

Collections, AI in the Law & How to Use It in Our Industry: Practical Guide for Lawyers and Collections Professionals



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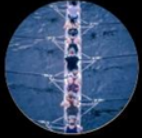


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Agenda



Artificial intelligence will not replace lawyers—but lawyers who refuse to learn it will not remain competitive.

- 1 Understanding the Landscape
- 2 How AI Is Used Today
- 3 Confidentiality & Privacy
- 4 Professional Responsibility & Ethics
- 5 AI "Hallucinations"
- 6 Starting Point to Adopt
- 7 Prompt Design
- 8 Checklist for Responsible Use

1. Understanding the Technology Landscape



Automation (Rules-Based Technology)

Operates on fixed, pre-programmed rules with no learning, reasoning, or discretion. Outputs are predictable and repeatable.



Generative Artificial Intelligence (GenAI)

Probabilistic, not rules-based. Analyzes patterns to generate new text, summaries, or analyses, but cannot determine truth or guarantee accuracy.



Robotic Process Automation (RPA)

Imitates human actions at the screen level, but does not think. Performs repetitive tasks across systems, but requires human intervention for exceptions.

Understanding the distinctions between these technologies is crucial, as each carries different risks and responsibilities for legal and collections professionals.

Why the Distinction Matters

Automation and RPA Risks

Primarily raise operational risks, such as system failures, integration issues, and exceptions handling.

Generative AI Risks

Raise professional responsibility, confidentiality, and accuracy risks, such as potential breaches of client data, fabricated outputs, and undermining of credibility.

Operational vs. Professional Risks

Automation and RPA challenges are typically operational in nature, while generative AI introduces risks that directly impact the legal and collections professionals' duties and obligations.

Accountability Remains

Attorneys and collections professionals remain responsible for all work product, regardless of the technology used. The use of AI does not shift or diminish this accountability.

2. How AI Is Actually Being Used Today



Law Firm Use Cases

Explore common use cases for AI in law firms, including drafting, research acceleration, summarization, contract review, and internal operations.



Collections Industry Use Cases

Collections organizations tend to use AI less for drafting and more for decision optimization, such as account segmentation, predictive contact strategies, and compliance monitoring.

A. Law Firm Use Cases



Drafting and Rewriting

AI can be used to draft first-pass documents like emails, client updates, discovery requests, and motion outlines.



Research Acceleration and Issue Spotting

AI can generate research starting points, identify relevant doctrines or arguments, and summarize cases and statutes.



Summarizing Large Records

AI can efficiently summarize large volumes of material like loan files, bankruptcy dockets, transcripts, and deal documents.



Contract and Document Review

AI can be used for clause extraction, redline comparisons, and deviation spotting from standard playbooks.



Internal Operations and Knowledge Management

AI can assist with tasks like RFP and proposal drafting, intake triage, billing cleanup, and marketing content.

B. Collections Industry Use Cases



Account Segmentation and Prioritization

Propensity-to-pay scoring, dispute likelihood, hardship indicators, and expected recovery to focus human effort where it matters most.



Predictive Contact Strategies

Determine the best time to contact, best channel (call, SMS, email), and optimized cadence to reduce wasted touches and increase right-party contact.



Conversational AI

Handle basic payment conversations, FAQs, and routing to humans for disputes or legal issues, typically governed by strict compliance scripts.



Call Analytics and Compliance Monitoring

Transcribe calls, flag risky language, ensure quality assurance, and detect escalations, especially important in compliance-heavy environments.



