IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, LAW DIVISION

SHANNA JORDAN, Individually and as Mother and Next Friend of JAH'MIR COLLINS, a minor; and MORGAN COLLINS, Individually and as Mother and Next Friend of AMIAH MCGEE COLLINS, a minor, *Plaintiffs*, v. CHICAGO HOUSING AUTHORITY, EAST LAKE MANAGEMENT GROUP, INC., LFW, INC. d/b/a THE HABITAT COMPANY, THE HABITAT COMPANY, LLC, and ENVIRONMENTAL DESIGN INTERNATIONAL, INC., *Defendants*.	)	Case No. 22 L 95

NOTICE OF FILING

TO: See attached service list.

PLEASE TAKE NOTICE THAT on this 22nd day of July 2025, I electronically filed with the Circuit Court of Cook County, **Plaintiffs' Motion for Sanctions,** a copy of which is attached hereto and is hereby served upon you.

Respectfully submitted,

By: /s/ Matthew S. Sims
One of Plaintiffs' attorneys

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CERTIFICATE OF SERVICE

I, the undersigned, a non-attorney, hereby certify that I served the foregoing **Notice of Filing** and **Plaintiffs' Motion for Sanctions** on the parties listed in the service list, by electronic mail on this 22nd day of July 2025.

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that she verily believes the same to be true.

/s/ Colleen Lata

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IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, LAW DIVISION

SHANNA JORDAN, *et al.*	)	
	)	
Plaintiffs,	)	
	)	
v.	)	Case No. 22 L 95
	)	
CHICAGO HOUSING AUTHORITY, *et al.*	)	
	)	
Defendants.	)	

PLAINTIFFS' MOTION FOR SANCTIONS

Plaintiffs SHANNA JORDAN, as Mother and Next Friend of Jah'mir Collins, a minor, and MORGAN COLLINS, as Mother and Next Friend of Amiah McGee-Collins, by their attorneys, RAPOPORT SIMS PERRY & VANOVERLOOP, P.C., bring this motion for sanctions against the Chicago Housing Authority ("CHA") and the law firm Goldberg Segalla, as well as its attorneys, pursuant to ILL. SUP. CT. R. 137 and the Court's inherent authority.

INTRODUCTION

This morning, when ChatGPT was asked to respond to the query: "Illinois Supreme Court quotes on candor," it provided the following response in seconds:

> "A lawyer's high vocation is to correctly inform the court upon the law and the facts of the case and to aid it in … arriving at correct conclusions."

In re Smith, 168 Ill. 2d 269 (1995)(J. Mary Ann McMorrow).

Two points about the above-referenced quote: (1) It is an accurate statement about a lawyer's duties; and (2) the late Illinois Supreme Court Justice Mary Ann McMorrow did not write this quote anywhere in her opinion in the case of *In re Smith.* Even a cursory review of that case confirms as much. But ChatGPT, in a nearly-instantaneous response, says otherwise. This is *artificial* intelligence indeed – and choosing not to read *Smith* before submitting it to the Court

would be a reckless dereliction of a lawyer's duties, whether they used ChatGPT or not. Presently before the Court is obvious attorney misconduct. But while Ms. Malaty has offered some degree of contrition for her own mistakes, the rest of the CHA's lawyer team has refused to take any responsibility whatsoever.

The propagation of artificial intelligence ("AI") has invaded all facets of society – including the legal profession. And while the incorporation of AI into the legal profession may serve as a partial explanation for the conduct that has occurred here, it is hardly a complete accounting for what now appears to be a pattern of pervasive misconduct undertaken by Goldberg Segalla for the benefit of the CHA. AI cannot, and should not, be a substitute for basic but fundamental lawyering tasks – such as reading the authority cited to the Court.

Long before AI came-along and even before any of the attorneys or jurists involved in the present dispute had been born, it was the case that lawyers were expected to conform their behavior within certain expectations such that "the public shall have absolute confidence in the integrity and impartiality of its [justice's] administration." *See e.g.* ABA Cannons of Professional Ethics of 1908[1]. Prior to 1980, Illinois had not codified the professional responsibilities of lawyers, instead relying on "guidance [which] was to be found in court opinions, and unofficially in the canons of ethics which had been promulgated by the various bar associations (*e.g.*, American (ABA), Illinois State (ISBA) and Chicago (CBA)). *In re Vrdolyak*, 137 Ill. 2d 407, 420 (1990). That changed in 1980, when the Illinois Supreme Court adopted the first Illinois Code of Professional Responsibility (1980). *Id.* at 421. Illinois later replaced the Code when it adopted the Illinois Rules

[1] *See* ABA Cannons of Professional Ethics, *Preamble* ("In America, where the stability of Courts and of all departments of government rests upon the approval of the people, it is peculiarly essential that the system for establishing and dispensing justice be developed to a high point of efficiency and so maintained that the public shall have absolute confidence in the integrity and impartiality of its administration. The future of the republic, to a great extent, depends upon our maintenance of justice pure and unsullied. It cannot be so maintained unless the conduct and the motives of the members of our profession are such as to merit the approval of all just men."); available at: https://www.americanbar.org/content/dam/aba/administrative/professional_responsibility/1908_code.pdf

of Professional Conduct in 1990, which were subsequently replaced by the current 2010 Rules of Professional Conduct.[2]

The very first rule in the 2010 Rules of Professional Conduct mandates that a lawyer "shall" provide competent representation – which necessarily requires they both possess and exercise "the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation." ILL. R. PRO. CONDUCT R. 1.1. Artificial intelligence did not eliminate this basic, but fundamental tenet of the practice of the law. As an important component of a common law system based on principles of *stare decisis,* the commentary to Rule 1.1 informs lawyers they should keep abreast of changes in the law. "To maintain the requisite knowledge and skill, a lawyer should keep abreast of changes in the law and its practice, including the benefits and risks associated with relevant technology…" *Id.* at *Comment 8* ("Maintaining Competence"). So too does it inform lawyers that they should keep abreast of changes in the practice too – including the benefits and risks associated with relevant technology. *Id.*

No matter how a lawyer chooses to arm themselves with the knowledge and skill necessary to competently discharge their duties, and regardless of whatever technology a lawyer chooses (or not) to utilize, a lawyer always has a duty to present accurate facts and law to the court, and to do so with candor. *See* ILL. SUP. CT. R. 137; ILL. R. PRO. CONDUCT R. 3.1, R. 3.3. When a lawyer presents false information to the court, that lawyer violates their duties.

In the context of this background, this case presents critically important issues about attorney conduct in a matter involving substantial stakes:

[2] *See* IARDC at: https://www.iardc.org/Files/rulesofprofconduct.pdf

(I) Are sanctions warranted when a law firm and its attorneys present non-existent caselaw to a court and/or otherwise inaccurate or false representations of the law and the trial record?

(II) To what extent does the use of ChatGPT or other AI in such conduct aggravate or mitigate the imposition of sanctions?

(III) If sanctions are appropriate, then what sanctions are appropriate under the circumstances presented in this case?

The Court is undoubtedly familiar with what transpired at trial, and a fully detailed history of this case cannot be set forth without consuming an inordinate amount of pages. In short, after an extensive jury trial lasting well over a month, the jury unanimously determined that the CHA was responsible for the pediatric lead poisoning of Amiah and Jah'mir and the resultant harm suffered by each – which included permanent and irreversible brain damage. The jury assessed a total of $24.1 million in damages between both children.

The CHA has now asked this Court to throw out those unanimous jury verdicts, but in doing so has thrust upon this Court pleadings that are littered with misrepresentations, provably false claims, and even citation to non-existent caselaw.

Following the Court's July 17, 2025 hearing which primarily focused on the CHA's citation to the fabricated case of *Mack v. Anderson*, Plaintiffs' counsel more closely reviewed additional pleadings filed by Goldberg Segalla on behalf of the CHA. Based on that additional review, it is evident that the CHA's misrepresentations, false claims, and reliance on non-existent case law were not limited to a single citation – or even a single pleading. Rather, now unearthed is a pattern of repetitive and continuous misrepresentations to the Court. The misrepresentations identified to date[3] are addressed below. When applied to the appropriate legal standard, it is clear that severe sanctions are warranted.

[3] Restricted by the time limitations associated with having only five days to file this motion, and coupled with other professional obligations, counsel simply did not have the opportunity to review in detail every single pleading filed by the CHA and Goldberg Segalla in this extensive multi-year litigation.

BACKGROUND

I. ARTIFICIAL INTELLIGENCE

In *Byoplanet International, LLC, v. Johansoon, et al,* 25-cv060630 (S.D. Fla., July 17, 2025)[4], the Court provided the following pertinent and insightful summary of artificial intelligence in the legal profession:

> During a bygone era when dinosaurs roamed the earth and the undersigned was in law school (1998), to research cases a student often had to hold a volume of a legal reporter in one's hands. To ensure that all cases cited were good law, students and attorneys employed services like Shepard's Citations. But even in that dark, pre-modern age, stars rose in the distance; online legal sources, such as Westlaw and LexisNexis, came forth to aid lawyers in performing legal research. You didn't have to be Steve Wozniak to understand that these electronic advancements would revolutionize the practice of law (and much else). Gone were the days of spending hours in libraries manually searching for a case and Shepardizing to see every case which cited it.
>
> Now, another star rises—AI—with the potential to revolutionize the legal field (and much else) once again. From Altman to Zuckerberg, we are told that AI has the potential to perform hours of legal research on nearly any topic in seconds. Large language models like ChatGPT offer the promise to employ AI to perform legal research and even draft legal filings, such as briefs and complaints.
>
> However, AI is not yet a match for an actual litigator. Employing the euphemism-du-jour, AI regularly "hallucinates" entire cases and "hallucinates" quotations from real cases. *See* Sara Merken, *AI 'hallucinations' in court papers spell trouble for lawyers*, Reuters, https://www.reuters.com/technology/artificial-intelligence/ai-hallucinations-court-papers-spell-trouble-lawyers-2025-02-18/ (noting AI's "penchant for generating legal fiction in case filings[.]"). This means that when a lawyer asks AI to generate legal research, briefs, or complaints, it may lead to fake cases and/or false quotations that purport to stand for the propositions the lawyer seeks. This is the current particular risk of using AI in real-world litigation. But the lawyer who uses AI blindly also potentially harms others:
>
> > The opposing party wastes time and money in exposing the deception. The Court's time is taken from other important endeavors. The client may be deprived of arguments based on authentic judicial precedents. There is potential harm to the reputation of judges and courts whose names are falsely invoked as authors of the bogus opinions and to the reputation of a party attributed with fictional conduct. It promotes cynicism about the legal profession and the American judicial system. And a future litigant may be

[4] Attached as "Exhibit 1."

> tempted to defy a judicial ruling by disingenuously claiming doubt about its authenticity.
>
> *Mata v. Avianca, Inc.*, 678 F. Supp. 3d 443, 448–49 (S.D.N.Y. 2023) (Castel, J.).

> Thus, a lawyer who wishes to use AI ethically must ensure that the legal propositions and authority generated are trustworthy. The lawyer has a duty to check all the cases and quotations for accuracy. Anything less is to abdicate one's duty, waste legal resources, and lower the public's respect for the legal profession and judicial proceedings.

Id. at D.E. 33.

This court is not the first faced with the rapid development of generative AI and its improper utilization leading to false misrepresentations being submitted in legal filings. *See e.g. Park v. Kim,* 91 F.4th 610, 612 (2d Cir. 2024)(sanctions following citation to a non-existent case generated by artificial intelligence); *Mata v. Avianca, Inc*., 678 F. Supp. 3d 443, 464-65 (S.D.N.Y. 2023)(sanctioning lawyers and law firm for using ChatGPT to find non-existent cases, which the attorneys cited in a filing).

It is "well-known in the legal community that AI resources generate fake cases." *Wadsworth v. Walmart Inc*., 348 F.R.D. 489, 497 (D. Wyo. 2025). "At this point, to be blunt, any lawyer unaware that using generative AI platforms to do to legal research is playing with fire[,] is living in a cloud." *In re: Marla C. Martin,* 24 B 13368, D.E. 78 at p. 12 (N.D. Ill., July 18, 2025)[5].

In *Martin*, Judge Michael Slade provided an exhaustive review of just how much has been known in the legal community about the use of generative AI:

> [Use of generative AI platforms to do legal research] has been a hot topic in the legal profession since at least 2023, exemplified by the fact that Chief Justice John G. Roberts, Jr. devoted his 2023 annual Year-End Report on the Federal Judiciary (in which he "speak[s] to a major issue relevant to the whole federal court system,"

[5] Attached as "Exhibit 2."

Report at 2) to the risks of using AI in the legal profession, including hallucinated case citations.[6]

To put it mildly, "[t]he use of non-existent case citations and fake legal authority generated by artificial intelligence programs has been the topic of many published legal opinions and scholarly articles as of late."[7]

At this point there are many published cases on the issue—while only a sampling are cited in this opinion, all but one were issued before June 2, 2025, when Mr. Nield filed the offending reply. *See*, e.g., Jaclyn Diaz, *A Recent High-Profile Case of AI Hallucination Serves a Stark Warning*, NPR ILLINOIS (July 10, 2025, 12:49 PM), ("There have been a host of high-profile cases where the use of generative AI has gone wrong for lawyers and others filing legal cases . . . . It has become a familiar trend in courtrooms across the U.S.").

The Sedona Conference wrote on the topic in 2023.[8] Newspapers, magazines, and other well-known online sources have been publicizing the problem for at least two years.[9]

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[6] *Available at* https://www.supremecourt.gov/publicinfo/year-end/2023year-endreport.pdf.

[7] *O'Brien v. Flick*, No. 24-61529-CIV, 2025 WL 242924, at *6 (S.D. Fla. Jan. 10, 2025); *see also Willis v. U.S. Bank Nat'l Ass'n,* No. 25-cv-516, 2025 WL 1408897, at *1 (N.D. Tex. May 15, 2025) ("It is no secret that generative AI programs are known to 'hallucinate' nonexistent cases, and with the advent of AI, courts have seen a rash of cases in which both counsel and *pro se* litigants have cited such fake, hallucinated cases in their briefs.") (quoting *Sanders v. United States*, 176 Fed. Cl. 163, 169 (2025); *Evans v. Robertson*, No. 24-13435, 2025 WL 1483449, at *2 (E.D. Mich. May 21, 2025) (same, with same quote); *Benjamin*, 2025 WL 1195925, at *1 (citing the numerous judicial opinions in recent weeks and months that address the "epidemic" of lawyers citing fake cases after using AI to perform legal research).

[8] *See, e.g.*, Hon. Xavier Rodriguez, *Artificial Intelligence (AI) and the Practice of Law*, 24 SEDONA CONF. J. 783, 784, 791 (2023) ("[T]here is a need for education in the legal community to understand errors or 'hallucinations' that may occur in the output of the [large language models] powering these platforms. Attorneys and courts need to be aware of both the benefits and limitations that these AI platforms present."), cited in *Versant Funding LLC v. Teras Breakbulk Ocean Navigation Enters., LLC*, No. 17-CV-81140, 2025 WL 1440351, at *4 (S.D. Fla. May 20, 2025)
.

[9] *See* Nicole Black, *Do NOT, I Repeat, Do NOT Use ChatGPT For Legal Research* (June 22, 2023, 1:47 PM), https://abovethelaw.com/2023/06/do-not-i-repeat-do-not-use-chatgpt-for-legal-research/ (Generative AI tools "are bald-faced liars that pull facts out of thin air . . . , including legal cases"); *see also, e.g.*, Benjamin Weiser, *Here's What Happens When Your Lawyer Uses ChatGPT*, N.Y. TIMES (May 27, 2023), https://www.nytimes.com/2023/05/27/nyregion/avianca-airline-lawsuit-chatgpt.html; Larry Neumeister, *Lawyers Submitted Bogus Case Law Created by ChatGPT. A Judge Fined Them $5,000*, ASSOCIATED PRESS (June 22, 2023), https://apnews.com/article/artificial-intelligence-chatgpt-fake-case-lawyers-d6ae9fa79d0542db9e1455397aef381c; Erin Mulvaney, *Judge Sanctions Lawyers Who Filed Fake ChatGPT Legal Research*, WALL ST. J. (June 22, 2023), https://www.wsj.com/us-news/judge-sanctions-lawyers-who-filed-fake-chatgpt-legal-research-9ebad8f9; and LegalEagle, *How to Use ChatGPT to Ruin Your Legal Career*, YOUTUBE.COM (June 10, 2023), https://www.youtube.com/watch?v=oqSYljRYDEM (cited in *Schoene v. Ore. Dep't of Human Servs.*, No. 23-cv-742, 2025 WL 1755839, at *7 n.6 (D. Or. June 25, 2025)); and Lyle Moran, *Lawyer Cites Fake Cases Generated by ChatGPT in Legal Brief*, LegalDive (May 30, 2023), https://www.legaldive.com/news/chatgpt-fake-legal-cases-generative-ai-hallucinations/651557/; Sara Merken, *AI 'Hallucinations' in Court Papers Spell Trouble for Lawyers*, REUTERS (Feb. 18, 2025, 2:55 PM), http://reuters.com/technology/artificial-intelligence/ai-

> And on January 1, 2025, the Illinois Supreme Court issued a "Supreme Court Policy on Artificial Intelligence" requiring practitioners in this state to "thoroughly review" any content generated by AI.[10]

In re: Marla C. Martin, 24 B 13368, D.E. 78 at pp. 12-13 (embedded footnotes in original, but carried through for readability).

It is not just these generalizations that are applicable to Goldberg Segalla. The law firm of Goldberg Segalla has had actual knowledge (and recognition) of the serious risks involved in using generative AI since at least 2023, when Goldberg Segalla implemented an internal policy prohibiting the use of AI technology "without prior approval from the IT department and firm leadership." *See* July 13, 2023 Goldberg Segalla email, attached as "Exhibit 3." In October 2023, Goldberg Segalla published in the New York State Bar Association's (NYSBA) *NYLitigator* magazine (and then re-published on the Goldberg Segalla website[11]) its awareness that ChatGPT "can and will generate legal citations that look real but… are entirely fabricated":

> ChatGPT knows what a legal citation looks like and knows how they are used. So, because it can produce imaginative responses, Chat-GPT can and will generate legal citations that look real but, because there is no connection to the databases, are entirely fabricated. These are referred to by Open AI as "hallucinations." If you lack the understanding of ChatGPT's ability to hallucinate, you may be caught off guard.

