

SENATE THIRD READING
SB 574 (Umburg)
As Amended August 21, 2026
Majority vote

SUMMARY

Provides guidelines for the use of generative artificial intelligence in the practice of law and modifies the existing mandate that the State Bar adopt a program to certify alternative resolution firms, providers, or practitioners.

Major Provisions

- 1) Provides that nothing in the bill abrogates an attorney's duty to exercise reasonable competence and diligence in the practice of law or delegate the practice of law to artificial intelligence.
- 2) Requires an attorney that uses generative artificial intelligence to assist in the practice law to do all the following:
 - a) Not enter confidential, personal identifying, and other nonpublic information into a public generative artificial intelligence system, as specified;
 - b) Take reasonable steps to verify the accuracy of generative artificial materials, as specified;
 - c) Disclose to the court the use of generative artificial intelligence if it is used to create content provided to the public.
- 3) Prohibits an arbitrator from delegating any part of their decision-making process to any generative artificial intelligence tool.
- 4) Provides that nothing in the bill abrogates an arbitrator's duty to maintain neutrality and exercise reasonable competence and diligence.
- 5) 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, as specified.
- 6) Authorizes, as a part of the State Bar's voluntary certification program for dispute resolution firms, providers, or practitioners, the State Bar or a professional organization approved by the State Bar to receive, investigate, and resolve any complaints that a certified firm, provider, or practitioner failed to comply with the applicable ethical standards of conduct.
- 7) Clarifies that the professional organization specified in 6) cannot be a voluntary association of attorneys.
- 8) Provides that notwithstanding privilege laws, alternative dispute resolution firms, providers, or practitioners certified by the State Bar, licensees of the State Bar, limited liability partnerships, or law corporations registered with the State Bar are to, pursuant to a request made as part of a procedure to address a complaint that a firm, provider, or practitioner

violated applicable ethical standards, provide to the State Bar or its agents all requested information, records, or communications.

- 9) Clarifies that, notwithstanding 8), a person is not required to provide information, records, or communications protected by attorney-client privilege or the attorney work product doctrine unless each holder of the privilege or protection consents in writing to its production and that such information may only be used for the receipt, investigation, and resolution of a complaint.
- 10) *Clarifies the mediation provisions as related to self-represented parties.*
- 11) Provides that all arbitrator complaint proceedings are to occur in private and be kept confidential.
- 12) Permits, after a decision regarding a complaint against an arbitrator, the State Bar publicly disclose information or records concerning the complaint proceeding that do not reveal any confidential or privileged communications, including the name of a certified firm, provider, or practitioner that has been found to have violated an applicable ethical standard, any action that has been taken to remedy the violation, and the general basis on which the action was taken.
- 13) Exempts records provided to the State Bar for the purpose of adjudicating a complaint against an arbitrator from disclosure pursuant to the California Public Record Act.

COMMENTS

Like many sectors of the American economy, legal practitioners see potential efficiencies from using generative artificial intelligence. From drafting simple briefs to synthesizing large volumes of case research, artificial intelligence can eliminate hours of painstaking work for attorneys. Similarly, judges and arbitrators can use artificial intelligence tools to assist in research and drafting judgements, minute orders, and other legal findings. Beyond assisting in drafting legal rulings, last fall the American Arbitration Association–International Centre for Dispute Resolution (AAA-ICRD) announced it had developed an artificial intelligence tool that could resolve actual cases between two parties and generate the documents related with a decision so long as both parties opted in to its use. (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/>.)

Despite the efficiencies gained by the use of artificial intelligence, recent examples have demonstrated that the technology is no supplement for the training, judgment, and actual work of attorneys. In April, the State Bar instituted disciplinary actions against two attorneys that submitted false, artificial intelligence-generated content in court filings. (California Courts Newsroom, *Two Attorneys Face Disciplinary Charges, Third Agrees to License Suspension for AI Misuse*, Judicial Council of California (Apr. 13, 2026) available at: <https://newsroom.courts.ca.gov/news/two-attorneys-face-disciplinary-charges-third-agrees-license-suspension-ai-misuse/>.) Although not in California, earlier this month, a federal judge in Mississippi was forced to cancel a civil trial and fined attorneys on *both* sides of the dispute when it was determined that counsel for both the plaintiff and defendant submitted briefs with fake case citations as a result of outsourcing work to artificial intelligence. (Neil Vigdor, *Judge*