CLOSED-ENDED AI TOOLS FOR LAW FIRMS

CO-COUNSEL LEGAL

HARVEY AI

LEGORA

PAXTON AI

FILEVINE AI LEGAL ASSISTANT

SPELLBOOK

RESEARCH PLATFORMS (LEXIS, WESTLAW,
BLOOMBERG)

GENERIC CONSUMER CHATBOTS



CHAT GPT

GEMINI

MICROSOFT COPILOT

CLIO DUO

CLAUDE

GROK

DEMONSTRATIONS

- 1 Automated document review, redaction, indexing
- 2 Predicative analytics and decision-support
- 3 Workflow and process automation
- 4 Legal search and drafting
- 5 Marketing
- 6 Case Management



- Case Type Dashboard
- Foreclosure Dashboard
- Record Navigator
- Bankruptcy Dashboard
- Archived
- Black Book Price Point
- Axis Manual
- Exgen Control Panel

Step 1: Case Type Dashboard

Updated on: April 16, 2026 05:34 AM

Palm Beach County

Today Total Cases 0	Today Active Cases 0	Last CA Case 2026CA004238	Last CC Case 2026CC006547	Status No Action Needed
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Active Case Types 17,129 16 types	Blocked Case Types 22,325 73 types	Needs Review 7 0 types
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All Case Types

Manage and assign case types to families

to

Total Case Count : 39454

Case Type	Status	Family	Case Count	Actions
90 DAY EXT OF TIME-MEDICAL MAL	Blocked	Other Civil / Miscellaneous	365	🕒 + ▶
ADMINISTRATIVE APPEAL	Blocked	Business / Commercial Litigation	26	🕒 + ▶
ANIMAL CRUELTY	Blocked	Other Civil / Miscellaneous	8	🕒 + ▶

Mass Account Processing | File Labels | Account Deletion | Attorney Reassignment | Client Settings | Mass Client ID Reassi

 Process type: **Export Merged** Use Relative Dates ✔
Client: **All**

-
- All clients
-
- S
-
-
- Client group
-
- C

Type: **All**

-
- All type codes
-
-
- List of type codes

Status: **All**

-
- All status codes
-
-
- Status code range
-
-
- List of status codes

Inactive accounts

Include only active accounts

Process-specific selection criteria:
 Dates: **Disregard dates**
 thru 02/21/2020

 Action items: **Account-level and claim-level**
 AN02 Select
Condition **{KRA}****Exclusions**

-
- DNC
-
-
- Do Not Call
-
-
- Do Not Mail
-
-
- Cease And Desist
-
-
- Cease & Desist Written
-
-
- Bankruptcy
-
-
- Defending Attorney
-
-
- Temporary Hold
-
-
- Sub / Dispute Rvw
-
-
- Debt Service Agency