See Goldberg Segalla, *Fake Cases, Real Consequence: Misuse of ChatGPT Leads to Sanctions* (October 2023).[12]

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hallucinations-court-papers-spell-trouble-lawyers-2025-02-18/ (both cited in *Powhatan Cnty. Sch. Bd. v. Skinger*, No. 24cv874, 2025 WL 1559593, at *9 n.7 (E.D. Va. June 2, 2025).

[10] *Available at* https://ilcourtsaudio.blob.core.windows.net/antilles-resources/resources/e43964ab-8874-4b7a-be4e-63af019cb6f7/Illinois%20Supreme%20Court%20AI%20Policy.pdf (Effective Jan. 1, 2025) ("Attorneys, judges, and self-represented litigants are accountable for their final work product. All users must thoroughly review AI-generated content before submitting it in any court proceeding to ensure accuracy and compliance with legal and ethical obligations. Prior to employing any technology, including generative AI applications, users must understand both general AI capabilities and the specific tools being utilized.").

[11] *See* "Exhibit 4."

[12] *See* Goldberg Segalla, *Fake Cases, Real Consequence: Misuse of ChatGPT Leads to Sanctions* (Oct. 2023), available at: https://www.goldbergsegalla.com/app/uploads/2023/10/Fake-Cases-Real-Consequences-Misuse-of-ChatGPT-Christoper-F.-Lyon-NY-Litigator.pdf (last accessed May 4, 2025).

In 2024, Ms. Malaty, the former Goldberg Segalla partner and attorney for the CHA who used ChatGPT to fabricate the *Mack v. Anderson* decision, herself published on the ethical considerations involved in using artificial intelligence in the legal profession, stating that "[h]uman oversight is cricual [*sic*] to maintaining integrity in the legal process by preventing over-reliance on automated systems." *See* D. Malaty, *Artificial Intelligence in the Legal Profession: Ethical Considerations,* Goldberg Segalla (Sept. 4, 2024), attached as "Exhibit 5"; *republished on Ms. Malaty's LinkedIn Profile.*

On March 12, 2025, Goldberg Segalla implemented an *Artificial Intelligence Acceptable Use Policy. See* Goldberg Segalla Letter to Court from Christopher Belter, attached as "Exhibit 7" at pp. 2-3. The March 2025 AI policy (i) required mandatory training for all Goldberg Segalla attorneys; (ii) required execution of an attestation by Goldberg Segalla attorneys regarding the use of AI; (iii) and prohibited the use of "AI tools like but not limited to AI environments similar to ChatGPT." *Id.* That Goldberg Segalla AI policy was updated on June 11, 2025, presumably in response – at least in part – to what is now known to have occurred in this case. *Id.* at pp. 3-4.

Continuing into 2025, Goldberg Segalla has continued to offer both commentary and publications on the problems and risks associated with using ChatGPT:

> ChatGPT and other AI generators are not meant to craft legal briefs, [Goldberg Segalla partner Frank] Ramos said. They can make up case citations, also known as AI hallucinations. In 2023, a New York attorney submitted fake cases he got from ChatGPT in a federal case, which is believed to be the first one involving AI-generated hallucinations, Ramos said.
>
> * * *
>
> The fake cases being submitted into court will continue until the sanctions go beyond fines and include suspensions or other actions by State Bar associations, Ramos said.

See L. Lorek, Interview with Frank Ramos, contained in *Fake Case Citations Put 2 Lawyers on the Hot Seat,* Law.com (April 14, 2025), attached as "Exhibit 8"; *see also* Goldberg Segalla, *Frank*

Ramos Warns Attorneys of Irresponsible AI Usage in Texas Lawyer Article (April 16, 2025)("Frank also endorses harsher punishments for fake cases, arguing similar outcomes will continue until sanctions start to include suspensions"), attached as "Exhibit 9."

To be sure, this case is not the first time a court in Illinois or Cook County has had to face this issue – or has even the first time such an issue has been faced with respect to Goldberg Segalla. *See Calderon v. Dynamic Manufacturing, Inc.,* 2024 CH 09839 (Circuit Court of Cook County, July 16, 2025)(sanctions against Goldberg Segalla partner Ms. Malaty for submitting fabricated case authority using ChatGPT).[13]

With Goldberg Segalla's knowledge and awareness established as set forth above, we can now turn to how everything Goldberg Segalla has been warning of with respect to AI has predictably become reality in this case. But these terrible missteps occurred only after attorneys chose to abdicate their responsibilities under the Supreme Court Rules, the Rules of Professional Conduct, and their common sense. Not all of the parties who bear fault have accepted it.

All of this has occurred in a case where the stakes arguably could not be higher. Hanging in the balance is the CHA's desire to throw out the jury's unanimous verdicts – which were only rendered after years of litigation and after a more than month-long trial. The result was a record-setting verdict for two children who sadly suffered permanent and irreversible brain damage at the hands the Chicago Housing Authority.[14] The CHA's desire is enacted through the CHA's Post-Trial Motion, which is *not* just the result of work by Ms. Malaty, but the end-product of an entire team of Goldberg Segalla lawyers, including its co-Chair of appellate practice, its lead trial lawyer, and numerous other partners.

[13] *See* June 3, 2025 Scheduling Order; June 27, 2025 Response Brief and Affidavit of Malaty; and July 16, 2025 Sanction Order, attached as "Group Exhibit 10."

[14] This figure does not include the more than $735,000 in post-judgment interest incurred to-date since the Court entered judgment on January 15, 2025.

II. TIMELINE OF EVENTS

A. Goldberg Segalla's Appearance and Trial

Goldberg Segalla filed its appearance on behalf of the Chicago Housing Authority on March 12, 2024, with attorney Larry Mason serving as the CHA's lead counsel throughout, including at trial. Plaintiffs and the Court first learned of Ms. Malaty's involvement shortly before the July 17, 2025 hearing, at which she informed the Court she had been involved in this case even before trial had started. *See* July 17, 2025 Transcript of Proceedings, attached as "Exhibit 11" at pp. 11. On December 3, 2024, this matter was assigned to the Hon. Judge Thomas Cushing for trial, which commenced thereafter. Trial of this matter concluded on January 15, 2025 with verdicts in favor of the Plaintiffs and the jury's finding that the CHA was 100% legally responsible. Judgment was entered that same day.

B. The CHA's Mid-Trial Offer of Proof as to Controlled Witness Jacob Persky

At the July 17, 2025 hearing, Ms. Malaty made the Court (and Plaintiffs' counsel) aware that her work on this case also included the CHA's Offer of Proof as to expert witness Jacob Persky – a fact previously unknown to anyone other than Goldberg Segalla. *See* July 17, 2025 Hearing Transcript, Ex. 11 at p. 11. The CHA's Offer of Proof was signed by Attorney Mason and filed on January 8, 2025. *See* CHA Offer of Proof, attached as "Exhibit 12." In light of the revelation that Ms. Malaty also worked on CHA's Offer of Proof, that pleading was more closely reviewed. Uncovered was the unfortunate reality that like the CHA's Post-Trial Motion, its Offer of Proof also contains numerous faulty case citations, fabricated case quotations, and another non-existent case. These are set forth below.

CHA OFFER OF PROOF MISPRESENTATIONS		
Source	**CHA Claim**	**Reality**
CHA Offer of Proof at p. 1	CHA offers a quotation attributed to Justice Quinn's opinion in *Kim v. Mercedes-Benz, U.S.A., Inc*., 353 Ill.App.3d 444, 451 (1st Dist. 2004). CHA also cites *Snowstar Corp. v. A&A Air Conditioning & Refrigeration Service*, 2024 IL App (4th) 230757, ¶ 72 in the same string citation.	The quotation is fabricated - it does not exist in *Kim* or *Snowstar*.
CHA Offer of Proof at pp. 1-2	CHA states: The Illinois Supreme Court has emphasized that an adequate offer of proof is necessary "to disclose the nature of the offered evidence" and to provide a sufficient basis for reviewing courts to determine whether the exclusion of evidence was erroneous. *People v. Andrews,* 146 Ill.2d 413, 421 (1992).	This quote – attributed to Justice Bilandic in the Supreme Court case of *Andrews* – is fabricated.
CHA Offer of Proof at p. 2	CHA offers another quote attributed to a Supreme Court decision from Justice Bilandic: Without Mr. Persky's testimony, the record lacks critical evidence regarding the deficiencies in Plaintiffs' investigation and the plausibility of alternative causation theories. Illinois courts have repeatedly held that "a reviewing court must know what was excluded to determine whether the exclusion was proper". *People v. Thompkins*, 181 Ill.2d 1, 10 (1998).	This quote – also attributed to Justice Bilandic in the Supreme Court case of *Thompkins* – is fabricated.
CHA Offer of Proof at p. 10	CHA offers another quote from the Illinois Supreme Court: In *Buehler v. Whalen*, 70 Ill.2d 51, 67 (1977), the Illinois Supreme Court noted that procedural rules should not "become a trap for the unwary" but should promote the just resolution of disputes.	This quote –attributed to Justice Dooley in the Supreme Court case of *Bueller* – is fabricated.

CHA Offer of Proof at p. 10	CHA states: The Illinois Supreme Court has clarified that *Voykin* does not apply to cases where the focus is on multiple potential causes of harm, such as environmental contamination. In *Peach v. McGovern* (2019 IL 123156, ¶ 38), the Court made clear that reliance on *Voykin* is misplaced in cases that do not involve prior injuries, and **evidence of alternative causes need not be linked to expert testimony to be admissible.** *Peach*, ¶¶ 30-31	The emphasized point of law attributed to *Peach,* that "evidence of alternative causes need not be linked to expert testimony to be admissible", was not an issue raised or addressed in that case. *Peach* does not support such a proposition.
CHA Offer of Proof at p. 11	CHA cites the case of "*Mack v. Anderson,* 441 Ill. App.3d 819, 831 (3rd Dist. 2021)"	This case is fabricated.
CHA Offer of Proof at pp. 11-12	CHA states: Illinois courts have recognized that public health issues demand heightened scrutiny of evidentiary rulings to ensure that juries receive accurate and complete information. *People v. Munoz*, 398 Ill.App.3d 455, 471 (2nd Dist. 2010).	This point of law is not supported by *Munoz,* which doesn't make any mention of "public health issues" or "heightened scrutiny."

C. The CHA's Motion for Extension to File Post-Trial Motion

On February 6, 2025, the CHA – through Goldberg Segalla – filed a Motion for Extension of Time to File a Post-Trial Motion. *See* CHA Motion for Extension, attached as "Exhibit 13." In CHA's Motion for Extension, it specifically stated that "[f]undamental fairness and judicial efficiency demand that parties be afforded the opportunity to fully and adequately present post-trial motions…", and that such extension as warranted "[g]iven the complexity of the legal issues, [and] the voluminous trial record requiring through review,…". Ex. 13 at pp. 1, 3. The CHA continued on about how: "This case presents a multifaceted and legally intricate post-trial challenge, requiring an extensive analysis of Illinois law…", and that "Courts have recognized that where post-trial motions involve complex legal doctrines, additional time is often necessary to

ensure that arguments are thoroughly analyzed and properly framed for judicial review." Ex. 13 at p. 4. The CHA explained how its anticipated Post-Trial Motion would "raise[] significant legal questions that must be properly researched, structured, and supported by case law." Ex. 13 at p. 5.

And while the relief sought in the CHA's Motion for Extension was neither extraordinary nor even contested, Plaintiffs have revisited that pleading too for a closer review. In a turn of ironic absurdity, the CHA's Motion for Extension – seeking additional time to perform the requisite legal research to address the "significant legal questions" that the CHA anticipated in its Post-Trial Motion – is premised on faulty and invented legal authority. These are set forth below:

CHA MOTION FOR EXTENSION MISREPRESENTATIONS		
Source	**CHA Claim**	**Reality**
CHA Motion for Extension at pp. 4-5	CHA cites to and discusses a purported decision from the First District Appellate Court entitled *First Chicago Bank v. Brandwein,* 2013 IL App (1st) 121137. The CHA cites the case for the unremarkable proposition that "trial courts must afford litigants reasonable time to brief post-trial issues that require substantial legal and factual analysis."	This case is fabricated. A reported case from 2015 is entitled *Bank Financial, FSB v. Brandwein*, 2015 IL App (1st) 143956, but that different case was disposed of on summary judgment and never went to trial, and consequently had nothing to do with post-trial proceedings. *Id.* ¶ 35.
CHA Motion for Extension at p. 5	CHA cites the Illinois Supreme Court decision in *People ex. Rel. Madigan v. Illinois Commerce Comm'n,* 231 Ill. 2d 370, 387 (2008) for the proposition that "The Illinois Supreme Court has emphasized the necessity of ensuring procedural fairness and due diligence in post-trial proceedings, particularly where legal arguments require careful briefing."	This case is mispresented. *Madigan* contains no references to the words "fairness", "diligence" or "careful." *See id.*
CHA Motion for Extension at p. 5	CHA cites *Hanna v. City of Chicago,* 331 Ill. App. 3d 295 (1st Dist. 2002) for the proposition that "Illinois law strongly disfavors forcing parties to file post-trial motions without adequate time to review the record…"	This case is misrepresented. *Hanna* was not a case that went to trial and did not involve post-trial motions.

CHA Motion for Extension at pp. 6, 9	CHA cites the Illinois Supreme Court decision in *Vision Point of Sale, Inc. v. Haas,* 226 Ill. 2d 334, 352-53 (2007) for the proposition that "the availability of post-trial relief is fundamental to the appellate process and should not be impeded by procedural rigidity when an extension would facilitate a fair and well-reasoned post-trial motion."	This case is misrepresented. *Vision Point* was before the Illinois Supreme Court on a certified question regarding requests to admit – it never even went to trial. *Id.* at 340-341.
CHA Motion for Extension at p. 6	CHA cites *Hoffman v. Lehnhausen,* 48 Ill. 2d 323, 326 (1971) for the proposition that courts must prioritize rulings on the merits over rigid procedural enforcement where an extension would enable a party to fully present legal challenges that may affect the validity of a verdict.	This does not support the proposition for which it is cited. Additionally, CHA failed to inform the Court that *Hoffman* was subsequently overruled in part. *See People v. Boclair,* 202 Ill. 2d 89, 99 (2002).

D. The CHA's Post-Trial Motion

On March 17, 2025, the CHA filed its Post-Trial Motion. While the Court's July 17, 2025 hearing focused on the CHA's citation to the non-existent case of *Mack v. Anderson,* the hearing revealed even more new information to Plaintiffs, prompting a further re-review of the CHA's Post-Trial Motion. Now revealed – and contrary to the CHA and Goldberg Segalla's July 17, 2025 assertion that the citation problem was limited to "one case out of 50-some-odd case citations"[15] – is that the CHA's Post Trial Motion contains extensive and far reaching misrepresentations – including outright falsehoods and problematic legal citations that go beyond the case of *Mack v. Anderson.* The problematic citations to the trial record and legal authority is set forth below:

[15] *See* July 17, 2025 transcript of proceedings, Ex. 11 at p. 18.

CHA'S POST TRIAL MOTION MISREPRESENTATIONS		
Source	**CHA Claim (Verbatim)**	**Reality**
CHA Post-Trial Motion at p. 4.	"Plaintiffs in Illinois must elicit 'the testimony of a medical expert to establish causation if the relationship between the claimed injury and the event in question requires special knowledge and training to establish.' *Brown v. Baker,* 284 Ill. App. 3d at 404."	This statement on page 4 is a misrepresentation of *Brown,* which does not set-forth a bright line rule.
CHA Post-Trial Motion at pp 9-10.	"When a party files a posttrial motion seeking a new trial, the trial court weighs the evidence and may set aside the verdict and order a new trial 'if the verdict is contrary to the manifest weight of the evidence.' *Maple v. Gustafson,* 151 Ill. 2d 454, 603 N.E.2d at 512 (quoting *Mizowek v. De Franco,* 64 Ill. 2d 303, 310, 356 N.E.2d 32, 36, 1 Ill. Dec. 32 (1976))."	This quote is not in *Maple.*
CHA Post-Trial Motion at p. 25	"In *Peach v. McGovern,* the Supreme Court made clear that… evidence of alternative causes need not be linked to expert testimony to be admissible."	This claim is not supported by *Peach v. McGovern,* 2019 IL 123156.
CHA Post-Trial Motion at pp. 25-26	"Similarly, in *Mack v. Anderson,* the Supreme Court allowed evidence of other sources of environmental contamination to challenge the plaintiffs' theory of causation.	This case does not exist.
CHA Post-Trial Motion at p. 27, fn. 68	"*See McClure v. Owens Corning Fiberglas Corp.*, 188 Ill. 2d 102, 132 (1999) (holding that a new trial is warranted where extraneous, prejudicial considerations likely affected the verdict)."	The parenthetical describing *McClure* is not supported by that case.
CHA Post-Trial Motion at p. 27, fn. 68	"*Gill v. Foster,* 157 Ill. 2d 304, 310 (1993)(recognizing that verdicts influenced by improper factors must be set aside)."	The parenthetical describing *Gill* is not supported by that case.
CHA Post-Trial Motion at p. 27 and p. 27 fn. 69	"Illinois courts have consistently held that references to unrelated litigation, particularly where the allegations were	This is a misrepresentation and non-existent quote. *Thompson* does not support this assertion. *Thompson*

