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THE PRIVATE BRIEF · AI & IP

Why a Chatbot Is Not Your Lawyer: Every Reason, in One Place

ANTHONY CLEMENZA · MANAGING PARTNER

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IN BRIEF

- ◆ A chatbot is a good way to learn the words for your problem and to show up to your lawyer with better questions. It is not your lawyer, and using it as one fails in thirteen specific ways.
 - ◆ The failures come in four kinds: it is wrong far more often than it feels, and cannot tell you when; nothing you tell it is protected; nobody is on the hook for its answer; and it cannot do the work that actually ends a problem.
 - ◆ The money runs the other way from how it feels. One in four small-business owners reported receiving a compliance-related warning, fine or citation, with most of those penalties totaling between \$2,000 and \$10,000 once fees and lost revenue are counted. Asking the question first is the cheaper end of that arithmetic.
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Four in ten small-business owners ran into a legal problem last year, and more of them went looking for the answer online than picked up the phone to a lawyer (State Bar of California, 2024 California Justice Gap Study, published June 2025). In 2026 “online” means a chatbot. It answers first, it answers instantly, it is free, and it writes in the calm, confident voice of someone who knows.

We should say up front that we like these tools and use them. So this is not a piece about why AI is bad. It is a piece about what a lawyer is actually for, and why the thing that answers first should not be the thing you bet the business on.

Here is every reason we can give you, in one place. They come in four kinds.

It is wrong more often than it feels, and it cannot tell you when

1. It makes things up, in the same voice it uses when it is right

When researchers at Stanford asked the leading public chatbots questions about real federal court cases, questions with checkable answers, the answers were wrong somewhere between 58 and 88 percent of the time, depending on the model (Dahl, Magesh, Suzgun and Ho, “Large Legal Fictions,” Journal of Legal Analysis, 2024). Not fuzzy. Wrong. Cases that do not exist, rulings the court never made, quotes nobody ever wrote.

In 2023 a federal judge in Manhattan sanctioned two lawyers who had filed a brief citing six court decisions that a chatbot had simply invented for them. One of the lawyers had even asked the tool whether the cases were real. It told him yes.

The problem is not that the tool is sometimes wrong. Everyone is sometimes wrong. The problem is that a made-up answer and a correct one look exactly the same on the screen, and the tool has no way to warn you, because it does not know the difference either.

2. It agrees with you

The same study found that the models often went along with a wrong idea built into the question and reasoned forward from it. Ask “since my contractor is an independent contractor, do I need to withhold anything?” and you will get a tidy answer about contractors.

A lawyer would stop you at the first clause and ask whether the person is really a contractor at all, because that is where the money is. A tool that accepts your framing will politely confirm the mistake you started with.

3. It does not know New York

These models are trained on everything, which means they answer in general. Your problem is specific. Take one example we see constantly: a New York corporation's board can act without a meeting only if every director signs the written consent. That is Business Corporation Law section 708. There is no majority-vote version, whatever the model may have absorbed from other states. Your lease is governed by the county it sits in. Your employees are covered by New York's wage rules, not an average of everyone's. The specific answer is the only one that matters, and it is the one a general tool is least reliable on.

4. It does not know when the law changed

A model's knowledge stops on the day its training data was collected, and it does not always know that day has passed. The rules of professional conduct that govern this firm changed on June 1, 2026, when New York amended its lawyer advertising rules. Statutes change every session in Albany. A tool that answers from last year's law, in this year's confident voice, is worse than one that simply says it does not know.

5. It cannot check what you did not tell it, and it will not ask

A lawyer's first ten minutes on any question are spent finding out what you did not think to mention: the side letter, the earlier email, the fact that the other party is your landlord's brother-in-law. A chatbot answers the question in front of it. It has no way to know what is missing, and it is not built to go looking.

Nothing you tell it is protected

6. There is no privilege

What you tell your lawyer, in confidence, to get legal advice, cannot be forced out of either of you. That protection is centuries old, and it is the reason you can tell your lawyer the whole truth. Nothing like it exists for a chatbot. In July 2025 the chief executive of OpenAI said out loud what lawyers had been saying quietly: people talk to the product the way they would

talk to a therapist, and unlike a conversation with a therapist, a doctor or a lawyer, no legal confidentiality attaches to it. If a dispute ends up in litigation, your chat history can be subpoenaed.