Batch Process Status

Processing records

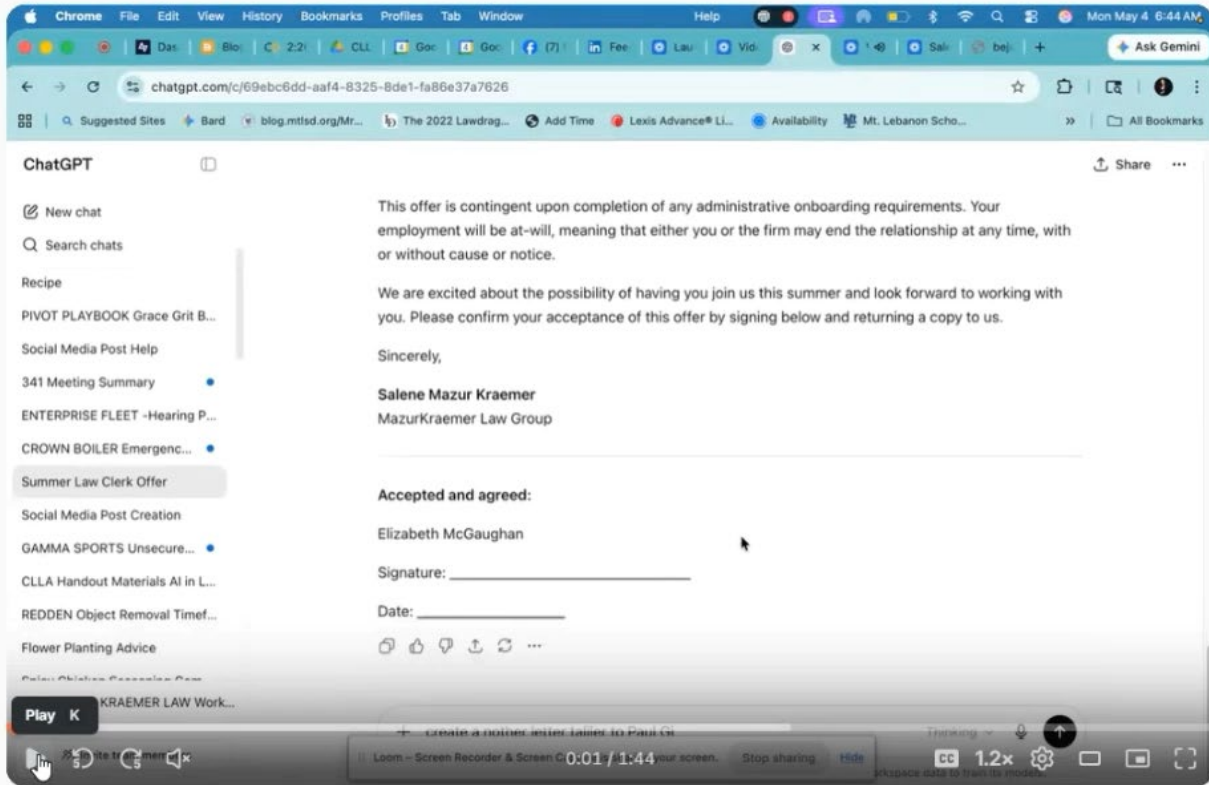
94%

 Elapsed Time: 00:13:29
 Time Remaining: 00:00:43
 Account: 642642
AbortSaveProcessF4 Close

Offer to Law Clerk- Argument Summary - USING AI

Salene Kraemer 2 days ago



1 view  



Chrome File Edit View History Bookmarks Profiles Tab Window Help Mon May 4 6:44 AM

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Suggested Sites Bard blog.mtisd.org/Mr... The 2022 Lawdrag... Add Time Lexis Advance® LL... Availability Mt. Lebanon Scho... All Bookmarks

ChatGPT  

New chat

Search chats

Recipe

PIVOT PLAYBOOK Grace Grit B...

Social Media Post Help

341 Meeting Summary

ENTERPRISE FLEET -Hearing P...

CROWN BOILER Emergenc...

Summer Law Clerk Offer

Social Media Post Creation

GAMMA SPORTS Unsecure...

CLLA Handout Materials AI in L...

REDDEN Object Removal Timef...

Flower Planting Advice

KRAEMER LAW Work...

Play K

This offer is contingent upon completion of any administrative onboarding requirements. Your employment will be at-will, meaning that either you or the firm may end the relationship at any time, with or without cause or notice.

We are excited about the possibility of having you join us this summer and look forward to working with you. Please confirm your acceptance of this offer by signing below and returning a copy to us.

Sincerely,







Salene Mazur Kraemer
MazurKraemer Law Group

Accepted and agreed:








Elizabeth McGaughan

Signature: _____

Date: _____

create a notes letter from to Paul G

Loom - Screen Recorder & Screen C 0:01 / 1:44 your screen. Stop sharing    1.2x    

Using ChatGPT for Law Firm Social Posts 🏃

Salene Kraemer · 2 days ago

0 views



The screenshot shows a Loom account interface with a sidebar on the left containing navigation options like 'Library', 'Meetings', and 'Watch later'. The main content area displays a grid of video thumbnails with titles such as 'Salene Kraemer and Serge Matveyev's Zoom Meeting' and 'Laura Kurtz Coons on Her Revitalization'. A text overlay at the bottom of the video frame reads: "I'm going to ask AI to create a social". At the very bottom, a Loom watermark and sharing controls are visible.