	resolved or dismissed, serve no legitimate evidentiary purpose and only serve to prejudice the jury.[69]" * * * "[69]*See Thompson v. Gordon*, 241 Ill. 2d 428, 438 (2011) ("Evidence must be excluded where its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury.")."	did not even involve a jury trial as it was decided on summary judgment. Moreover, the quote attributed to *Thompson* does not exist.
CHA Post-Trial Motion at p. 27	"Plaintiffs' counsel was admonished regarding his racist, inflammatory and highly prejudicial comments before the jury… Plaintiffs' improper attacks on the CHA continued into closing argument."	This claim is false. Plaintiffs' counsel was *never* admonished for any racist, inflammatory or highly prejudicial comments.
CHA Post-Trial Motion at p. 27	"Yet, despite its [the Court's] efforts to correct Plaintiffs; [*sic*] improper trial presentation, the 'scent of the skunk' never left the jury box."	This claim is false. The Court was not required to exert "efforts to correct Plaintiffs" improper trial presentation regarding any "racist, inflammatory, and highly prejudicial comments" before the jury.
CHA Post-Trial Motion at pp. 28-29	"Throughout the trial, Plaintiffs' counsel improperly and repeatedly referenced *Gautreaux v. Chicago Housing Authority***,** a decades-old case concerning racial segregation in public housing, in a manner that was inflammatory, irrelevant, and highly prejudicial." * * * "In this case, Plaintiffs' counsel improperly invoked *Gautreaux* throughout trial, including during opening statements, witness examinations, and closing arguments, despite its minimal relevance to the claims at issue."	This claim is false. Plaintiffs' counsel did not reference *Gautreaux* in opening statements or closing arguments. The *only* time *Gautreaux* was even referenced by Plaintiffs' counsel was after the CHA cross-examined Mr. Hamer and "opened the door" on *Gautreaux*, when Plaintiffs' counsel asked a short series of follow-up questions on *Gautreaux* (probably 2 minutes or less) to properly contextualize that litigation – none of which were objected to by the CHA.
CHA Post-Trial Motion at p. 30	"Plaintiffs' counsel failed to provide critical context, such as the fact that *Gautreaux* was resolved decades ago, leaving the jury with a distorted and incomplete impression of the CHA's history."	This claim is false. The *Gautreaux* litigation is alive-and well and even the CHA's general counsel is an attorney of record in *Gautreaux*. *See* Plaintiffs' Response to CHA Post-Trial Motion at Exhibit 3, PACER docket report excerpt for *Gautreaux, et al. v. Chicago Housing Authority, et al.* (66-cv-1459). Indeed, filings have continued into May of 2025, and

		the CHA itself filed a motion as recently as November 21, 2024 through its own Office of General Counsel. *Id.* at D.E. 1435.
CHA Post-Trial Motion at p. 30	"Plaintiffs' counsel initially suggested an allocation of liability among multiple defendants, proposing a 70/20/10 split among CHA, Habitat, and East Lake. However, by the time of closing arguments, Plaintiffs' counsel strategically abandoned this argument and shifted all blame onto CHA, ignoring the evidence of shared responsibility and exploiting the high/low settlement agreements to improperly influence the jury."	This claim is false. Plaintiffs suggested the jury allocate fault 70/20/10 amongst CHA, Habitat, and East Lake in closing argument: "So when it comes to allocating fault, I submit you give 70 percent to the CHA, 20 percent to Habitat, 10 percent to East Lake, and nothing to the moms."[16]
CHA Post-Trial Motion at p. 30 and p. 30, fn. 84	"Illinois law explicitly prohibits the manipulation of liability apportionment in a manner that misleads the jury or results in an unjust allocation of responsibility.[84]" * * * "[84] *See Ready v. United/Goedecke Services, Inc*., 232 Ill. 2d 369, 379 (2008) (holding that liability must be fairly apportioned among all responsible parties and that improper jury instructions or arguments that misrepresent liability allocation require correction)."	This is a misrepresentation. *Ready* does not support this assertion. Nowhere in *Ready* is there even any reference to "manipulation", "mislead", "unjust" or "misrepresent."
CHA Post-Trial Motion at p. 31 and p. 31 fn. 85	"Courts have consistently held that verdicts influenced by improper argument, misleading statements, or confusion regarding liability must be overturned.[85]" * * * "[85] *See McClure v. Owens Corning Fiberglas Corp.,* 188 Ill. 2d 102, 132 (1999) (noting that a verdict must be overturned if it was likely affected by extraneous prejudicial considerations); *Holston v. Sisters of the Third Order of St. Francis*, 165 Ill. 2d 150, 174 (1995) (confirming that damages and liability	The parenthetical describing *McClure* is not supported by that case. The parenthetical describing *Holston* is not supported by the case.

[16] *See* Plaintiffs' Closing Argument, January 14, 2025 (a.m.) trial transcript at p. 85.

	must result from the evidence, not improper argument or tactics)."	
CHA Post-Trial Motion at pp. 31-32 and p. 31 fn. 86	"Illinois law mandates that damages be *grounded in competent evidence* and not awarded based on speculation or emotional appeals.[86]" * * * "[86] *See Sears v. Rutishauser*, 102 Ill. 2d 402, 407 (1984) (holding that damages must be substantiated by the record and cannot rest on conjecture); *Voykin v. Estate of DeBoer*, 192 Ill. 2d 49, 57 (2000) (holding that speculative damages for future injuries are not recoverable)."	This is a misrepresentation. This assertion is not supported by the holding in *Sears,* a case in which the issue on appeal was bias cross-examination of an expert witness. The parenthetical describing *Sears* is not supported by that case. The parenthetical describing *Voykin* is not supported by that case.
CHA Post-Trial Motion at p. 32 and p. 32 fn. 90	"The purpose of remittitur is to ensure that damages remain proportionate to the actual harm suffered and that verdicts are based on substantive evidence rather than improper emotional appeals.[90]" * * * "[90] *See Sears v. Rutishauser*, 102 Ill. 2d 402, 407 (1984) (holding that speculative damages cannot stand and must be reduced when they lack adequate evidentiary support)."	This is a misrepresentation. This assertion is not supported by the holding in *Sears,* a case in which the issue on appeal was bias cross-examination of an expert witness. The parenthetical describing *Sears* is not supported by that case.
CHA Post-Trial Motion at p. 34 and p. 34, fn. 92	"Jah'mir Collins's $3,500,000 verdict is especially suspect given the lack of evidentiary support for the amount awarded. No competent expert medical testimony was presented regarding Jah'mir's future impairments or long-term prognosis. At best, Plaintiffs only presented a cursory presentation with respect to Jah'mir. Without such testimony, Illinois law prohibits damages awards based on conjecture or speculative future harm.[92]" * * * "[92] *See Voykin v. Estate of DeBoer*, 192 Ill. 2d 49, 57 (2000) (holding that damages must be based on competent, nonspeculative evidence)."	This is a misrepresentation. This assertion about future damages is not supported by the holding in *Voykin.*

CHA Post-Trial Motion at p. 36	"Similarly, in *Johnson v. Mers*, 279 Ill. App. 3d 372 (1996), the Illinois Appellate Court upheld a trial court's decision to reduce an award for pain and suffering that was deemed disproportionate to the evidence."	This is a misrepresentation. This assertion is not supported by *Johnson,* which did not involve a trial at all, and was resolved on summary judgment. *See id.*
CHA Post-Trial Motion at p. 36	"In *Hollis v. R. Latoria Construction, Inc.*, 108 Ill. 2d 401 (1985), the Illinois Supreme Court found that remittitur was proper where the jury's award for damages was excessive and not adequately supported by medical testimony."	This is a misrepresentation. In *Hollis,* the Supreme Court affirmed the appellate court finding that the trial court erred by not granting the *plaintiff's* motion for a new trial based on the inadequate damages that resulted from improper argument of the defense attorney. *Id.* at 403, 411.
CHA Post-Trial Motion at pp. 36-37	"In *Barry v. Owens-Corning Fiberglas Corp.*, 282 Ill. App. 3d 199 (1996), the court affirmed remittitur, concluding that the jury's damages award was excessive and disproportionate to the evidence presented."	This is a misrepresentation. In *Barry,* the trial court did *not* order remittitur, and the appellate court did *not* order remittitur. The *Barry* Court held: "We cannot set forth a litmus test that will establish the line between reasonable and unreasonable jury awards in all cases. We can say, based on the evidence and the applicable law, that the line was not crossed in this case. We will not vacate the award or order a remittitur." *Id.* at 208.

E. The CHA's Reply in Support of its Post-Trial Motion

On May 19, 2025, the Plaintiffs filed their Response in Opposition to the CHA's Post-Trial Motion. In Plaintiffs' Response, they identified the fictionalized case of *Mack v. Anderson* and also noted they were not (yet) in a position to deduce how exactly such a citation came to be in the CHA's Post-Trial Motion. *See* Pltfs. Response to CHA Post-Trial Motion at pp. 47-49. In addition to the faulty citation to *Mack,* Plaintiffs identified numerous other misrepresentations that had been made by the CHA in the CHA's Post-Trial Motion, including the sensational and unfounded *ad hominem* attacked leveled at Plaintiffs' counsel. *Id., passim.*

On June 18, 2025, the CHA filed its Reply in support of its Post-Trial Motion. In a footnote, the following explanation was offered regarding the citation to the non-existence *Mack v. Anderson* case*:*

> Plaintiffs identified an improper case citation in CHA's Post-Trial Motion at pages 25-26. Goldberg Segalla LLP sincerely apologizes to the Court, Plaintiffs, and their counsel for this serious lapse in professionalism. Several contributors supported lead counsel Larry Mason's activities in preparing the pleading. An exhaustive investigation revealed that one attorney, in direct violation of Goldberg Segalla's AI use policy, used AI technology and failed to verify the AI citation before including the case and surrounding sentence describing its fictitious holding. The investigation found no intent to deceive the Court, and no other attorney at the firm was aware of the citation source issue. Goldberg Segalla has implemented firm-wide measures to re-educate its attorneys on its AI use policy and established preventive measures. We respectfully request that the Court not punish our client for the mistake in judgment by one of its attorneys. At the Court's request, CHA's counsel is available to provide any further explanation.

CHA Reply at pp. 1-2, fn. 1.

While it is interesting that the CHA chose only to acknowledge this egregious misconduct in a footnote, even more telling is that the CHA did nothing in the month that passed from when Plaintiffs filed their Response (May 19, 2025) to when the CHA filed its Reply (June 18, 2025). And while the CHA's footnote at least partially acknowledges *some* misconduct, the CHA and Goldberg Segalla's footnote explanation was hardly thorough or appropriately curative. For instance:

i) The CHA and/or Goldberg Segalla did ***not*** withdraw the offending pleading, or any portion of it;

ii) The CHA and/or Goldberg Segalla did ***not*** attempt to substitute the offending pleading, or any portion of it;

iii) The CHA and/or Goldberg Segalla did ***not*** identify, acknowledge or attempt to correct any of the *other misrepresentations* that Plaintiffs' Response identified and which went beyond the citation to the fictional *Mack* case;

iv) The CHA and/or Goldberg Segalla did ***not*** identify any *other pleadings* filed in the *Jordan* case in which fictitious or otherwise faulty citations were submitted to the Court by the CHA and/or Goldberg Segalla;

v) The CHA and/or Goldberg Segalla implicitly laid blame exclusively on an unnamed "one attorney" identified in their footnote, but did not reveal the identity of Attorney Malaty or that an order had *already* been entered in another matter (*Calderon*) setting a hearing regarding substantially similar misconduct involving Goldberg Segalla and with the same attorney. *See* June 3, 2025 *Calderon* Order, attached as "Group Exhibit 10." Resultantly, Plaintiffs (and the Court) were kept in the dark about the *Calderon* case and led to believe the misconduct was limited to a single instance involving only the CHA's Post-Trial Motion. It was not until after Court ordered a hearing on July 17, 2025 hearing that Plaintiffs (and presumably the Court) became aware that Goldberg Segalla's misconduct was not exclusive to the *Jordan* matter.

F. The Court Orders a Special Hearing

On July 10, 2025, the Court *sua sponte* entered the following order:

> The Chicago Housing Authority (CHA) having acknowledge the inclusion of "an improper case citation" in its Post-Trial Motion, along with "its fictitious holding," and pursuant to the CHA's offer "to provide… further explanation," It is hereby ordered:
>
> This matter is scheduled for 7/17/25 at 9:00 a.m. in Courtroom 2812 for further explanation regarding the inclusion of an improper citation of authority in the CHA's Post-Trial Motion. Any attorneys responsible for the generation or inclusion of the subject citation(s) in the CHA's brief shall be present. Counsel for CHA shall provide copies of their firm's policies and publications regarding the use of AI by attorneys to the Court by July 15, 2025.

See July 10, 2025 Order, attached as "Exhibit 14."

G. The Court's July 17, 2025 Special Hearing

On July 17, 2025 the Court convened the specially set hearing. *See* July 17, 2025 Transcript of Proceedings, Ex. 11. The hearing was transcribed, and on July 21, 2025, Plaintiffs' counsel tendered a copy of the transcript to the Court per its request. Present at the hearing from Goldberg Segalla were Attorney Larry Mason, Attorney William "Bill" O'Connell, Attorney Daniel Woods, Attorney Christopher Belter, and Attorney Danielle Malaty.

During the hearing, Attorney Malaty informed the Court of the following:

- She is an attorney who has been licensed in Illinois for 11 years. (Ex. 11 at pp. 9, 13).
- At the time she worked on the *Jordan* case, she was a partner at Goldberg Segalla. (Ex. 11 at p 13).
- She was the only attorney in the Chicago office in the employment group and "had no support." (Ex. 11 at pp. 23-24).
- She was asked to step into the *Jordan* case, which was a toxic-tort, lead poisoning case, outside of her regular focus in employment law. (Ex. 11 at p. 24).
- She was one of multiple attorneys in the Chicago office for Goldberg Segalla providing support to Larry Mason in anticipation of trial, during trial, and in preparation of post-trial motions. (Ex. 11 at p. 11).
- She used generative AI, in the form of ChatGPT, to author a portion of the CHA's Post-Trial Brief and the CHA's Offer of Proof. (Ex. 11 at p. 11).
- She did not think that ChatGPT was linked to an authoritative or credible source like Lexis of Westlaw, but would use ChatGPT and Lexis or Westlaw in tandem. (Ex. 11 at p. 12).
- She was aware that ChatGPT was capable of "hallucinations," but did not understand that "hallucinations" could include the manufacture of fictitious legal citations. (Ex. 11 at p. 12). She did not understand the full extent of what AI hallucination meant. (Ex. 11 at p. 34).
- If ChatGPT produced output that "comported with my understanding of the law, I accepted that proposition to be supported by the citation that was dispensed by ChatGPT." (Ex. 11 at p. 12).
- Despite being a lawyer primarily focused on employment law who had been asked to step into a toxic-tort case outside of her regular focus, her "understanding was that *Mack v. Anderson* stood for a position that at that time I understood to be consistent with my understanding of the law." (Ex. 11 at p. 12).
- She accepted the *Mack v. Anderson* result produced by ChatGPT without seeking out the actual case or reading it. (Ex. 11 at p. 13).
- She provided the draft brief containing the *Mack v. Anderson* citation to Goldberg Segalla partner Daniel Woods, as well as Goldberg Segalla partner and co-chair of appellate practice William ("Bill") O'Connell. (Ex. 11 at p. 13). She believes their drafts were then finalized afterwards and provided to Goldberg Segalla partner Larry Mason. (Ex. 11 at p. 13).

- At no point in time did she have any conversations with anyone at Goldberg Segalla regarding the *Mack v. Anderson* case prior to the filing of Plaintiffs' Response. (Ex. 11 at p. 14).

- Her understanding was that any of her work product would be filtered through several layers of review and that she would not be signing the final work product. (Ex. 11 at p. 23).

- She denied that she had any intent to deceive the Court, mislead the jury, or provide any kind of assistance that would be deceptive. (Ex. 11 at p. 23).

During the hearing, Attorney Mason informed the Court of the following:

- He has been an Illinois licensed attorney since 1989 (Ex. 11 at p. 17) and was lead-trial attorney in the *Jordan* case. (Ex. 11 at p. 14).

- He sought "guidance and fresh perspective from others" when it came to the post trial motion. (Ex. 11 at p. 14). This included guidance from Goldberg Segalla's co-chair of its appellate practice William "Bill" O'Connell, to help lead a team to spearhead the preparation of the CHA's Post-Trial Motion. (Ex. 11 at pp. 14-15).

- The entire Post-Trial Motion team ultimately reported to him, as he is the primary client relationship partner for this matter. (Ex. 11 at p. 15).

- From time to time the Post-Trial Motion team consulted with him. (Ex. 11 at p. 15). Most of the inquiries were not about case law, but about facts of the case and what occurred at trial. (Ex. 11 at p. 15).

- Once a "client-ready" draft of the Post-Trial Motion was ready, he was provided with it so that he could transmit it to the CHA's representative for review. (Ex. 11 at p. 15).

- He gave the Post-Trial Motion a "final look-through", but did not check the citations. (Ex. 11 at p. 16).

- He pushed himself away from any issues in the Post-Trial Motion regarding *Voykin* and *Campbell* because during trial "having taken my lumps more times than I care to remember, I was very hands-off, because it needed a fresh perspective away from me." (Ex. 11 at p. 16).

- He was more focused on verifying typos and accuracy of facts, including "if this happened in the trial" (Ex. 11 at p. 17), as well as if he believed there were things that he "thought needed a citation or two in the footnote might have been strengthened or something from the court record." (Ex. 11 at p. 17).

- He transmitted the draft to the CHA and received the CHA's comments. (Ex. 11 at p. 17).

- All of his involvement preceded the expiration of Goldberg Segalla's initial 2023 AI policy (March 12, 2025). (Ex. 11 at p. 17).

- The thought that an attorney, let alone a partner, would be using AI on the Post-Trial brief was "abhorrent" and not in his brain. (Ex. 11 at p. 17).

- Every Goldberg Segalla lawyer had been trained on Goldberg Segalla's AI policies. (Ex. 11 at p. 18).

- He had no expectation that a lawyer working on the brief would have used AI. (Ex. 11 at p. 18).

- "[W]e had a no AI policy in place, and, somehow, one case out of 50-some-odd case citations gets through. It's horrific." (Ex. 11 at p. 18; *see also* Ex. 11 at p. 30 ("Now, we're talking about one case.")).

- He is not aware of any discussion amongst any of the Goldberg Segalla lawyers about the *Mack v. Anderson* case prior to Plaintiffs serving their Response. (Ex. 11 at p. 19).

- He agrees that *Voykin* and *Campbell* were a frequent subject of the Court's rulings and was a very important issue at trial. (Ex. 11 at p. 20).

- His focus in the CHA's Post-Trial Motion was not on *Voykin* and *Campbell,* but on "trying to make sure was that there wasn't an actual factual nugget or some other supplement or something from testimony that might have been relevant." (Ex. 11 at p. 21).

- *Voykin* and *Campbell* were an issue "I'd get to when I got to it, if I… When I prepare for the hearing that we're having on the 31st, that was when I was going to get to it." (Ex. 11 at p. 22).

- He "focused on the facts because that was the thing I felt I could add the most value to at the time of the review on my role [- -] in the preparation of the posttrial pleading." (Ex. 11 at p. 22).