7. The question itself becomes evidence

This is the one owners do not see coming. Type “is it legal to do X” into a chatbot, then do X, and you have created a dated record showing you wondered whether X was legal before you did it. Ask a lawyer the same question in confidence, in order to get legal advice, and the exchange may be protected by attorney-client privilege, which has its own limits. Ask the tool and you may have just written the other side’s best exhibit.

8. Your confidential information leaves the building

Depending on the product and your settings, what you paste into a chatbot may be kept, looked at by people, or used to train the next model. The term sheet, the customer list, the letter you have not sent yet. Once they are sitting in someone else’s system under someone else’s terms, you will have a hard time arguing you took reasonable steps to keep them secret, and reasonable steps are what trade-secret protection depends on. A lawyer is bound to confidentiality by rule, and answers to a disciplinary system if the rule is broken. Software is bound by a terms-of-service page nobody read.

Nobody is on the hook

9. It owes you no loyalty

A lawyer owes you loyalty. Before taking your matter, we run a conflict check, and we cannot advise the other side. A chatbot will happily advise both sides of the same negotiation on the same afternoon and remember neither of you.

10. There is no license, no insurance, and nobody to answer for it

A lawyer is licensed, carries malpractice insurance, and answers to a disciplinary system. When advice is wrong, there is someone responsible and there is a remedy. The terms of every major chatbot say, in one form of words or another, that the output may be wrong, that it is not professional advice, and that you use it at your own risk. Those terms are honest. They are also the whole point.

11. It answers the question you asked, not the one you should have

The expensive legal problems are the ones nobody asked about. An owner asks about the customer contract and never asks about the vendor contract that auto-renewed last month. Asks about the new hire and never asks how the hire is classified. Asks about the trademark and never asks whose name the domain is registered in. Counsel who knows your business raises those things without being asked, because that is what the standing relationship is for. A chatbot cannot raise what it was not asked. It waits.

It cannot do the work

12. It cannot act

It cannot negotiate across the table, sign, file, appear, send the letter on the firm's letterhead, or pick up the phone to the lawyer on the other side. It cannot sit in your board meeting. The work that actually ends a legal problem, as opposed to describing it, is done by a person who is accountable for it.

13. It cannot decide

Most legal questions do not have an answer. They have a range, and the job is to pick the point in that range that fits your appetite for risk, your cash position, and what you are trying to build. That is judgment, and it comes from having sat on your side of the table. A chatbot can describe the range. Someone still has to decide, and if that someone is you, alone, then you are your own lawyer with none of the training and all of the risk.

What the tool is genuinely good for

It is a very good way to learn the vocabulary of a problem before you call anyone, so the call is shorter and cheaper. It is good at summarizing a document you already have. It is good at helping you write down your questions. Used that way, it makes you a better client and makes counsel less expensive. Used as counsel, it is the most expensive free thing your business will ever touch.

The arithmetic

The money runs the other way from how it feels. Of owners whose recent legal needs went unmet, 85 percent reported significant financial consequences, including lost revenue and missed growth (the same California study). One in four received a compliance warning, fine or citation, most between \$2,000 and \$10,000 (LegalZoom compliance survey of a thousand owners, December 2025). Relative to revenue, lawsuits cost a business under \$1 million in sales seven times what they cost one over \$50 million (U.S. Chamber Institute for Legal Reform, Tort Costs for Small Businesses, 2023). Against all of that, the question that would have prevented the problem is a fifteen-minute call, and on a general counsel plan it is already inside your hours.

A serious business does not cut corners on the one advisor whose job is to keep it out of trouble. Use the tool. Then ask your lawyer.

This is general information about legal technology and professional responsibility, not legal advice about your business.

WRITTEN BY

Anthony Clemenza

MANAGING PARTNER

Anthony is the Managing Partner of Clemenza Law Group and serves as general counsel to a wide range of companies and philanthropic organizations. Nearly every essay here began as a real question from a real client: the contract that landed at 4 p.m., the board that meets on Thursday. He writes them the way he would answer you across the table, plainly and with care.

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