Copilot Prompt

Copilot, create a Statement of Account in Excel using the attached invoices

+



Calculate simple interest at 10% per annum (non-compounding)

+



Interest should accrue from each invoice's due date through May 4, 2026, using a 365-day year

+



Output the results in an Excel-ready table showing invoice number, dates, principal, days past due, interest accrued, and totals

+



Apply any credit memos as separate negative line items after interest is calculated, and show a final balance due as of May 4, 2026

+



Mock Excel Output – Statement of Account

Invoice #	Invoice Date	Due Date	Principal	Days Past Due	Interest @10%	Total w/ Interest
INV-1001	01/05/2025	01/05/2025	\$4,000.00	485	\$531.51	\$4,531.51
INV-1012	02/04/2025	02/10/2025	\$4,250.00	449	\$523.97	\$4,773.97
INV-1021	03/06/2025	03/13/2025	\$1,250.00	418	\$143.15	\$1,393.15
INV-1035	04/03/2025	04/10/2025	\$4,100.00	390	\$438.36	\$4,538.36
INV-1042	05/07/2025	05/14/2025	\$950.00	356	\$92.65	\$1,042.65

Interest Calculation Transparency

Example (INV-1001):

- $\$4,000 \text{ principal} \times 10\% \times (485 \text{ days} \div 365) = \531.51 interest
- Copilot applies the same formula consistently to each invoice,
- producing an auditable, court-defensible Statement of Account.



3. Confidentiality and Data Privacy

The use of AI in legal and collections work raises critical concerns around confidentiality and data privacy. It is essential to understand the distinction between open and closed AI systems, as each carries different risks and responsibilities.

A. Open vs. B. Closed AI Systems

Open AI Systems (Public or Semi-Public)

Assume disclosure unless proven otherwise. Inputs may be logged or retained, data may be used to improve models, limited or no contractual confidentiality, governed by terms of service—not ethics rules. Risks include waiver of attorney-client privilege, confidentiality breaches, no audit trail, and no enforceable deletion rights.

Closed AI Systems (Enterprise / Legal-Specific)

Safer, but not "set it and forget it". Data not used to train public models, restricted access, contractual confidentiality, audit logs and access controls. Still required: confirm data retention policies, limit access to authorized personnel, and independently verify all outputs.

Best Practice

Use closed systems + firm policies + human review to ensure confidentiality and privilege are protected.

Public vs. Non-Public Information

Minimize and anonymize non-public, client-specific, or sensitive information even in closed systems. Examples of public/low-risk vs. non-public/high-risk information are provided.



PUBLIC INFO

1. Filed Pleadings
2. Published Opinions
3. Statutes and rules
4. Public contracts
5. Redacted filings

NON-PUBLIC

1. Draft pleadings
2. Client communications
3. Financial Statements
4. Settlement sheets
5. Internal strategy

4. Professional Responsibility and Ethics

There is no AI exemption from the ethical obligations imposed on attorneys.

Core ABA Model Rules Implicated

Rule 1.1 - Competence

Lawyers must understand the risks and benefits of relevant technology, including AI.

Rule 1.6 - Confidentiality

Inputting client data into AI systems is a "disclosure" requiring safeguards.

Rule 5.3 - Supervision

AI tools are treated like nonlawyer assistants. Attorneys remain responsible.

B. State Bar Guidance (High-Level Themes)

Across jurisdictions: - Confidentiality must be protected - Client-identifying information should be minimized - Lawyers must understand how tools work - Independent verification is required

State Bar and ABA Guidance

PENNSYLVANIA
NEW YORK
CALIFORNIA
FLORIDA
INDIANA
OHIO
MICHIGAN
ILLINOIS
WEST VIRGINIA

- ✓ Confidentiality must be protected
- ✓ Client-identifying information should be minimized
- ✓ Lawyers must understand how tools work
- ✓ Independent verification is required



REGULATORY OVERLAYS

CLIENT DISCLOSURE



5. AI "Hallucinations" and Accuracy Risks



What Are AI Hallucinations?

Confident, well-written outputs that are factually wrong, including fabricated case law, incorrect citations, misstated statutes, and invented procedural rules.