- The CHA, the Court, opposing counsel, and Mr. Mason were deceived by the use of AI. (Ex. 11 at pp. 30-31).

- "Considerable waste of time and money and resources have been expended." "It's disgusting, unbelievable waste and abuse, and we're very, very disappointed." (Ex. 11 at p. 31).

- Ms. Malaty, along with all of Goldberg Segalla's approximately 440 attorneys acknowledged receipt and understanding of the Goldberg Segalla AI policy. (Ex. 11 at p. 33).

- Goldberg Segalla has an ongoing and continuing investigation into the *Jordan* matter, as well as other issues with respect to Ms. Malaty. (Ex. 11 at p. 44).

- Part of Goldberg Segalla's investigation included a "self-report process" for attorneys to reports themselves in they had used AI in violation of Goldberg Segalla's policies. (Ex. 11 at p. 46).

LEGAL STANDARD

A. ILLINOIS SUPREME COURT RULE 137

Illinois Supreme Court Rule 137 mandates that an attorney of record must sign every pleading, motion, or other document filed with the Court. ILL. S. CT. R. 137(a). Affixing a signature constitutes a certification from the attorney that he has read the filed document and that to the best of his knowledge, information, and belief formed *after reasonable inquiry*, it is *well grounded in fact* and is *warranted by existing law* or a good-faith argument for the extension, modification, or reversal of existing law. *Id.* Affixing a signature also constitutes a certification from the attorney that the filed document "is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation." *Id.*

Federal Rule of Civil Procedure 11 contains substantively identical language to Rule 137, mandating that "[e]very pleading, written motion, and other paper must be signed by at least one attorney of record in the attorney's name," and likewise providing that every by signing a paper filed with the court, an attorney has certified that after reasonable inquiry "the claims, defenses, and other legal contentions are warranted by existing law…" and "the factual contentions have evidentiary support…" FED. R. CIV. P. Rule 11. Because of the substantial similarity between FRCP 11 and Supreme Court Rule 137, "cases construing the Federal rule are appropriate guidance

in the interpretation of Rule 137." *Edward Yavitz Eye Center, Ltd. v. Allen*, 241 Ill. App. 3d 562, 569 (2d Dist. 1993).

The purpose of Rule 137 is to prevent counsel from making assertions of fact or law without support. *Lewy v. Koeckritz International, Inc.,* 211 Ill. App. 3d 330, 334 (1st Dist. 1991)(collecting cases). Rule 137 is a tool that can be employed "to prevent future abuse of the judicial process or discipline in the case of past abuses." *Schneider v. Schneider,* 408 Ill. App. 3d 192, 200 (1st Dist. 2011). The rule requires "both client and counsel" to make a reasonable inquiry into the facts to support a legal claim before filing a pleading or other legal paper the court. *Williams Montgomery & John Ltd. v. Broaddus*, 2017 IL App (1st) 161063, ¶¶ 42-43; *citing Edwards v. Estate of Harrison*, 235 Ill. App. 3d 213, 220 (1st Dist. 1992). A court determines whether a reasonable inquiry was made using an objective, not a subjective, standard: "It is not sufficient that an attorney 'honestly believed' his or her case was well grounded in fact or law." *Williams,* 2017 IL App (1st) 161063 at ¶ 42; *quoting Fremarek v. John Hancock Mutual Life Insurance Co.*, 272 Ill. App. 3d 1067, 1074-75 (1st Dist. 1995).

Rule 137 further provides that, if the rule is violated, the court may impose a sanction "upon the person who signed it, a represented party, or both." *Williams,* 2017 IL App (1st) 161063 at ¶ 42. Courts have affirmed Rule 137 sanctions entered against both an attorney and their law firm. *See e.g. Eisterhold v. Gizewski*, 2022 IL App (1st) 210490, ¶ 40; *Brubakken v. Morrison,* 240 Ill. App. 3d 680, 686-687 (1st Dist. 1992)(affirming joint and several liability of law firm under former Section 2-611 for sanctionable conduct of attorney of law firm); *but see Medical Alliance, LLC v. Health Care Service Corp.,* 371 Ill. App. 3d 755, 757-758 (2d Dist. 2007)(reaching opposite conclusion).

The sanctions available under Rule 137 are not limited to attorneys' fees and costs, but may include whatever sanction the Court finds appropriate under the circumstances. *Sanchez v. City of Chicago,* 352 Ill. App. 3d 1015, 1023 (1st Dist. 2004). Sanctions need not be limited to an imposition of reasonable attorney fees against the offending party. *See Eisterhold v. Gizewski*, 2022 IL App (1st) 210490, ¶ 39.

Courts may also consider the defamatory nature of untrue allegations in pleadings and motions when considering a request for sanctions. *In re Marriage of Stone*, 197 Ill. App. 3d 457, 471-72 (1990)(applying Section 2-611 – the predecessor to Rule 137 – and finding that the "heart of the misconduct by respondent" was that the allegations were untrue and harassing, but the "fact that the allegations were defamatory was a proper compounding factor")[17]. In selecting appropriate sanctions, the court should consider the degree of bad faith involved, whether sanctions could deter others from similar conduct, and the relative merits of the parties' positions. *Penn v. Gerig*, 334 Ill. App. 3d 345, 354 (4th Dist. 2002); *citing Miller v. Bizzell,* 311 Ill. App. 3d 971, 976-977 (4th Dist. 2000).

A trial court's decision to impose sanctions is entitled to "significant deference," and will not be disturbed unless its decision absent an abuse of discretion. *Williams,* 2017 IL App (1st) 161063 at ¶ 43; *citing In re Marriage of Petrik*, 2012 IL App (2d) 110495, ¶ 33. A court abuses its discretion where no reasonable person would take the view adopted by it. *Williams,* 2017 IL App (1st) 161063 at ¶ 43; *citing Petrik,* 2012 IL App (2d) 110495 at ¶ 19.

[17] Rule 137 became effective August 1, 1989, and preempted all matters previously governed under section 2-611. It is identical to former section 2-611 except for three minor changes: (1) Rule 137 makes the imposition of sanctions discretionary rather than mandatory; (2) Rule 137 requires a trial judge to set forth specific reasons for sanctions in an order; and (3) unlike section 2-611, Rule 137 has no provisions regarding insurance companies. *Edwards v. Estate of Harrison*, 235 Ill. App. 3d 213, 219 (1st Dist. 1992)

B. THE COURT'S INHERENT AUTHORITY AND POWERS

Illinois trial courts have an inherent authority to control their docket. *Sander v. Dow Chemical Co.*, 166 Ill. 2d 48, 65-66 (1995); *citing Bejda v. SGL Industries, Inc.*, 82 Ill. 2d 322, 328 (1980), *see also J.S.A. v. M.H.*, 224 Ill. 2d 182, 196 (2007)(the trial court possesses inherent authority to address abuses of the litigation process). This inherent authority includes even the drastic measure of dismissing a complaint where the record shows deliberate and continuing disregard for the court's authority. *Santiago v. E.W. Bliss Co.,* 2012 IL 11792, ¶ 16; *citing Sander,* 166 Ill. 2d at 65-68. As a corollary of this inherent power, Illinois courts have the power to punish contemptuous conduct, as "such power is essential to the maintenance of their authority and the administration of judicial powers." *People ex rel. City of Chicago v. Le Mirage, Inc.,* 2013 IL 113482, ¶ 62. "Contempt of court has generally been defined as conduct that is calculated to embarrass, hinder or obstruct a court in its administration of justice or derogate from its authority or dignity, thereby bringing the administration of law into disrepute." *People ex rel. City of Chicago v. Le Mirage, Inc.*, 2013 IL 113482, ¶ 62.

In *Sander,* the Illinois Supreme Court held that even a sanction as drastic as dismissal of a plaintiff's complaint with prejudice may be upheld on the basis of the court's inherent authority to control its docket. *Id.* "In determining an appropriate sanction, the trial judge must weigh the competing interests of the parties' rights to maintain a lawsuit against the necessity to accomplish the objectives of discovery and promote the unimpeded flow of litigation." *Id.* at 68.

"Reversal of a trial court's decision to impose a particular sanction is only justified when the record establishes a clear abuse of discretion." *Sander*, 166 Ill. 2d at 67. "The predicate to such deference is that the sanction decision is factually and legally informed and reasoned." *Cirrincione v. Westminster Gardens Limited Partnership*, 352 Ill. App. 3d 755, 761 (1st Dist. 2004).

ARGUMENT

I. SANCTIONS ARE WARRANTED FOR THE CHA, GOLDBERG SEGALLA AND ITS ATTORNEYS FOR THE REPEATED MISREPRESENTATIONS IN THE CHA'S POST-TRIAL MOTION AND BEYOND

Based on the facts set forth above, sanctions are warranted against the CHA, Goldberg Segalla, Attorney Mason, Attorney O'Connell, and Attorney Malaty. Sanctions are likely warranted against Mr. Wood as well. The sources of sanctions and which apply to whom, are set forth below.

A. SANCTIONS ARE WARRANTED UNDER RULE 137 AND THE COURT'S INHERENT AUTHORITY

Illinois Supreme Court Rule 137 requires that when an attorney signs a document filed with the Court, they are certifying that "to the best of his knowledge, information, and belief *formed after reasonable inquiry"* the document being filed is "well grounded in fact" and "warranted by existing law." ILL. S. CT. R. 137(a). The entire purpose of Rule 137 is to prevent counsel from making assertions of fact or law that are unsupported. *Lewy,* 211 Ill. App. 3d at 334. Rule 137 is a tool that can be employed not only to discipline past abuses, but also to prevent future abuses of the judicial process. *Schneider,* 408 Ill. App. 3d at 200. Mr. Mason was acting as a partner and agent of Goldberg Segalla at the time of the misconduct – meaning that Goldberg Segalla should be held jointly and severally liable for his conduct. *See e.g. Eisterhold*, 2022 IL App (1st) 210490 at ¶ 40; *Brubakken v. Morrison,* 240 Ill. App. 3d at 686-687; *but see Medical Alliance,* 371 Ill. App. 3d at 757-758.

Beyond Rule 137, the Court has an inherent authority to control its docket, regulate conduct, and address abuses of the litigation process. *Sander*, 166 Ill. 2d at 65-66. This includes when conduct hinders or obstructs a court in its administration of justice or bringing the administration of law into disrepute. *Le Mirage,* 2013 IL 113482 at ¶ 62.

Applying Rule 137's objective standard, Mr. Mason repeatedly violated the rule. *First*, Mr. Mason failed to make any reasonable inquiry into the law set forth in the CHA's Post-Trial Motion. On the plethora of fictional quotations, non-existent *Mack* case, and misrepresentations of legal authority, Mr. Mason deliberately abandoned his obligations under Rule 137 by consciously choosing to remove himself from any involvement in what he characterizes as one of the most important issues in the case – *Voykin* and *Campbell.* Instead, his stated plan was to get to it later, *after* the Post-Trial Motion was filed with the Court containing nearly twenty (20) problematic legal citations. Of note, the table above demonstrates that the faulty legal citations are *not* confined to the section on *Voykin* and *Campbell,* but exist *throughout* the CHA's Post-Trial Motion, undermining any claim by Mr. Mason that his deliberate indifference to that section of the brief excuses his Rule 137 violations.

Regardless of whether AI was used, as the signing attorney Mr. Mason had an obligation to ensure that the cases being cited to the Court actually existed, and were accurate. The deliberate choice to remove himself from this process – especially on what the CHA believes was a central issue in the case – exhibited a callous disregard for the veracity of the representations being made to the Court. Overlooking the contents of the Post-Trial Motion, and instead exclusively relying on others, was a conscious choice to abandon his responsibilities. The objectively bad failures of others, including Mr. Woods, Mr. O'Connell, and Ms. Malaty, placed arguments which were not warranted by existing law into Ms. Mason's hands. While their conduct may not be sanctionable under Rule 137, it would be an affront to the Court to argue that its inherent powers could not extend to regulate the conduct of those acting in concert or otherwise providing substantial assistance to the attorney ultimately signing the pleading.

Mr. Mason may offer further commentary addressing what he "honestly believed" as far as whether the motion was well grounded in fact or law, but such a belief is irrelevant. *Williams,* 2017 IL App (1st) 161063 at ¶ 42. And even if Mr. Mason genuinely had such a subjective belief, it should be afforded no weight since he has already acknowledged he never made the reasonable inquiries that Rule 137 required him to make.

We should start with the first acknowledgment from Goldberg Segalla about a problem in its Post-Trial Motion. After Plaintiffs' filed their Response, the CHA acknowledged the issue – but just barely. CHA's explanation was limited to a single footnote, wherein it omitted the identity of the Ms. Malaty – who Goldberg Segalla is now serving up to the Court on a platter. The only reference to who was at fault is a reference to "one attorney." This cagey response was odd, but not objectively alarming when it was made. With the benefit of hindsight, it seems to have been carefully crafted to keep Plaintiffs and the Court away from finding out what Goldberg Segalla knew: Goldberg Segalla and Ms. Malaty had been caught submitting fictional and hallucinated legal citations in other filings, *in this courthouse!*

In fact, it was only *after* this Court announced that it was setting a hearing when Goldberg Segalla finally identified Ms. Malaty. But even then, Goldberg Segalla remained silent about what else they knew: the hallucinated case problem was not an isolated incident. But that implication was left behind in footnote 1. At the July 17, 2025 hearing Mr. Mason doubled-down on that implication, suggesting that the misconduct in this case was but a single mistake, involving a single case citation, committed by a single attorney, in just a single court filing. Ex. 11 at p. 18 ("[W]e had a no AI policy in place, and, **somehow, one case out of 50-some-odd case citations gets through**. It's horrific."); *see also* Ex. 11 at p. 30 ("Now, we're talking about one case.").

But behind closed doors, Goldberg Segalla almost certainly knew the misconduct actually went far, far beyond the implication left behind in footnote 1 or the commentary Goldberg Segalla offered to the Court on July 17, 2025. When they were ordered to produce Goldberg Segalla's policies *and* publications, Goldberg Segalla violated the Court's order by not producing a single publication. And while Mr. Mason massaged that issue at the July 17, 2025 hearing, other Goldberg Segalla partners involved in the post-trial briefing (Mr. Woods and Mr. O'Connell), stood idly by while the Court got hoodwinked. But the Court had done its homework and found the *Calderon* case. It likely came as a very uncomfortable shock when the Court revealed its own investigative work revealed this wasn't limited to just a single faulty case citation or that the conduct was limited to this case.

With all of that in the air, CHA has *still* failed to account for or otherwise inform the Court of the numerous *other* faulty legal citations in the Post-Trial Motion, *even after many were identified in Plaintiffs' Response.* Using an objective standard, one would think that after being called out by an opponent for citing a non-existent case, and then being hauled into Court for the same, a law firm and its lawyers would double-check the rest of citations in the brief and inform the Court of any other errors. But even when provided with an audience from the Court, and then given an explicit invitation to bring to the Court's attention any other considerations with respect to honesty or untrustworthiness, Goldberg Segalla only offered qualified contrition. Neither Mr. Mason nor Ms. Malaty addressed any other faulty legal citations. No other Goldberg Segalla attorney present in the courtroom spoke up to correct the misleading statements made for the benefit of the CHA.

At best, this was a complete disregard of Goldberg Segalla and Ms. Malaty's duties of candor to the Court, and a complete unawareness of the gravity of the situation. At worst, it is

consistent with a deliberate and calculated attempt to obfuscate, conceal, or otherwise downplay the true extent of the fraud committed on this Court. Corroborating the possibility of the worst-case scenario is the fact that despite the multiple layers of sophisticated Goldberg Segalla attorneys involved in the Post-Trial Motion and the patent Rule 137 violations, Goldberg Segalla *still* has yet to acknowledge *any* wrongdoing. Instead, it has worked hard to pin it all on a rogue attorney that they have since terminated.

With so much stink in the air, one would surely think that the CHA would do something, *anything,* to correct its obviously compromised Post-Trial Motion. But instead, the CHA has chosen to *not* withdraw the offending pleading. This point should not be lost on the Court: the CHA and Goldberg Segalla *continue* to stand behind the faulty Post-Trial Motion, even knowing that it is littered with misrepresentations, provably false claims, and even citation to non-existent caselaw. Not only do the CHA and Goldberg Segalla stand behind that brief, they *continue* to ask the Court to rely on it to throw out the jury's verdicts. The words "beyond the pale" were uttered at the Court's July 17, 2025 hearing (Ex. 11 at p. 34). Plaintiffs agree, but not with the suggestion that Ms. Malaty is solely to blame. All of the above-referenced conduct warrants the imposition of significant sanctions on Goldberg Segalla, its attorneys, and Ms. Malaty.

Second, Mr. Mason failed to make reasonable inquiry into the facts set forth in the CHA's Post-Trial Motion, including the false claims that: (i) Plaintiffs' counsel was repeatedly admonished regarding his racist, inflammatory, and highly prejudicial comments before the jury; (ii) Plaintiffs' counsel repeatedly invoked *Gautreaux* through trial, including during opening statements, witness examinations, and closing arguments; (iii) "*Gautreax* was resolved decades ago"; and (iv) Plaintiffs' counsel proposed a 70/20/10 split amongst the defendants, but then "abandoned this argument and shifted all blame onto CHA" in closing arguments.

Some of these false factual claims are especially egregious given the defamatory suggestion that Plaintiffs' counsel engaged in "racist' behavior and was subjected to repeated admonishments from the Court for such "racist" behavior. *See Stone*, 197 Ill. App. 3d at 471-72 (courts may consider the defamatory nature of untrue assertions when considering a motion for sanctions). It is sensational stuff, surely calculated to better the CHA's position in overturning the jury's verdicts – but it is patently false.

Other of these factual claims, such as the incorrect assertion that *Gautreaux* was resolved years ago, were claims that the CHA itself should have known were not well-grounded in fact. After all, the CHA reviewed the Post-Trial Motion and must have known that it remains involved with *Gautreaux,* including making recent filings through its own Office of General Counsel. *See* Plaintiffs' Response to CHA Post-Trial Motion at Exhibit 3, PACER docket report excerpt for *Gautreaux, et al. v. Chicago Housing Authority, et al*. (66-cv-1459). This warrants imposition of sanctions not only on Mr. Mason and Goldberg Segalla, but also the CHA.

