliance and trust on its outputs because of its purpose to generate responses and its ability to do so in a manner that projects confidence and effectively emulates human responses. A lawyer should consider these and other risks before using generative AI in providing legal services.[1]

Recently, an attorney was fined $10,000 for filing a state court appeal full of fake quotations generated by the artificial intelligence tool ChatGPT. The Court of Appeal noted that "nearly all of the quotations in plaintiff's opening brief, and many of the quotations in plaintiff's reply brief, have been fabricated."[2] The opinion further elucidated that the attorney of record admitted he used AI to "support citation of legal issues" and that the "fabricated quotes were AI-generated. He further asserted that he had not been aware that generative AI frequently fabricates or hallucinates legal sources and, thus, he did not 'manually verify [the quotations] against more reliable sources."[3] The court of appeal published the opinion as a warning to the legal community writing "[s]imply stated, no brief, pleading, motion, or any other paper filed in any court should contain *any* citations—whether provided by generative AI or any other source—

[1] State Bar of Cal. Standing Comm. on Prof. Responsibility and Conduct, Practical Guidance for the use if Generative Artificial Intelligence in the Practice of Law, available at https://www.calbar.ca.gov/Portals/0/documents/ethics/Generative-AI-Practical-Guidance.pdf.
[2] *Noland v. Land of the Free* (2025) 114 Cal.App.5th 426 at 435.
[3] *Id.* at 441.

that the attorney responsible for submitting the pleading has not personally read and verified."[4]
The American Arbitration Association–International Centre for Dispute Resolution (AAA-ICDR) announced in September of 2025 that it was releasing an AI arbitrator to resolve actual cases for two-party, documents only construction cases where both parties opted in to its use.[5] The AA-ICDR websites states:

> the AI arbitrator was trained on actual arbitrator reasoning from AAA-ICDR construction cases and calibrated and trained with human arbitrator input. With each step of the dispute resolution process, the AI arbitrator will evaluate the merits of claims, generate explainable recommendations, and prepare draft awards that will be benchmarked to maintain alignment with expert human legal judgment. A human-in-the-loop framework embeds human arbitrators to review reasoning, evaluate and, if needed, revise AI-driven outcomes before a decision is finalized, and validate results, safeguarding trust, transparency, and due process.[6]

The California Rules of Court Standard 10.80 prescribe rules for the use of generative AI for any task with an adjudicative role. These include:

- not entering confidential, personal identifying, or other nonpublic information into a public generative AI system;
- not using generative AI to unlawfully discriminate against or disparately impact individuals or communities based on certain protected classifications;
- taking 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; and
- considering whether to disclose the use of generative AI if it is used to create content provided to the public.

This bill seeks to provide basic guidelines for the use of generative AI by attorneys and arbitrators by modeling its provisions off the California Rules of Court Standard 10.80 and the ruling in *Noland* regarding verifying cases and citations used in documents submitted to the courts.

3. Federal Preemption and the Federal Arbitration Act FAA

The FAA was enacted by the U. S. Congress in 1925 in response to widespread judicial hostility to arbitration agreements. Section 2 of the FAA generally provides that a written provision in any contract evidencing a transaction involving commerce to settle

---

[4] *Id*. at 430.
[5] AAA-ICDR® to Launch AI-Native Arbitrator, Transforming Dispute Resolution, Amer. Arbitration Assn., (Sept. 17, 2025), https://www.adr.org/press-releases/aaa-icdr-to-launch-ai-native-arbitrator-transforming-dispute-resolution/.
[6] *Ibid*.

by arbitration a controversy thereafter arising out of such contract or transaction shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract. (See 9 U.S.C. Sec. 2; similar language is contained within the CAA at Code Civ. Proc. § 1281.)

The concept of preemption derives from the "supremacy clause" of the federal Constitution, which provides that the laws of the United States "shall be the supreme Law of the Land." Courts have typically identified three circumstances in which federal preemption of state law occurs:

> (1) express preemption, where Congress explicitly defines the extent to which its enactments preempt state law; (2) field preemption, where state law attempts to regulate conduct in a field that Congress intended the federal law exclusively to occupy; and (3) conflict preemption, where it is impossible to comply with both state and federal requirements, or where state law stands as an obstacle to the accomplishment and execution of the full purpose and objectives of Congress.

In assessing whether a state law is preempted by the FAA, three key aspects of the law surrounding arbitration and preemption are especially relevant. First, the federal courts have ruled that the FAA was intended to promote arbitration. Second, state laws or rules that interfere with the enforcement of arbitration agreements are preempted, except on such grounds as exist at law or in equity for the revocation of any contract. Third, state laws that explicitly or covertly discriminate against arbitration agreements as compared to other contracts are also preempted. As this bill is not affecting the arbitration of claims but providing guideline for the use of generative AI in arbitration, it should not run afoul of the FAA.

4. Statements in support

Oakland Privacy writes in support stating:

> Oakland Privacy writes to offer our support to Senate Bill 574. The bill would prevent attorneys from entering the personal information of clients or other individuals into a public generative AI system, require all citations in a legal filing, including those generated by an AI system, to be personally verified by the filing attorney, and limits the role of artificial intelligence programs in arbitation decisions. […]

SUPPORT

Oakland Privacy

OPPOSITION

None known

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation: None known.

****