Punishes 4 Lawyers After Catching Both Sides Using A.I. in Lawsuit, New York Times (June 9, 2026) available at: <https://www.nytimes.com/2026/06/09/us/ai-lawyers-sanctioned-mississippi.html>.) Although both the Judicial Council and the State Bar have adopted, and continue to refine, rules governing the use of artificial intelligence in the legal profession, cases like those mentioned above continue to occur with frightening regularity. Accordingly, the author of this bill contends that statutory guidance is necessary to regulate the use of artificial intelligence in the legal industry.

Thus, this bill seeks to address the growing use of artificial intelligence in the legal industry. The bill requires attorneys using artificial intelligence to ensure that no privileged or personal information is submitted to an artificial intelligence system, requires the attorney to check the work of the artificial intelligence system, and to ensure that any outputs from the artificial intelligence system do not introduce biased, offensive, or harmful content into materials being submitted to the court. The bill requires attorneys submitting materials to a court to attest that they actually read the cases they cite in the document, presumably preventing the filing of documents citing non-existent cases. The bill also seeks to ensure that artificial intelligence systems are not being used by arbitration service providers to make the *actual* judgment in the case.

In addition to regulating the use of artificial intelligence, this bill also builds upon the author's prior efforts to certify and regulate arbitration providers in California. In 2024, the author successfully passed legislation tasking the State Bar with developing a certification program for arbitration firms, providers, and practitioners. (SB 940 (Umberg) Chap. 986, Stats. 2024.) Although that bill laid out the certification program it lacked any meaningful enforcement mechanism or ability to investigate complaints against arbitrators. As the use of artificial intelligence by arbitrators grows, the author is now seeking to add a complaint process whereby parties who believe they have been aggrieved by an arbitrator may seek a venue for their grievances. Although driven by some arbitration providers developing artificial intelligence tools that may serve as the actual arbitrator, the complaint process would apply to all arbitrators – human and computer. The bill tasks the State Bar, or a professional organization certified by the State Bar, with serving as a body adjudicating complaints. The bill then adopts several provisions to protect privileged information from public disclosure while ensuring it can be evaluated during the review of a complaint. The bill states that the State Bar may announce the outcome of its complaint, but much like investigations into attorneys, the disclosure cannot occur when the complaint review is pending.

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.

Arguments in Support

This bill is supported by several organizations seeking to mitigate the worst potential impacts of artificial intelligence technology. In support of the bill, 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, [Social Security Number] (SS#), date of birth (DOB), addresses and phone numbers as well as [National Crime Information Center (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 bill is opposed by the American Arbitration Association (AAA). They write:

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 [Alternative Dispute Resolution]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.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) State Bar costs of an unknown amount, but likely in excess of \$150,000 annually (State Bar Funds), to administer the Alternative Dispute Resolution (ADR) complaint process. The

State Bar estimates one to two full-time employees and one part-time supervisor would handle the entire ADR certification process, including complaint intake, investigation, and resolution, and states all costs fall within existing fee authority. Notably, that estimate covers the full certification program, which existing law already requires; only a portion is attributable to this bill. The State Bar cannot project complaint volume, citing uncertainty over how many firms and practitioners will seek certification.

- 2) Judicial Council costs of an unknown amount (Trial Court Trust Fund) to revisit and revise Standard 10.80.
- 3) Potential court cost pressures of an unknown, but potentially significant amount (Trial Court Trust Fund, General Fund) from processing GenAI disclosures accompanying filed documents and from sanctions activity under the new citation standard.

VOTES

SENATE FLOOR: 39-0-1

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNeerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Reyes

ASM JUDICIARY: 12-0-0

YES: Kalra, Macedo, Bauer-Kahan, Bryan, Connolly, Dixon, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur

ASM PRIVACY AND CONSUMER PROTECTION: 15-0-0

YES: Bauer-Kahan, Macedo, Bryan, DeMaio, Hoover, Irwin, Lowenthal, McKinnor, Ortega, Patterson, Pellerin, Petrie-Norris, Ward, Bennett, Wilson

ASM APPROPRIATIONS: 11-0-4

YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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