While Mr. Mason informed the Court that he distanced himself from the legal matters in the CHA's Post-Trial Motion, he acknowledged a qualitative difference when it came to verifying what transpired at trial in the CHA's Post-Trial Motion. As the lead-trial lawyer present every day at trial, Mr. Mason was uniquely positioned to call into question any factual misrepresentations – especially if they were being written by some other member of the Post-Trial team who was not present every day at trial, including Mr. O'Connell, Mr. Woods, and Ms. Malaty. But Mr. Mason did not, and neither did any of his colleagues.

There are a host of possibilities about how that transpired, uniquely known to Goldberg Segalla, but shrouded from the Court and Plaintiffs. Amongst the possibilities are that Mr. Mason simply reported an inaccurate history of what happened at trial to his teammates. Another

possibility is that the other Goldberg Segalla lawyers who received an accurate report then inaccurately wrote it down. Another possibility that cannot yet be ruled out is that the misrepresentations were the product of deceit, where somewhere along the line an attorney(s) sought to portray the Plaintiffs' case in the poorest light possible to enhance the likelihood of the CHA succeeding on its Post-Trial Motion. This last option may not actually be so far-fetched – whoever at Goldberg Segalla drafted those sensational falsehoods also chose to omit any citation to the trial transcript. It is a convenient omission for a glaring falsehood. Perhaps the actors hoped that no one would do the work to prove up the lie. Maybe they just didn't care. Either way, it is clearly sanctionable conduct.

Irrespective of who may have been responsible for the initial drafting of the factual inaccuracies, what is evident is that by the time Goldberg Segalla's co-chair of its appellate practice provided Mr. Mason with a draft, the draft was apparently in such good shape that Mr. Mason believed he "didn't have to do much work on his [Mr. O'Connell's] final draft that I got…" (Ex. 11 at p. 21). But any competent attorney –let alone a seasoned trial lawyer or co-chair of an appellate practice – would be astounded to read claims that an opponent had repeatedly engaged in racist conduct. Any competent attorney would have said "let me take a look at that transcript." And had anyone exercised that most basic level of inquiry and actually looked at the trial record, it would have been readily apparent these outlandish claims had no basis in reality. So despite a multitude of partners at Goldberg Segalla involved in completing the CHA's Post-Trial Motion, it still ended up being filed with the Court.

Further suggestive of an improper motive is that *even after* being provided with Plaintiffs' Response that provided precise citations to the trial record which demonstrated the falsity of these claims, the CHA *still* has not acknowledged or addressed these falsehoods. At best, this was a

reckless indifference for the truth, knowing that a Court's reliance on these false claims could impede this case's disposition on the merits. At worst, it is further evidence of bad-faith in concealing the true extent of the fraud committed on the Court.

Third, Mr. Mason signed the CHA's Offer of Proof as to expert witness Jacob Persky, which as demonstrated above contains non-existent case quotations from several Illinois Supreme Court decisions, misrepresentations of the Illinois Supreme Court's decision in *Peach* and the Appellate Court's decision in *Munoz,* and also includes the non-existent *Mack v. Anderson* case. It is known that at least Ms. Malaty was also involved. This warrants sanctions against Goldberg Segalla, Mr. Mason, and Ms. Malaty. If the Court investigates further, others may be deserving of sanctions.

Fourth, Mr. Mason signed the CHA's Motion for Extension to file its Post-Trial Motion, which pleaded for additional time so that the CHA could sufficiently research the legal issues and voluminous trial record such that they were properly framed for judicial review, but ironically made the request by relying on the non-existent case of *First Chicago Bank v. Brandwein,* 2013 IL App (1st) 121137, and the misrepresented Illinois Supreme Court cases of cases of *Madigan, Hoffman,* and *Vision Point*, as well as the misrepresented holding from the Appellate Court in *Hanna.* This warrants sanctions against at least Goldberg Segalla and Mr. Mason. If the Court investigates further, others may be deserving of sanctions.

II. THE IRRESPONSIBLE USE OF ARTIFICIAL INTELLIGENCE AGGRAVATES THE NECESSITY OF IMPOSING SANCTIONS

The use of AI aggravates the necessity of imposing sanctions in this case, not only because of how it was used so recklessly in this case, but how Goldberg Segalla is wielding it as both a shield and a sword. On one hand, Goldberg Segalla defends the conduct of Mr. Mason despite his

patent Rule 137 violations. On the other hand, Goldberg Segalla uses it as a sword to try and lay the full measure of fault on Ms. Malaty. This Texas two-step should not be countenanced.

Undeniably, Ms. Malaty's use of ChatGPT without verifying citations recklessly undermined the integrity of the judicial system. At bottom, an attorney cannot reasonably rely on case authority without reading the case, period. Any suggestion that this type of conduct is of such recent development that it remains acceptable with wrist-slaps only encourages more of this conduct. As early as 2023, courts were identifying the irresponsible use of AI as harmful, "promot[ing] cynicism about the legal profession and the American judicial system." *Mata v. Avianca, Inc.*, 678 F. Supp. 3d 443, 448–49 (S.D.N.Y. 2023). *Mata* was significant – so significant that Goldberg Segalla published on the implications raised by *Mata,* explicitly warning:

> ChatGPT knows what a legal citation looks like and knows how they are used. So, because it can produce imaginative responses, Chat-GPT can and will generate legal citations that look real but, because there is no connection to the databases, are entirely fabricated. These are referred to by Open AI as "hallucinations."

See Goldberg Segalla, *Fake Cases, Real Consequence: Misuse of ChatGPT Leads to Sanctions* (October 2023).[18]

Ms. Malaty's claim that she knew ChatGPT could "hallucinate", but didn't know to what extent it could hallucinate sounds more like attorney double-speak than a real explanation. Does that mean she only understood it could "partially" hallucinate? Was a hallucination of a case quotation a more acceptable hallucination than one that completely invented a case out of thin air? And how can Ms. Malaty square the notion that she didn't need to double-check the ChatGPT output in this case because it comported with her understanding of the law, but at the same time claim that as an employment lawyer she had been pulled into a toxic-tort lead poisoning case that

[18] *See* Goldberg Segalla, *Fake Cases, Real Consequence: Misuse of ChatGPT Leads to Sanctions* (Oct. 2023), available at: https://www.goldbergsegalla.com/app/uploads/2023/10/Fake-Cases-Real-Consequences-Misuse-of-ChatGPT-Christoper-F.-Lyon-NY-Litigator.pdf (last accessed May 4, 2025).

was outside of her regular practice area? How can she square her claimed ignorance of the full risks of ChatGPT use in 2025, where Courts are recognizing notions such as "[a]t this point, to be blunt, any lawyer unaware that using generative AI platforms to do to legal research is playing with fire[,] is living in a cloud." *In re: Marla C. Martin,* 24 B 13368, D.E. 78 at p. 12 (N.D. Ill., July 18, 2025).

Something doesn't make sense here. And given that Plaintiffs' counsel only had a finite amount of time to turn back the clock and re-review prior filings in this case, another question arises: For how long was Goldberg Segalla providing this Court (and Judge Flanagan before) with fraudulent legal authority? How many other Goldberg Segalla cases involve similar frauds on the court that may deprive the firm's opponents of their legal rights? Is the Goldberg Segalla's internal investigation that it describes, wherein it asked its own lawyers to "self-report" whether they engaged in a fireable offenses, really a reliable barometer? We don't know what we don't know, but it seems the more we dig, the more skeletons are unearthed.

The ongoing use of ChatGPT as a complete substitute for real lawyer-work may be convenient, but it may also be one of the single greatest threats to the integrity of the judicial system. Its improper use is an abdication of one's duties, an immense waste of legal resources, an affront to justice, and a growing threat to the public's respect for the legal profession and the courts. The irresponsible use of AI makes the administration of justice harder for everyone. As observed by the court in *Byoplanet*:

> We live in an age when two things are happening simultaneously: (1) **institutions central to our constitutional republic are suffering from a loss of trust and confidence**; and (2) technology has developed to a point that few could scarcely imagine even twenty years ago. At all times, **attorneys must ensure that their conduct, including their use of technology, never contributes to any diminishment of trust and confidence held by the public for the practice of law and judicial proceedings.** Here, [the attorney] fell far below the standard expected, and because he did so, numerous parties and court personnel expended substantial

> resources getting to the bottom of his AI-fueled hallucinations. Perhaps twenty years from now, AI will be flawless. **Whenever that day comes, that flawless brief will only have meaning because the signature at the bottom does.**

Byoplanet International, LLC, v. Johansoon, et al, 25-cv060630, D.E. 33 at *19 (S.D. Fla., July 17, 2025)(emphasis added).

III. SUBSTANTIAL SANCTIONS ARE WARRANTED GIVEN THE EGREGIOUS CONDUCT

To date, sanctions rendered in cases involving AI-induced "hallucinations" have been ineffective in curbing bad behavior. Even Goldberg Segalla's AI Partner Frank Ramos has acknowledged the ineffectiveness of sanctions to date. But this case is not only about the reckless use of AI. In reality, it has much more to do with lawyers' choices to callously shirk their professional responsibilities in a habitual and repetitive manner.

This case is no longer about a single faulty citation that was the result of a "whoopsie" by a lawyer toying with new technology. This is now a case about successively filed pleadings that were fundamentally flawed based they relied on non-existent or misrepresented caselaw. This is a case that also involves patently false misrepresentations about what actually happened at a trial of great public importance. This is a case where even in the face of inexcusable conduct, Goldberg Segalla and the CHA still press forward with defective pleadings in an attempt to throw out the jury's verdicts.

This Court has broad discretion to craft appropriate remedies against the various actors involved in what has been transpired. There is conduct laid out above that includes violations of Rule 137, at least one violation of a court order[19], a seeming lack of candor to the Court, irresponsible use of technology, and so much more. In addition to the authority to sanction, this Court also has broad discretion to order or refer the types of investigations that will peel back

[19] The Court already seems well aware that at trial the CHA repeatedly violated its rulings on *Voykin* and *Campbell* in the presence of the jury.

further layers of the onion - benefitting other potential litigants who may be unaware they have been subjected to legal filings tainted with AI hallucinations. Such investigations may also prevent unwary courts from rendering decisions based on non-existent authority.

Plaintiffs humbly make the following recommendations to the Court regarding appropriate sanctions and remedies, which would be warranted by the conduct known to date:

1. Declaring the CHA's Post-Trial Motion a legal nullity as a sanction pursuant to Rule 137 and the Court's inherent authority;

2. Sanctioning Attorney Mason for each Rule 137 violation identified and for other sanctionable conduct, pursuant to Rule 137 and/or the Court's inherent authority, in an amount sufficient to compensate Plaintiffs' counsel for the resources (including attorneys' fees and costs) expended in responding to issues created as a result of the CHA's provision of false and misleading authority and facts to the Court, and which serves as a useful deterrent to future conduct;

3. Sanctioning Attorney Malaty pursuant to the Court's inherent authority, in an amount sufficient to compensate Plaintiffs' counsel for the resources (including attorneys' fees and costs) expended in responding to issues created as a result of the CHA's provision of false and misleading authority and facts to the Court in court filings she worked on, and which serves as a useful deterrent to future conduct;

4. Sanctioning the Chicago Housing Authority pursuant to Rule 137 and the Court's inherent authority, in an amount sufficient to compensate Plaintiffs' counsel for the resources (including attorneys' fees and costs) expended in responding to issues created as a result of the CHA's provision of false and misleading facts to the Court, and which serves as a useful deterrent to future conduct;

5. Sanctioning Attorney O'Connell pursuant to the Court's inherent authority, in an amount sufficient to compensate Plaintiffs' counsel for the resources (including attorneys' fees and costs) expended in responding to issues created as a result of the CHA's provision of false and misleading authority and facts to the Court in court filings he worked on, and which serves as a useful deterrent to future conduct;

6. Sanctioning Attorney Woods pursuant to the Court's inherent authority, in an amount sufficient to compensate Plaintiffs' counsel for the resources (including attorneys' fees and costs) expended in responding to issues created as a result of the CHA's provision of false and misleading authority and facts to the Court in court filings he worked on, and which serves as a useful deterrent to future conduct;

7. Holding the law firm Goldberg Segalla jointly and severally liable for any sanction(s) entered as a result of the conduct of its attorneys;

8. Either ordering an appropriate investigation or making a referral to the appropriate authorities for an investigation into Goldberg Segalla to determine what other matters may have been impacted by the irresponsible or unethical use of AI-tools such as ChatGPT.

CONCLUSION

WHEREFORE, Plaintiffs respectfully request this Court grant their Motion for Sanctions, grant any of the relief in the preceding paragraphs (1-8) it deems appropriate, award fees and costs associated with bringing this motion, and for any other relief the Court deems proper and just.

Respectfully Submitted,

By: _____
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 0:25-cv-60630-LEIBOWITZ
CASE NO. 0:25-cv-60646-LEIBOWITZ
CASE NO. 0:25-cv-60647-LEIBOWITZ
CASE NO. 0:25-cv-60712-LEIBOWITZ

BYOPLANET INTERNATIONAL, LLC,

Plaintiff,

v.

PETER JOHANSSON and CHARLES GILSTRAP,

Defendant.
_____/

BYOPLANET INTERNATIONAL, LLC,

Plaintiff,

v.

JARRED KNECHT,

Defendant.
_____/

BYOPLANET INTERNATIONAL, LLC and RICHARD O'SHEA,

Plaintiffs,

v.

CHARLES GILSTRAP,

Defendant.
_____/

RICHARD PATRICK MICHAEL O'SHEA,

Plaintiff,

v.

JASON NOVAK,

Defendant.
_____/

ORDER

> "The integrity of judicial proceedings depends upon the ethical obligations of candor and honesty being strictly observed by all parties." *Liteky v. United States*, 510 U.S. 540 (1994) (Scalia, J., concurring).[1]

Two things: (1) The above statement is absolutely correct. (2) the great Justice Antonin Scalia did not write this anywhere in his Opinion of the Court (not concurring) in *Liteky*. A quick review of the U.S. Reports confirms that. But ChatGPT, with the slick, cool authority of instantly-generated pixels on a screen, declares otherwise. Artificial intelligence, indeed.

The proliferation and availability of artificial intelligence ("AI") tools presents a challenge to the legal profession. Lawyers have duties both to their clients and to the courts to present accurate facts and citations to legal authority. When a lawyer presents false information to a court, that lawyer violates his duties. This case presents an important issue (unfortunately one that is occurring more often): what sanctions should a court impose on a lawyer who repeatedly uses false, fake, non-existent, AI-generated legal authorities in the drafting of complaints, motions, and other filings? Here, Plaintiffs' counsel repeatedly regurgitated such "hallucinated" authority in eight separate but related cases. Four of these eight cases are presently before this Court. After considering the factual record, the relevant legal authority, and the threat this rampant conduct poses to the practice of law and the integrity of judicial proceedings, this Court imposes substantial sanctions.

[1] ChatGPT (July 7, 2025, response to query: "scalia quotes on candor").

BACKGROUND

I. Artificial Intelligence

During a bygone era when dinosaurs roamed the earth and the undersigned was in law school (1998), to research cases a student often had to hold a volume of a legal reporter in one's hands. To ensure that all cases cited were good law, students and attorneys employed services like Shepard's Citations. But even in that dark, pre-modern age, stars rose in the distance; online legal sources, such as Westlaw and LexisNexis, came forth to aid lawyers in performing legal research. You didn't have to be Steve Wozniak to understand that these electronic advancements would revolutionize the practice of law (and much else). Gone were the days of spending hours in libraries manually searching for a case and Shepardizing to see every case which cited it.

Now, another star rises—AI—with the potential to revolutionize the legal field (and much else) once again. From Altman to Zuckerberg, we are told that AI has the potential to perform hours of legal research on nearly any topic in seconds. Large language models like ChatGPT offer the promise to employ AI to perform legal research and even draft legal filings, such as briefs and complaints.

However, AI is not yet a match for an actual litigator. Employing the euphemism-du-jour, AI regularly "hallucinates" entire cases and "hallucinates" quotations from real cases. *See* Sara Merken, *AI 'hallucinations' in court papers spell trouble for lawyers*, Reuters, https://www.reuters.com/technology/artificial-intelligence/ai-hallucinations-court-papers-spell-trouble-lawyers-2025-02-18/ (noting AI's "penchant for generating legal fiction in case filings[.]"). This means that when a lawyer asks AI to generate legal research, briefs, or complaints, it may lead to fake cases and/or false quotations that purport to stand for the propositions the lawyer seeks. This is the current particular risk of using AI in real-world litigation. But the lawyer who uses AI blindly also potentially harms others:

> The opposing party wastes time and money in exposing the deception. The Court's time is taken from other important endeavors. The client may be deprived of arguments based on authentic judicial precedents. There is potential harm to the reputation of judges and courts whose names are falsely invoked as authors of the bogus opinions and to the reputation of a party attributed with fictional conduct. It promotes cynicism about the legal profession and the American judicial system. And a future litigant may be tempted to defy a judicial ruling by disingenuously claiming doubt about its authenticity.

Mata v. Avianca, Inc., 678 F. Supp. 3d 443, 448–49 (S.D.N.Y. 2023) (Castel, J.).

Thus, a lawyer who wishes to use AI ethically must ensure that the legal propositions and authority generated are trustworthy. The lawyer has a duty to check all the cases and quotations for accuracy. Anything less is to abdicate one's duty, waste legal resources, and lower the public's respect for the legal profession and judicial proceedings.

II. Timeline of Events[2]

Beginning in March of 2025, James Martin Paul, Esq. ("Paul"), counsel for the Plaintiffs in the above-captioned cases and four other related cases filed in Florida courts (eight cases in total), repeatedly used AI to hallucinate cases and quotations in his filings. Indeed, Paul admitted to using generative AI and not checking its outputs in each of the eight related cases. [Transcript of June 17, 2025, Hearing ("H'g Tr.") at 8:18–25, 25:10–19].

On March 12, 2025, Paul filed a Complaint in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida ("the O'Shea Complaint"), Case No. CACE-25-003491, on behalf of Richard Patrick Michael O'Shea ("O'Shea").[3] In the O'Shea Complaint, Paul used AI to

[2] The following timeline is a non-exhaustive recitation of counsel's uses of AI that generated hallucinated cases and quotations.

[3] To be clear, this Court's Order refers to various cases in Florida state court only for background on Paul's actions. This Court's determination of sanctions, described below, is in response only to the actions of Paul before this Court. The Court is not sanctioning Paul for any actions taken in Florida state court.

generate at least two hallucinated cases. [*Richard Patrick Michael O'Shea v. Promark Electronics, Inc., et al.*, Case No. CACE-25-003491, Complaint at 2 (Fla. 17th Cir. Ct.)].