The Mata v. Avianca Lesson

Attorneys were sanctioned for submitting fictitious cases generated by AI and failing to verify them. Using AI is not improper, but blind reliance is.



Preventing and Catching Errors

Treat AI as a junior drafter, not an authority; constrain prompts to known records; never rely on AI-generated citations; verify everything independently; and require partner or senior review.

By understanding the dangers of AI-generated fabrications and implementing robust verification processes, lawyers and collections professionals can leverage AI to enhance their practice while maintaining ethical, confidential, and accurate work product.

6. Practical Starting Point: Low-Risk AI Adoption



Use AI only on public materials

Focus on leveraging AI for work involving public information, such as summarizing filed pleadings or creating timelines from public records.



Use AI only on non-confidential information

Avoid inputting any client-specific or sensitive information into AI systems, to protect confidentiality and prevent potential data breaches.



Use AI only for organizational or drafting tasks

Limit AI use to tasks like drafting client status updates or proofreading documents you've already written, rather than relying on it for high-stakes work.



Maintain human oversight and review

Ensure that all AI-generated outputs undergo thorough review, verification, and professional judgment by attorneys before being finalized or shared with clients.

By starting with low-risk AI use cases focused on public materials, non-confidential information, and organizational tasks, lawyers and collections professionals can safely explore the benefits of AI while maintaining appropriate oversight and minimizing ethical, confidentiality, and accuracy risks.

Examples of Safe First Steps

Summarize filed pleadings

Create timelines from public records

Draft client status updates

Proofread drafts you already wrote

Keep Humans in the Loop

Oversight and Judgment

Maintain professional oversight and judgment over AI-generated outputs. AI cannot replace core legal and collections expertise.

Client Counseling

AI cannot replicate the nuanced client counseling and strategic advising that lawyers and collections professionals provide.

Negotiation and Strategy

AI lacks the negotiation skills and strategic decision-making capabilities that are essential to legal and collections work.

Ethical Judgment

Lawyers and collections professionals must apply their ethical judgment to ensure AI is used responsibly and in compliance with professional standards.

Prompt Design Best Practices

- **Define the AI's role**

Clearly establish the purpose and scope of the AI assistant, such as 'Draft a first-pass summary' or 'Identify key contract terms'.

- **Constrain the input**

Limit the AI to using only the provided text or data, rather than allowing it to search the internet or access other sources.

- **Ask for structured output**

Request the AI to provide information in a specific format, such as bullet points or a table, rather than open-ended text.

- **Separate facts from inferences**

Instruct the AI to clearly distinguish between observed facts and its own deductions or interpretations.

- **Build in verification**

Prompt the AI to include instructions for the human reviewer to independently confirm the accuracy of the information provided.

Checklist for Responsible AI Use (1 of 2)



Pre-Use

Tool vetted,
Confidentiality confirmed
Policies in place



Input

No confidential data in open
systems
Data anonymized



Output

Citations verified
Facts confirmed
Attorney review completed



Disclosure

Client informed if need be
Court rules followed
AI generated content marked

By following this comprehensive checklist, lawyers and collections professionals can vet AI tools, manage sensitive inputs, verify outputs, and comply with disclosure requirements - ensuring the responsible and transparent use of AI in their practice.

Checklist for Responsible AI Use (2 of 2)



Training & Supervision

Users trained on limitations,
Supervisory attorney designated for AI work,
Regular audits of AI-Assisted work product



Documentation

AI use documented in file,
Prompt history retained where available,
Review process memorialized

By following this comprehensive checklist, lawyers and collections professionals can vet AI tools, manage sensitive inputs, verify outputs, and comply with disclosure requirements - ensuring the responsible and transparent use of AI in their practice.



The future belongs to legal and collections work who use AI deliberately, transparently, and responsibly.

By understanding its limitations and implementing robust safeguards, professionals can leverage AI to:

- 1 ENHANCE judgment
- 2 SAVE time
- 3 IMPROVED consistency
- 4 AMPLIFY confidence