On March 13, 2025, Paul filed a Complaint in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida, Case No. CACE-25-003582, on behalf of Debt Dynamics, LLC ("the Debt Dynamics Complaint"). In the Debt Dynamics Complaint, Paul used AI to generate at least two hallucinated cases. [*Debt Dynamics, LLC v. Promark Electronics, Inc., et al.*, Case No. CACE-25-003582, Complaint at 4 (Fla. 17th Cir. Ct.)]. In other filings in the Debt Dynamics case, he used AI to generate hallucinated cases, quotations, or parentheticals at least four other times, on May 6, 2025, and May 15, 2025. [*See id.* Plaintiff's Response in Opposition to Defendant Cerebus Capital Management, L.P.'s Motion to Dismiss, filed on May 6, 2025, at 2, 3; Plaintiff's Response in Opposition to Defendant ECI's Motion to Dismiss, filed on May 6, 2025, at 2, 3; Plaintiff's Memorandum of Law in Opposition to Defendants' Motion to Dismiss, filed on May 15, 2025, at 4; Plaintiff's Memorandum of Law in Opposition to Defendant's Motion to Dismiss and Motion to Strike, filed on May 15, 2025, at 2].

On April 1, 2025, Paul filed a Complaint in one of the above-captioned cases against Charles Gilstrap ("Gilstrap") and Peter Johansson in the Southern District of Florida ("the First Federal Case"). [*ByoPlanet International, LLC v. Peter Johansson and Charles Gilstrap*, Case No. 0:25-cv-60630, ECF No. 1 (S.D. Fla.)]. Then, on April 4, 2025, Paul filed a Complaint against Jarred Knecht ("Knecht") in the Southern District of Florida ("the Second Federal Case"). [*ByoPlanet International, LLC v. Jarred Knecht*, Case No. 0:25-cv-60646, ECF No. 1 (S.D. Fla.)].

On that same day, Defendant Gilstrap removed a case filed by Paul in Florida state court to the Southern District of Florida ("the Third Federal Case"). [*ByoPlanet International, LLC and Richard O'Shea v. Charles Gilstrap*, Case No. 0:25-cv-60647, ECF No. 1 (S.D. Fla.)]. Paul used AI to generate hallucinated cases and quotations in the Third Federal Case Complaint. [*See id.* ECF No. 1-3]. As a

brief example of Paul's use of hallucinated cases, he cited "*Merrill Lynch v. Hagerty*, 808 So. 2d 1266 (Fla. 4th DCA 2002)" for the proposition that "Breach of contract occurs when a party fails to perform their obligations, leading to damages." [*Id.* at 3]. Like Justice Scalia's quote in *Liteky*, the *Merrill Lynch* case does not exist; rather, the citation from the Southern Reporter leads to *Roberts v. State*, 808 So. 2d 1266 (Fla. Dist. Ct. App. 2002). To this Court's knowledge, none of the authority cited in the Complaints filed by Paul in the First and Second Federal Cases were hallucinated; however, Paul admitted at the June 17, 2025 Show Cause Hearing that he used AI to draft the Complaints in the First, Second, and Third Federal Cases. [H'g Tr. at 15:8–16].

On April 14, 2025, Paul filed a Complaint on behalf of O'Shea against Jason Novak ("the Fourth Federal Case"). [*Richard Patrick Michael O'Shea v. Jason Novak*, Case No. 0:25-cv-60712, ECF No. 1]. The Court became aware of this case only after the June 17 Show Cause Hearing and was thus unable to inquire into whether Paul used AI in drafting the Complaint for the Fourth Federal Case. When asked at the hearing about other cases in which he used AI, Paul did not name this case, stating instead "off the top of [his] head" that there were "at least" five cases in which he used AI. [H'g Tr. at 14:7–10].

On April 25, 2025, Gilstrap moved to dismiss the Complaint in the Third Federal Case, claiming that Plaintiffs failed to correctly reference *any* case in the Complaint. [*ByoPlanet International, LLC and Richard O'Shea v. Charles Gilstrap*, Case No. 0:25-cv-60647, ECF No. 14]. From this moment on, there can be no reasonable doubt that Paul was on notice that his use of AI was leading to hallucinated cases and quotations. [*See* H'g Tr. at 9:21–10:2 (The Court: "[Y]ou don't deny that you were on notice on April 25th of misrepresentations of case law, correct?" Attorney Paul: "That is correct.")]. On May 5, 2025, in response to this Motion to dismiss, Paul cited *Smith v. JPMorgan Chase Bank, N.A.*, 2010 WL 2400084, at *2 (S.D. Fla. 2010) for the proposition that "Courts do not dismiss claims over mis-citations or citation errors." [*ByoPlanet International, LLC and Richard O'Shea v. Charles*

Gilstrap, Case No. 0:25-cv-60647, ECF No. 16 at 4]. However, the *Smith* case cited by Paul does not exist; in fact, the citation leads to *Hebert v. Plaquemine Caring, L.L.C.*, 2007-2243, 43 So. 3d 239 (La. App. 1 Cir. 6/16/10). Paul also cited *Hood v. Tompkins*, 197 F. App'x 818, 819 (11th Cir. 2006), a real case, for the proposition that "Rule 11 sanctions require bad faith, not clerical error." [*Id.*]. However, this quote does not appear anywhere in *Hood*, and the case does not discuss whether "clerical errors" are sufficient for Rule 11 sanctions, nor does it discuss "bad faith." *See generally Hood*, 197 F. App'x 818. On May 12, 2025, Gilstrap filed a reply brief, again noting Paul's numerous citations to hallucinated cases and quotations. [*ByoPlanet International, LLC and Richard O'Shea v. Charles Gilstrap*, Case No. 0:25-cv-60647, ECF No. 19].

While all this was going on, on May 7, 2025, Paul filed an appeal to the Fourth District Court of Appeal in Florida in *ByoPlanet International, LLC v. Promark Electronics*, Case No. 4D25-0557 (Fla. Dist. Ct. App.).[4] In that appeal, Paul again used AI to cite hallucinated cases. [*Id.*, Initial Brief at 5, 11, 13, 15, 20 (citing *Castillo v. Deutsche Bank Nat'l Tr. Co.*, 274 So. 3d 1110 (Fla. 3d DCA 2019),[5] *Chowdhury v. Pomeroy*, 901 So. 2d 1005 (Fla. 4th DCA 2005), *Nabulsi v. Nabulsi*, 97 So. 3d 933, 937 (Fla. 4th DCA 2012), *Olson v. Olson*, 95 So. 3d 1150 (Fla. 4th DCA 2012), and *Perkins v. State*, 228 So. 3d 640 (Fla. 1st DCA 2017), which do not exist)]. Paul cited the same hallucinated cases in his Amended Initial Brief on May 8, 2025. [*Id.*, Amended Initial Brief].

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[4] The Initial Brief lists the Appellant as ByoPlanet International, LLC while the Fourth District Court of Appeal website lists the Appellant as Richard Patrick Michael O'Shea.

[5] *Castillo v. Deutsche Bank Nat'l Tr. Co.*, 302 So. 3d 337 (Fla. Dist. Ct. App. 2019), *Castillo v. Deutsche Bank Nat. Tr. Co.*, 89 So. 3d 1069 (Fla. Dist. Ct. App. 2012), and *Castillo v. Deutsche Bank Nat. Tr. Co.*, 57 So. 3d 965, 966 (Fla. Dist. Ct. App. 2011) are real cases, but they have nothing to do with Paul's statement that in *Castillo*, "the court held that knowingly false testimony from an agent or expert—when relied on by the trial court—constituted a fraud sufficient to reopen final judgments." [*ByoPlanet International, LLC v. Promark Electronics*, Case No. 4D25-557, Initial Brief at 20].

On May 9, 2025, in another case in Florida circuit court, Paul filed a motion for protective order in which he cited three more hallucinated cases. [*Promark Electronics Inc. v. ByoPlanet International, LLC, et al.*, Case No. CACE-24-005937, Motion for Protective Order, filed on March 9, 2025, at 2–3 (Fla. 17th Cir. Ct.)]. In that same case one week later, Paul again used AI to generate hallucinated cases, quotations, and references, this time in a response to a motion for sanctions for O'Shea's failure to appear at his scheduled deposition. [*Id.*, Defendant Richard O'Shea's Response in Opposition to Plaintiff Promark Electronics Inc's Motion to Compel Deposition and for Sanctions, filed on May 16, 2025, at 3–4].

On May 14, 2025, in the Second Federal Case, Knecht filed a motion to dismiss the Complaint. [Second Federal Case, ECF No. 9]. The next day, on May 15, 2025, thirteen days before Plaintiff's response was due,[6] Paul filed a response which included numerous AI-generated false quotations and a hallucinated case. [*Id.*, ECF No. 10 (citing *Gracia v. Palm Beach Cnty.*, 112 So. 3d 771, 774 (Fla. 4th DCA 2013), which does not exist)]. On May 22, 2025, Knecht replied to Paul's response and noted the fabricated quotations and hallucinated case. [*Id.*, ECF No. 12].

On May 20, 2025, Gilstrap moved to dismiss the First Federal Case. Just two days later, on May 22, 2025, twelve days before Plaintiff's response was due, Paul filed a response in which he, again, cited hallucinated cases and quotations. [The First Federal Case, ECF No. 32 at 3 (citing *Kaplan v. Kaplan*, 963 So. 2d 933, 938 (Fla. 3d DCA 2007), which does not exist)].

On May 29, the same day this Court entered an Order to Show Cause requiring Paul to state whether he intentionally made misrepresentations to the Court, Paul filed a Motion to Reopen Case in which he cited a fabricated quote from a real case. [Fourth Federal Case, ECF No. 8 at 2 (citing

[6] In the First Federal Case, in a Response to Order to Show Cause, Paul justified his actions by saying that this response "was prepared under time constrain[t]s[,]" a demonstrably false statement as Paul filed his response thirteen days before the deadline. [First Federal Case, ECF No. 36 at 2].

Fla. Physician's Ins. Co. v. Ehlers, 8 F.3d 780, 783 (11th Cir. 1993), for the proposition that Rule 60(b) of the Federal Rules of Civil Procedure should be "liberally construed to do substantial justice"; this quote does not appear in the case)].

Then, on June 10, 2025, in response to an order to show cause regarding the use of AI-fabricated case citations, Paul included fabricated quotations to two real cases. [First Federal Case, ECF No. 38 at 2 (first citing *Purchasing Power, LLC v. Bluestem Brands, Inc.*, 851 F.3d 1218, 1223 (11th Cir. 2017), for the quote that "[t]o exercise its inherent power to sanction, a court must find that the party acted in bad faith"—this quotation does not appear in the case; then citing *Carroll v. TheStreet.com, Inc.*, No. 11-CV-81173, 2014 WL 5474061, at *2 (S.D. Fla. July 10, 2014), for the proposition that the court declined to impose sanctions for incorrect citations where "there was no showing that the error was intentional or calculated to mislead"— this quotation does not appear in the case)].[7]

On June 17, 2025, this Court held a Show Cause Hearing on Paul's repeated use of AI to determine whether he intentionally made misrepresentations to the Court and acted in bad faith. [*See* Second Federal Case, ECF Nos. 13, 18]. At the hearing, Paul admitted that he and a paralegal used "AI-generated drafting procedures[,]" specifically, ChatGPT. [H'g Tr. at 5:12–17, 9:1–5]. Paul stated that he assigned his paralegal with drafting pleadings and briefs which he would "tweak." [*Id.* at 9:3–10]. Paul relied on the paralegal for checking the factual assertions and case law in the filings and assumed that they were proper, but he did not do any "due diligence" himself to check or correct the citations. [*Id.* at 9:10–15]. Paul stated plainly at the hearing: "The majority of some of the citations

[7] In that same response, Paul cited *Sciarretta v. Lincoln Nat'l Life Ins. Co.*, 778 F.3d 1205, 1211 (11th Cir. 2015) for the following quote: "The key to unlocking a court's inherent power is a finding of bad faith." [First Federal Case, ECF No. 38 at 2]. The actual quote appears on page 1212 and states: "The key to unlocking that inherent power is a finding of bad faith." *Sciarretta v. Lincoln Nat. Life Ins. Co.*, 778 F.3d 1205, 1212 (11th Cir. 2015). While a discrepancy exists here, the Court does not conclude that this difference necessitates a finding that AI was used to generate this quotation. The sanctions ordered herein are not based upon this citation.

. . . came from AI-generated software," and those citations were not checked. [H'g Tr. at 12:4–7]. Paul claimed that the last time he used AI was "mid-May[,]" although the timeline of events excavated by the Court belies that assertion. [*Id.* at 10:18–21].

Paul repeatedly stated at the hearing that he took full accountability for his actions and that they were not taken in bad faith, malicious, or intentional. [*See, e.g.,* H'g Tr. at 25:16–19]. This Court strongly disagrees; what happened here constitutes repeated, abusive, bad-faith conduct that cannot be recognized as legitimate legal practice and must be deterred.

LEGAL STANDARD

Federal district courts in the Southern District of Florida base their sanctions of an attorney or a party on four sources: (1) Rule 11 of the Federal Rules of Civil Procedure, (2) the Court's inherent authority, (3) the Local Rules of the Southern District of Florida, and (4) 28 U.S.C § 1927. *See Versant Funding LLC v. Teras Breakbulk Ocean Navigation Enters., LLC*, No. 17-CV-81140, 2025 WL 1440351, at *2–3 (S.D. Fla. May 20, 2025).

A. Rule 11

Courts should rely on the Federal Rules of Civil Procedure for sanctions before turning to their inherent powers. *See Chambers v. NASCO, Inc.*, 501 U.S. 32, 50 (1991). Sanctions are reviewed for abuse of discretion, but *sua sponte* Rule 11 sanctions are reviewed with "particular stringency." *Kaplan v. DaimlerChrysler, A.G.*, 331 F.3d 1251, 1255 (11th Cir. 2003); *see Regions Bank v. Kaplan*, No. 17-15478, 2021 WL 4852268, at *8 (11th Cir. Oct. 19, 2021).

Rule 11(b)(2) of the Federal Rules of Civil Procedure states:

> **Representations to the Court.** By presenting to the court a pleading, written motion, or other paper–whether by signing, filing, submitting, or later advocating it–an attorney or unrepresented party certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances:
>
> > **(2)** the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law[.]

Fed. R. Civ. P. 11(b)(2). On its own initiative, a court can impose an appropriate sanction on an attorney who violates Rule 11(b). *See* Fed. R. Civ. P. 11(c)(1), (3).

"Rule 11 sanctions are properly assessed (1) when a party files a pleading that has no reasonable factual basis; (2) when the party files a pleading that is based on a legal theory that has no reasonable chance of success and that cannot be advanced as a reasonable argument to change existing law; or (3) when the party files a pleading in bad faith for an improper purpose." *Burgos v. Option One Mortg. Corp.*, 786 F. App'x 231, 233 (11th Cir. 2019) (cleaned up) (citing *Worldwide Primates, Inc. v. McGreal*, 87 F.3d 1252, 1254 (11th Cir. 1996)); *see also Gulisano v. Burlington, Inc.*, 34 F.4th 935, 942 (11th Cir. 2022).

"The initiating court must [also] employ (1) a 'show-cause' order to provide notice and an opportunity to be heard; and (2) a higher standard ('akin to contempt') than in the case of party-initiated sanctions." *Kaplan*, 331 F.3d at 1255. The Eleventh Circuit has not elaborated on this "akin to contempt" standard and whether this stricter requirement for *sua sponte* Rule 11 necessitates a finding of subjective bad faith. *Deutsche Bank Nat'l Tr. Co. v. Thomason*, No. 2:24-CV-517-ECM, 2025 WL 552669, at *5 (M.D. Ala. Feb. 19, 2025). "However, the Eleventh Circuit has upheld a district court's *sua sponte* imposition of Rule 11 sanctions where an attorney filed a 'factually and legally inaccurate' writ of execution where no judgment had been entered." *Id.* at *7 (citing *iParametrics, LLC v. Howe*, 522 F. App'x 737, 739 (11th Cir. 2013) (upholding district court's sanctioning of attorney under Rule 11 where the lawyer "could readily have discovered and corrected his pleadings, but instead his misrepresentations went undetected for over a year.")).

Sanctions ought to be effective deterrents that prevent repetition of the punished conduct. *See Regions Bank*, 2021 WL 4852268, at *8 (11th Cir. Oct. 19, 2021). These sanctions are exceedingly flexible, and can include attorneys' fees, required educational courses, formal reprimands, apologies to the represented parties, reimbursement of plane tickets, or even community service. *Id.*; *see Johnson*

v. 27th Ave. Caraf, Inc., 9 F.4th 1300, 1315 (11th Cir. 2021); *Rowe v. Gary*, 773 F. App'x 500, 503 (11th Cir. 2019); *Mata*, 678 F. Supp. 3d at 466.

B. The Court's Inherent Powers

"Federal courts possess certain 'inherent powers,' not conferred by rule or statute, to manage their own affairs so as to achieve the orderly and expeditious disposition of cases." *Goodyear Tire & Rubber Co. v. Haeger*, 581 U.S. 101, 107 (2017) (cleaned up) (quoting *Link v. Wabash R. Co.*, 370 U.S. 626, 630–631 (1962)). "To exercise its inherent power to impose sanctions, a court must find that the party acted in bad faith." *Versant*, 2025 WL 1440351 (citing *McDonald v. Cooper Tire & Rubber Co.*, 186 F. App'x. 930, 931 (11th Cir. 2006)). Courts employ a subjective bad-faith standard here. *See Purchasing Power, LLC*, 851 F.3d at 1224. A subjective bad-faith standard can be met if an attorney's conduct is so egregious that it could only be committed in bad faith. *See id.* at 1224–25. While recklessness alone cannot constitute bad faith, a filing that is both reckless and frivolous can constitute bad faith. *Id.* at 1223–25.

"Bad faith exists when the court finds that a fraud has been practiced upon it, or 'that the very temple of justice has been defiled,' or where a party or attorney knowingly or recklessly raises a frivolous argument, delays or disrupts the litigation, or hampers the enforcement of a court order." *Allapattah Servs., Inc. v. Exxon Corp*, 372 F. Supp. 2d 1344, 1373 (S.D. Fla. 2005) (Gold, J.) (citing *Chambers*, 501 U.S. at 46; *Malautea v. Suzuki Motor Co. Ltd.*, 987 F.2d 1536, 1545–46 (11th Cir. 1993)); *see also Quantum Communs. Corp. v. Star Broad., Inc.*, 473 F. Supp. 2d 1249, 1268–69 (S.D. Fla. 2007) (Martinez, J.). When the court uses its inherent powers to punish a party with attorneys' fees, there must be a direct causal link between the condemned conduct and the resulting costs. *Goodyear Tire & Rubber Co.*, 581 U.S. at 108. Sanctions under the Court's inherent powers are compensatory, not punitive. *Id.*

C. The Local Rules of the Southern District of Florida

The Local Rules of the Southern District of Florida incorporate the Rules Regulating the Florida Bar. S.D. Fla. Local R. 6(2)(a); *see Versant Funding LLC*, 2025 WL 1440351, at *2.

The regulations of the Florida Bar provide that

> Every member of The Florida Bar and every lawyer of another state or foreign country who provides or offers to provide any legal services in this state is within the jurisdiction and subject to the disciplinary authority of this court and its agencies under this rule and is charged with notice and held to know the provisions of this rule and the standards of ethical and professional conduct prescribed by this court.

Fla. R. Reg. Fla. Bar 3-4.1.

Additionally, a lawyer should act with reasonable diligence and shall not engage in misrepresentation to a court. Fla. R. Reg. Fla. Bar 4-1.3, 4-3.3, and 4-8.4(c). Rule 4-1.1 specifically addresses artificial intelligence, requiring attorneys:

> To maintain the requisite knowledge and skill, a lawyer should keep abreast of changes in the law and its practice, engage in continuing study and education, including an understanding of the benefits and risks associated with the use of technology, including generative artificial intelligence, and comply with all continuing legal education requirements to which the lawyer is subject.

Fla. R. Reg. Fla. Bar 4-1.1, Comment, Maintaining Competence (emphasis added) (amended Aug. 29, 2024, effective Oct. 28, 2024).

Sanctions pursuant to Local Rule 6(b)(2)(B) can include "(1) disbarment, (2) suspension, (3) reprimand, (4) monetary sanctions, (5) removal from this Court's roster of attorneys eligible for practice before this Court, or (6) any other sanction the Court may deem appropriate." S.D. Fla. L.R. 6(b)(2)(B).

D. 28 U.S.C. § 1927

"[U]nder 28 U.S.C. § 1927, attorneys can face sanctions for engaging in practices that unnecessarily delay or increase the complexity of the litigation." *Versant Funding LLC*, 2025 WL 1440351, at *3. Section 1927 provides:

> Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct.

28 U.S.C. § 1927. To justify a grant of attorney's fees under 28 U.S.C. § 1927, the Court must find that "(1) the attorney engaged in unreasonable and vexatious conduct; (2) such conduct multiplied the proceedings; and (3) the amount of the award does not exceed the costs, expenses, and attorney's fees reasonably incurred due to such conduct." *Versant Funding LLC*, 2025 WL 1440351, at *3 (citing *Goode v. Wild Wing Cafe*, 588 F. App'x 870, 874 (11th Cir. 2014)).

DISCUSSION

Based on the facts set forth above, sanctions are warranted for Paul's behavior. This Court analyzes the four sources of the sanctions ordered here, in turn.

I. Rule 11

"The purpose of Rule 11 sanctions is to reduce frivolous claims, defenses, or motions, and to deter costly meritless maneuvers." *Kaplan*, 331 F.3d at 1255 (cleaned up). The rule incorporates an objective standard, and courts determine whether a reasonable attorney in like circumstances could believe his actions were factually and legally justified. *See id.* Even though the imposition of Rule 11 sanctions does not strictly require a finding of bad faith, *Purchasing Power*, 851 F.3d at 1223 n.4, this Court finds under an objective standard that Paul's conduct constitutes bad faith and that he filed numerous motions and responses for an improper purpose, thus warranting sanctions.

"The filing of papers without taking the necessary care in their preparation is an abuse of the judicial system that is subject to Rule 11 sanction." *Mata*, 678 F. Supp. 3d at 460 (cleaned up) (citing *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 398 (1990)). "Rule 11 explicitly and unambiguously imposes an affirmative duty on each attorney to conduct a reasonable inquiry into the viability of a pleading before it is signed." *Id.* (cleaned up). The Honorable Xavier Rodriguez in the Western

District of Texas puts the matter plainly: "Attorneys using AI tools without checking on the accuracy of their output are responsible for the consequences of incorporating inaccurate information into their work product." Artificial Intelligence (AI) and the Practice of Law, 24 Sedona Conf. J. 783, 784 (2023).

This Court finds that attorney Paul engaged in bad faith conduct, and thus is deserving of sanctions under Rule 11, for two main reasons. First, despite being on notice that his use of AI resulted in hallucinated cases and quotations, Paul continued to make submissions to the Court using AI without checking the veracity of cases and citations submitted to the Court and his adversaries. Second, Paul admitted that he relied solely upon a paralegal—a non-lawyer—to draft filings to the Court and did not adequately review the paralegal's work before filing.

Paul was on notice that his use of AI resulted in hallucinated cases and quotations on April 25, 2025, and yet he submitted seven filings to this Court and other courts after this date that contained hallucinated cases and fabricated quotations, including in a response to an order to show cause regarding his use of AI to generate hallucinated cases and quotations. Even if Paul's initial use of AI was reasonable (and there is no basis to conclude that it was), his subsequent use of AI to generate hallucinated cases was intentional, constituting an improper purpose. *See O'Brien v. Flick*, No. 24-61529-CIV, 2025 WL 242924, at *6 (S.D. Fla. Jan. 10, 2025) (Damian, J.) (noting that filing a memorandum of law based in part on non-existent law is an improper purpose). Paul was aware that his use of AI was generating hallucinated quotations and decided to submit those filings to the Court regardless.

Additionally, Paul was not candid to the Court when confronted about his use of AI, stating that some of these documents were "prepared under time constraints," when he had nearly two more weeks before the deadline to submit his responses. [First Federal Case, ECF No. 36 at 2]. From an objective standard, Paul intentionally submitted AI-generated cases and quotations to the Court all while knowing that his use of AI produced hallucinated cases and quotations. Such actions are clearly

sanctionable. *See iParametrics*, 522 F. App'x at 739 ("When an attorney signs and presents pleadings to the district court, he certifies that he has conducted a reasonable inquiry, his claims are warranted by existing law, and his factual contentions have evidentiary support.") (cleaned up); *Mata*, 678 F. Supp. 3d at 464 (concluding that counsel violated Rule 11 by not reading a single case in his filing and "taking no other steps on his own to check whether any aspect of the assertions of law were warranted by existing law. . . . [S]igning and filing that affirmation after making no 'inquiry' was an act of subjective bad faith."); *see also Versant Funding Ltd. Liab. Co.*, 2025 WL 1440351, at *3–4.

Paul also stated that he relied on a paralegal—a non-lawyer—to draft submissions to the Court and failed to review the paralegal's work before Paul filed these documents, despite knowing that the paralegal's use of AI was leading to hallucinated cases and quotations. "The drafting, preparing, or filing pleadings on behalf of another constitutes the practice of law and may not be engaged in by a nonlawyer." *Sanz v. Fernandez*, 633 F. Supp. 2d 1356, 1363 (S.D. Fla. 2009) (Cohn, J.) (citing *Fla. Bar v. We the People Forms & Serv. Ctr. of Sarasota, Inc.*, 883 So.2d 1280 (Fla. 2004)); *see Household Life Ins. Co. v. Lincoln*, No. 10-81174-CIV, 2011 WL 204614, at *2 (S.D. Fla. Jan. 20, 2011) ("Only a licensed lawyer may represent another person in court.") (citing *Guajardo v. Luna*, 432 F.2d 1324, 1324 (5th Cir. 1970)). The Eleventh Circuit does not "lightly regard the duty of an attorney to prepare a case properly and to give the issues full consideration before preparing pleadings." *Reese v. Herbert*, 527 F.3d 1253, 1264 (11th Cir. 2008) (cleaned up). By relying exclusively on his paralegal to perform his core duties as an attorney, Paul abandoned his responsibilities as a member of the Florida Bar.

Simply put, Paul did not act as a reasonable attorney—not even close. A reasonable attorney does not blindly rely on AI to generate filings. A reasonable attorney, when made aware that his practices were leading to hallucinated cases and quotations, immediately changes course. A reasonable attorney does not rely on a paralegal to draft a filing. The conclusion that Paul failed to act as a reasonable attorney is unfortunate, but undeniable. Paul acted in bad faith for an improper purpose.

Further, all the sanctions ordered in this case would deter improper attorney conduct. While the use of AI by itself is not inherently suspect, wholesale reliance on AI without further inquiry or diligence by a lawyer is conduct which a court should deter, as lawyers must always conduct a reasonable inquiry. Strong sanctions against the undiligent, unverified use of AI will deter lawyers from blindly relying on AI and on paralegals for drafting submissions to the Court.

II. The Court's Inherent Powers

For a court to sanction a party under its inherent powers, the court must find that the attorney acted in "subjective bad faith." *Purchasing Power*, 851 F.3d at 1224. "[T]his standard can be met if an attorney's conduct is so egregious that it could only be committed in bad faith." *Id.* at 1224–25 (citing *Roadway Exp., Inc. v. Piper*, 447 U.S. 752, 767 (1980)); *see Harris v. Warden*, 498 F. App'x 962, 964 (11th Cir. 2012). "The Supreme Court has held that sanctions such as dismissal are within a court's inherent power when a party's conduct evidences bad faith and an attempt to perpetrate a fraud on the court." *O'Brien*, 2025 WL 242924, at *6 (cleaned up) (citing *Chambers*, 501 U.S. at 40–46).

Paul's use of hallucinated cases and quotations after he was on notice, and, importantly, his use of hallucinated cases and quotations *in response to (1) a motion to dismiss regarding his misrepresentations to the Court and (2) an order to show cause regarding hallucinated cases and quotations*, is so egregious that this Court finds that they were done in bad faith. To paraphrase the Supreme Court: this conduct defiles the temple of justice and brings disrepute to the practice of law. *See Chambers*, 501 U.S. at 46. Submitting hallucinated cases and quotations regarding whether his case should be dismissed and whether he should be sanctioned for his use of hallucinated quotations is crystal-clear evidence that Paul attempted to perpetrate a fraud on the Court and his adversaries.

Further, Paul's "bad faith citation of non-existent authorities . . . serve[s] only to foster extensive and needless satellite litigation"—the current controversy over his use of AI in four separate cases before this Court. *O'Brien*, 2025 WL 242924, at *6 (quoting *Chambers*, 501 U.S. at 51). For these

reasons, the Court finds specially that the sanction of dismissal is warranted under the Court's inherent powers. The Court believes that dismissal is particularly appropriate in this case because, as Paul admitted, he used AI in generating various *Complaints*, which contain allegations that a District Court must (as a matter of law) take as true for purposes of evaluating a motion to dismiss under Rule 12 of the Federal Rules of Civil Procedure. The Court is extremely concerned that underlying factual allegations may have been hallucinated or unverified as well, especially considering that Paul used AI in drafting the Complaints and could not assure the Court unequivocally at the hearing that they contain no fabricated allegations. [*See* H'g Tr. at 13:1-8; 14:22–15:21]. Neither the Defendants nor the Court should be made to analyze and respond to factual allegations in Complaints that may have been wholly made up by generative AI—when the attorney's signature has been affixed to representations that are fake and worthless across so many filings (purporting to indicate the factual contentions have or will have evidentiary support).

III. Local Rules

Paul did not act with reasonable diligence and engaged in obvious misrepresentation to the Court, thereby violating Florida Bar Regulation 4-1.1. The regulations of the Florida bar state clearly that a lawyer must keep abreast of changes in the law and its practice, "including an understanding of the benefits and risks associated with the use of technology, including generative artificial intelligence." Fla. R. Reg. Fla. Bar 4-1.1, Comment, Maintaining Competence. Beyond doubt, Paul did not understand the benefits and risks associated with generative AI, and this led to repeated bad-faith misrepresentations to the Court. Thus, the Court is justified in sanctioning Paul under Southern District of Florida Local Rule 6(b)(2)(B). The monetary sanctions, referral to the Florida Bar, and required notification to other courts and litigants of this Order are all authorized by Paul's violations of our Local Rules.

IV. 28 U.S.C. § 1927

The parties to these various cases and multiple judges of this Court have had to waste many hours responding to Paul's actions. By repeatedly using AI to generate hallucinated cases and quotations, the parties and the Court have had to go through filings in all eight related cases to determine whether his citations were real or not, rather than focusing on the substance of his claims. The parties and the Court have spent significant resources on orders to show cause and attending and preparing for the June 17 hearing, which necessitated further briefing as additional facts came to light regarding Paul's misrepresentations. Thus, it is undeniable that Paul's actions "unnecessarily delay[ed] or increase[d] the complexity of the litigation." *Versant Funding LLC*, 2025 WL 1440351, at *3. This Court accordingly finds that Paul engaged in unreasonable and vexatious conduct, which multiplied the proceedings. *See id.* (citing *Goode*, 588 F. App'x at 874). Sanctions, including the awarding of costs, expenses, and attorneys' fees incurred because of Paul's use of AI-generated hallucinated cases and fabricated quotations, are therefore warranted.

* * *

We live in an age when two things are happening simultaneously: (1) institutions central to our constitutional republic are suffering from a loss of trust and confidence; and (2) technology has developed to a point that few could scarcely imagine even twenty years ago. At all times, attorneys must ensure that their conduct, including their use of technology, never contributes to any diminishment of trust and confidence held by the public for the practice of law and judicial proceedings. Here, Attorney Paul fell far below the standard expected, and because he did so, numerous parties and court personnel expended substantial resources getting to the bottom of his AI-fueled hallucinations. Perhaps twenty years from now, AI will be flawless. Whenever that day comes, that flawless brief will only have meaning because the signature at the bottom does.

CONCLUSION

For the foregoing reasons, it is **ORDERED AND ADJUDGED** as follows:

1. Pursuant to Rule 11 of the Federal Rules of Civil Procedure and this Court's inherent authority, the four cases before this Court (CASE NO. 0:25-cv-60630; CASE NO. 0:25-cv-60646; CASE NO. 0:25-cv-60647; and CASE NO. 0:25-cv-60712) are **DISMISSED without prejudice and without leave to amend.** Any pending motions in these four cases are **DENIED as moot.** All pending deadlines are **TERMINATED.** The Clerk of Court is directed to **CLOSE** these four cases. *See Johnson*, 9 F.4th at 1316 (upholding district court's order dismissing claims pursuant to Rule 11 and the court's inherent authority).
2. If the Plaintiffs choose to refile any of these cases, the Clerk of Court is directed to assign the cases, and any other cases arising from or related to them, to the undersigned.
3. Pursuant to Rule 11, this Court's inherent authority, the Southern District of Florida's Local Rules, and 28 U.S.C. § 1927, Attorney James Martin Paul is **ORDERED** to pay the attorneys' fees for Defendants' counsel in these four cases for all time spent responding to any filing in which generative AI was used to develop hallucinated cases and fabricated quotations.[8] The parties in the above-captioned cases shall promptly confer and attempt in good faith to determine and agree upon the reasonable attorneys' fees and costs that were incurred by Defendants' counsel in this regard. The parties shall then file Joint Notices **no later than July 24, 2025,** stating whether they have been able to agree upon the fees and costs to be paid, and if so, the specific amount agreed upon, and the payment schedule. The Court will then issue

[8] After a review of the Defendants' submissions of their attorneys' fees, the Court is skeptical that Defendants are entitled to all the fees claimed for each of these four cases. Some time spent by Defendants responding to the Plaintiffs' submissions would have been incurred in these matters whether or not Paul engaged in misrepresentations. Further, some research into Paul's actions could have been conducted by a paralegal or an associate, rather than a partner.

any further Order as deemed necessary. If the parties and their counsel cannot agree on a reasonable amount of fees and costs or a payment schedule, they shall file separate notices on or before **July 25, 2025**, stating the nature of the dispute over the fees and costs (whether it involves the time incurred, hourly rate, or other issues) and their respective positions. The Court will promptly determine the amount of the attorney's fees and costs to be paid to Defendants by Attorney James Martin Paul and issue any appropriate further orders.[9] *See Goodyear Tire & Rubber Co.*, 581 U.S. at 108 (noting courts' "inherent sanctioning authority" to grant an award of attorneys' fees); *Johnson*, 9 F.4th at 1316.

4. If Attorney James Martin Paul files any case in the Southern District of Florida within the next two years of the date of this Order, he must attach a copy of this Order to his Complaint. *See Johnson*, 9 F.4th at 1317 (finding no abuse of discretion where a district court ordered an attorney to include a copy of a sanctions order in any future complaint the attorney filed).

5. Attorney James Martin Paul is **HEREBY REFERRED** to the Florida Bar for appropriate discipline.

DONE AND ORDERED in the Southern District of Florida on July 15, 2025.

DAVID S. LEIBOWITZ
UNITED STATES DISTRICT JUDGE

cc: counsel of record

[9] At the Order to Show Cause hearing, Paul represented that he would refund his clients' fees as to the time spent "moving forward on these . . . cases." [H'g Tr. at 16:23–17:2]. Because of this representation, the Court does not order him to refund his clients.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 13
	)	
Marla C. Martin,	)	Case No. 24 B 13368
	)	
Debtor.	)	Honorable Michael B. Slade
	)	

MEMORANDUM OPINION FINDING VIOLATION OF BANKRUPTCY RULE 9011 AND IMPOSING SANCTIONS

On June 11, 2025, I issued an order directing the Semrad Law Firm, LLC ("Semrad") and Thomas E. Nield to show cause why they should not be sanctioned for filing a brief containing fake quotations and nonexistent authority manufactured by artificial intelligence and why their compensation does not exceed the reasonable value of their services pursuant to 11 U.S.C. § 329. (Dkt. No. 56) Semrad then withdrew the offending brief (*see* Dkt. No. 58 (withdrawing Dkt. No. 51)), and it and Mr. Nield separately responded to my show cause order. (*See* Dkt. Nos. 67, 71) Semrad also withdrew its application for compensation in this case. (*See* Dkt. No. 68) The United States Trustee and Chapter 13 Trustee both argue that I should sanction Semrad and Mr. Nield (*see* Dkt. Nos. 66 and 70) and it is now my duty to address the Show Cause Order.

While I appreciate Mr. Nield's and Semrad's remorse and candor, I find that they both violated Federal Rule of Bankruptcy Procedure 9011. I further find that a modest, joint-and-several sanction of $5,500, paid to the Clerk of the Bankruptcy Court, along with a requirement that Mr. Nield and another senior Semrad attorney attend an upcoming course on the dangers of AI scheduled for the National Conference of Bankruptcy Judges (NCBJ) annual meeting in September, is the least harsh sanction that will appropriately address counsel's conduct and deter future, similar misconduct from them and others. My reasons follow.

I.

On September 11, 2024, the Debtor and Semrad entered into this Court's form Court Approved Retention Agreement (CARA). Semrad filed the CARA along with the Debtor's signed voluntary petition under chapter 13 of the Bankruptcy Code and related papers on her behalf the next day. (*See* Dkt. No. 1)

This is the Debtor's eighth bankruptcy case. (*See* Dkt. No. 6) Each of the prior seven cases was dismissed for one reason or another. (*Id.*) Three of the Debtor's prior cases (Case Nos. 18-10082, 16-36239, 07-18870) were dismissed after confirmation because the Debtor failed to make plan payments. The other four (Case Nos. 18-02822, 16-36239, 07-13303, 07-01898) were dismissed before confirmation

For its part, Semrad is a prolific filer of Chapter 13 cases; a material percentage of my docket consists of cases filed by that firm. And the Debtor and Semrad are very familiar with one another; Semrad had represented the Debtor in three prior bankruptcy cases before this one. Each time Semrad represented the Debtor before this case, the Debtor pursued and confirmed a chapter 13 plan, only to have her case dismissed when she was unable to comply with the plan's requirements. (*See* Case Nos. 18-10082, ECF Nos. 68 & 70; 12-28654, ECF Nos. 55, 56 & 65; 07-18870, ECF Nos. 74 & 75) And in each of those cases, Semrad petitioned for, and was awarded, attorneys' fees. In total, before this case, the Debtor had paid Semrad $8,958.45 for its services, but she is yet to complete a bankruptcy case successfully to earn a discharge.[1]

[1] According to the chapter 13 trustee's final report and account filed August 31, 2020, in Case No. 18-10082 (Dkt. No. 72), the trustee paid $894.45 to Semrad through the plan, and the debtor advanced $400 according to the fee application (Dkt. No. 16). According to the chapter 13 trustee's final report and account filed May 16, 2017, in Case No. 12-28654 (Dkt. No. 68), the trustee paid $3,500 to Semrad through the plan, and the debtor advanced $350 according to the fee application (Dkt. No. 14). And according to the chapter 13 trustee's final report and account filed February 24, 2009, in Case No. 07-18870 (Dkt. No. 77), the trustee paid $2,314 to Semrad through the plan, and the debtor advanced $1,500 according to the fee application (Dkt. No. 13).

This case has had its problems, too. The primary challenge posed by the Debtor's current situation is that she did not pay the real estate taxes owed on her Chicago home between 2012 and 2018. Creditor Corona Investments, LLC acquired rights to those payments and an associated tax lien secured by her home. The Debtor's initial chapter 13 plan proposed a $1,600 monthly plan payment and would have paid Corona $74,735, providing 0% interest. (Dkt. No. 10 §§ 2.1, 3.2) That was obviously wrong, and Corona (since even before my appointment to the bench) objected to the Debtors' initial plan long ago, pointing out the error. (*See* Dkt. No. 14 (*citing* 35 Ill. Comp. Stat. 200/21-75 and *In re Lamont*, 740 F.3d 397, 404 (7th Cir. 2014))

To give the Debtor a fair chance to confirm a plan that could save her home and the substantial equity she has in it, my predecessor and I continued the Debtor's confirmation hearing eight times to facilitate negotiations between her and Corona. (*See* Dkt. Nos. 16, 20, 25, 29, 32, 37, 40, 46)[2] Despite these efforts, after I entered a briefing schedule to consider Corona's objection (Dkt. No. 45), and briefs were filed (*see* Dkt. Nos. 49 & 51), I advised Semrad that I could not possibly confirm the then-latest proposed Plan because, even *if* I overruled Corona's objection, the Plan was clearly not feasible: it proposed to pay creditors $2,400 per month (*see* Dkt. No. 43 § 2.1), while the schedules swore that the Debtor's disposable income was only $1,600 per month (*see* Dkt. No. 1, Schedule J, Line 23(c)). When I pointed out that straightforward feasibility problem on June 10, Semrad advised the schedules on file were incorrect and the Debtor had more income than sworn. Which is its own problem. And while Debtor's counsel later filed amended schedules (Dkt. No. 72) and an amended Plan that matched them (Dkt. No. 73), the amended Plan did not comply with an order I had entered that required

[2] The Chapter 13 Trustee dutifully pointed out the problems with Debtor's counsel's work since the beginning and asked that the case be dismissed last fall. (*See* Dkt. No. 19) My predecessor and I collectively continued the Trustee's motion to dismiss seven times, for the same reason: to give the Debtor every reasonable opportunity to confirm a plan to save her home, if possible. (*See* Dkt. Nos. 21, 27, 31, 39, 42, 48, 54)

any amended plan to be signed by both the Debtor and her counsel. (*Compare* Dkt. No. 55 at 2 (order requiring Debtor's signature) *with* (Dkt. No. 73) (amended plan lacking signature))

I required the Debtor's signature on any proposed amended plan for a good reason. On March 6, 2025, Debtor's counsel signed and filed on behalf of the Debtor a proposed Plan that (if confirmed) would have required the Debtor to make monthly plan payments of $2,600 for 60 months and to provide 18% interest to Corona on its claim. (*See* Dkt. No. 35, §§ 2.1, 3.2) But on April 8, 2025, the Debtor personally appeared in Court (while Mr. Nield appeared via Zoom) and told me that she did not agree with the plan that her counsel had filed—suggesting the plan had been filed without her approval. Then, at the next hearing on June 10, 2025, when I asked Mr. Nield whether the Debtor was on board with a further-amended Plan (a question to which there are only two potential answers, yes or no), he equivocated, said that she "is, in some sense, in agreement with it" because she had made one monthly payment of $2,400 (the revised monthly payment called for in the then-current proposed Plan), while also confirming she had not signed off on the filing of amended schedules that would make that Plan feasible. (*See* Dkt. No. 65 (6/10/25 Hr'g Tr.)) That is why my June 10 order required "that both the Debtor *and* the Debtor's counsel sign any amended plan before it is filed." (*See* Dkt. No. 55 at 2 (emphasis in original)) Unfortunately, neither directive was honored; Semrad filed an amended plan without the Debtor's signature eight days after the deadline. (*See* Dkt. No. 73)

The Plan was finally confirmed earlier this week (*see* Dkt. No. 75), but suffice it to say that I have real concerns about the way that this case has been handled. I expect materially more care from Debtor's counsel. And the Chapter 13 Trustee has expressed broader concerns about Debtor's counsel generally, alleging (among other things) that Semrad often has clients sign blank signature forms, which leads to the filing of inaccurate sworn declarations, and often files

cases without possessing (or being able to procure on a timely basis) basic documents necessary to prosecute any Chapter 13 case. (*See* Dkt. No. 69 (Chapter 13 Trustee's Response to Court's Rule to Show Cause))

The Chapter 13 Trustee's allegations are very serious. But I am not taking the allegations into account in this ruling because Semrad did not have an opportunity to respond to them, they relate primarily to the section 329 examination that is unnecessary given Semrad's withdrawal of its fee petition, and the reason for the Order to Show Cause was limited to the fake citations in Semrad's response brief. However, the allegations are consistent with my general observation that Semrad should be taking more care when filing and prosecuting Chapter 13 cases than has been shown here.

II.

I described in my Show Cause Order (Dkt. No. 56) the problem that led us here. To summarize: I entered a briefing schedule to help me resolve the dispute between the Debtor and Corona; it required Corona to file a written objection to the proposed plan while giving the Debtor a chance to respond. (Dkt. No. 45) Corona then filed a "kitchen sink" objection, disputing feasibility and challenging the plan treatment offered to it and other creditors. (Dkt. No. 49) The Debtor's response—signed by Mr. Nield and Semrad on her behalf—argued that Corona lacked standing to make any arguments other than disputes over the treatment of Corona's own claim. (*See* Dkt. No. 51)

While the argument that creditors lack standing to complain about the treatment of other creditors if it does not impact the objector directly rang true, the claim that Corona lacked standing to object to *feasibility* did not. So my staff and I began to examine the issue in depth to see if Semrad's argument was supported by the caselaw. We found the following:

What Counsel's Brief Claimed	What Actually Exists
"*In re Montoya*, 341 B.R. 41 (Bankr. D. Utah 2006). The court held that '[a] secured creditor's standing to object to confirmation is limited to issues that affect its rights directly.' Secured creditors cannot object based on disposable income or plan feasibility because those issues do not impact their claims." (Dkt. No. 51, at 1-2)	*In re Montoya*, 341 B.R. 41 (Bankr. D. Utah 2006) exists, and the citation is correct. However, not only does the language quoted by counsel not appear anywhere in the court's opinion, but the opinion does not address issues of standing at all. The opinion certainly does not dispute a secured creditor's right to challenge the feasibility of a chapter 13 plan.
"*In re Jager*, 344 B.R. 349 (Bankr. D. Colo. 2006). The court found that secured creditors are 'not entitled to raise objections related to other creditors or the debtor's disposable income.' These objections fall within the purview of the Chapter 13 trustee." (Dkt. No. 51, at 2)	*In re Jager*, 344 B.R. 349 (Bankr. D. Colo. 2006) does not exist.
"*In re Coleman*, 373 B.R. 907 (Bankr. W.D. Wis. 2007). A secured creditor may only object to confirmation where 'the plan proposes to alter the treatment of its secured claim in violation of §1325(a)(5).' Here, there is a limited issue regarding Corona's rights as they pertain to § 1325(a)(5), none of which are brought up in lines 16-20." (Dkt. No. 51, at 2)	*In re Coleman*, 373 B.R. 907 exists, although the case is from the Bankruptcy Court in the Western District of Missouri, not Wisconsin. Again, not only does counsel's quotation not appear in the case at all, the opinion does not discuss the proposition for which it is cited, let alone support it.
"*In re Russell*, 458 B.R. 731 (Bankr. E.D. Wis. 2011). The Court said 'A secured creditor's standing is limited to objecting to the treatment of its claim. It lacks standing to object to confirmation based on issues like feasibility or disposable income that do not directly impact its rights.'" (Dkt. No. 51, at 2)	*In re Russell*, 458 B.R. 731, exists, although the case is from the Bankruptcy Court in the Eastern District of Virginia, not Wisconsin, and is from 2010, not 2011. Yet again, the quotation from counsel's brief does not appear anywhere in the court's opinion, and the opinion does not touch on the topic of standing at all.

In sum, what happened here is that Mr. Nield cited four cases for a proposition of law, but none of them exist as alleged in his brief. Worse still, none of the quotations relied upon in the Semrad brief are actual statements written by any court.

I raised the problems created by these apparently fake citations at the hearing on June 10. I asked Mr. Nield directly whether he used some sort of AI to come up with this portion of his brief, and he stated the following: "I think the citation element of these cases, I guess, was – I ran it through AI to some extent, but I didn't think that the citation was wrong." (Dkt. No. 65,

6/10/25 Hr'g Tr. at 20:10-13) I then issued my Show Cause Order (Dkt. No. 56), describing the problem in detail and directing both Mr. Nield and Semrad to respond.

To his credit, Mr. Nield appears to both understand what he did wrong and to be remorseful for it. He states that he "had never used AI to do any legal research prior to this specific instance," and he "simply entered queries into the program which elicited problems." (Dkt. No. 71 at 2) Mr. Nield then "did not review the relevant, underlying quotes from the opinions cited by the AI program" because he "assumed that an AI program would not fabricate quotes entirely." (*Id.*) Mr. Nield promises that he will never again use an AI program to do legal research "without checking every element of the AI's work product" and advises that he "has self-reported his behavior to the IARDC and is willing to take steps this Court deems necessary to ensure this happens again." (*Id.* at 3)

For its part, Semrad states that, as a firm, it "strictly prohibits using AI for legal research or the generation of legal citations without manual verification" and that Mr. Nield's use of ChatGPT for this purpose was "outside of the firm's research protocol." (Dkt. No. 67 at 1–2) Semrad does not identify how it communicated that restriction on AI use to its attorneys and staff or what the firm's "research protocol" was prior to this case, but claims to have conducted an internal investigation (of unspecified breadth) which did not reveal other instances of improper AI usage prior to this one. (*Id.* at 2) That said, in recognition of the problem here, Semrad (1) withdrew its request for compensation in this case; (2) created a formal Artificial Intelligence Policy (which went into effect after, and as a result of, this incident); (3) required all attorneys at the firm to complete online CLE training in the "ethical and appropriate use of AI in legal practice"; and (4) offered to reimburse opposing counsel for time reviewing the offending brief. (*Id.* at 2-3)

III.

Federal Rule of Bankruptcy Procedure 9011(b)(2) provides that:

> By presenting to the court a petition, pleading, written motion, or other document—whether by signing, filing, submitting, or later advocating it—an attorney or unrepresented party certifies that, to the best of the person's knowledge, information, and belief formed after an inquiry reasonable under the circumstances . . . the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument to extend, modify, or reverse existing law, or to establish new law.

What happened here does not appear to have been addressed in a published Bankruptcy Court opinion before, but there is a body of District Court cases where counsel submitted briefs containing fake cases or quotations "hallucinated" by AI, and Federal Rule of Civil Procedure 11 is "essentially identical" to Bankruptcy Rule 9011. *Baermann v. Ryan (In re Ryan)*, 411 B.R. 609, 613 (Bankr. N.D. Ill. 2009). The holdings of those District Court cases are both uniform and highly persuasive: "At the very least, the duties imposed by Rule 11 require that attorneys read, *and thereby confirm the existence and validity of*, the legal authorities on which they rely." *Benjamin v. Costco Wholesale Corp.*, No. 24-cv-7399, 2025 WL 1195925, at *5 (E.D.N.Y. Apr. 24, 2025) (quoting *Park v. Kim*, 91 F.4th 610, 615 (2d Cir. 2024) (emphasis added in *Benjamin*)).[3] It is undisputed that Mr. Nield did not do so. Thus, he violated Federal Rule 9011.

The sanctions available for violations of Rule 9011 include a nonmonetary directive, an order to pay a penalty into court, or in some circumstances an order directing the violator to pay

[3] *See also, e.g.*, *Mid Central Operating Engineers Health & Welfare Fund v. HoosierVac LLC*, No. 24-cv-00326, 2025 WL 574234, at *3, 5 (S.D. Ind. Feb. 21, 2025) (recommending sanctions for citing authorities "hallucinate[d]" by artificial intelligence in court filings); *Gauthier v. Goodyear Tire & Rubber Co.*, No. 23-CV-281, 2024 WL 4882651, at *3 (E.D. Tex. Nov. 25, 2024) (imposing sanctions under Fed. R. Civ. Pro. 11(b) for filing a brief that included fake case law generated by artificial intelligence "without reading the cases cited, or even confirming the existence or validity of the cases included"); *Mata v. Avianca, Inc.*, 678 F. Supp. 3d 443, 465 (S.D.N.Y. 2023) (same); *Garner v. Kadince, Inc.*, No. 20250188-CA, 2025 WL 1481740, at *3 (Utah Ct. App. May 22, 2025) (same).

his or her opponent's attorneys' fees. *See* Fed. R. Bankr. P. 9011(c)(4). And where (as here) sanctions are to be imposed, "[a]bsent exceptional circumstances, a law firm must be held jointly responsible for a violation committed by its partner, associate, or employee." Fed. R. Bankr. P. 9011(c)(1). But sanctions "must be limited to what suffices to deter repetition of the conduct or deter comparable conduct by others similarly situated." Fed. R. Bankr. P. 9011(c)(4).

As I advised in my Show Cause Order, courts in similar cases have issued monetary sanctions of up to $15,000, along with various non-monetary sanctions. (Dkt. No. 56 at 3)[4] Below is a chart detailing the sanctions imposed in some of the recent similar cases:

Case	Facts	Sanctions
Wadsworth v. Walmart Inc., 348 F.R.D. 489 (D. Wyo. 2025)	Plaintiff's counsel filed Motions in Limine citing nine cases; eight did not exist. Following an Order to Show Cause, the attorneys admitted that the cases were hallucinated by an AI platform. The drafter stated that it was his first time using AI in this way and he didn't learn the cases were questionable until the Court asked him to Show Cause. After the Order to Show Cause issued, counsel: (1) withdrew the Motions, (2) were forthcoming about the use of AI, (3) paid opposing counsel's fees for defending the Motions, and (4) implemented policies and training to prevent another occurrence.	The Court revoked the drafter's pro hac vice status and imposed a $3,000 fine. The Court also imposed a sanction of $1,000 on each of the two attorneys who signed, but did not draft, the motions (for a total of $5,000 in fines).
Mid Cent. Operating Eng'rs Health & Welfare Fund v. HoosierVac LLC, No. 24-cv-00326, 2025 WL 574234 (S.D. Ind. Feb. 21, 2025)	Defendant's counsel filed a brief that cited an alleged Seventh Circuit case the magistrate judge could not locate because it was fake. The magistrate judge reviewed counsel's prior submissions and found similar issues in two other briefs. After the magistrate judge issued an Order to Show Cause, the lawyer admitted his error and took CLE courses on AI use.	The magistrate judge recommended that counsel be sanctioned $15,000. The District Court adopted the recommendation but reduced the penalty to $6,000. *Mid Cent. Operating Eng'rs Health & Welfare Fund v. HoosierVac LLC*, No. 24-cv-00326, 25 WL 1511211 (S.D. Ind. May 28, 2025).

[4] *See also Attaway v. Illinois Dep't of Corr.*, No. 23-cv-2091, 2025 WL 1101398, at *3 (S.D. Ill. Apr. 14, 2025) ("With the rise of incorrect citations and new emerging technologies, courts have assessed monetary sanctions anywhere from $2,000 to $15,000 for violations similar to Plaintiff's conduct.").

Case	Facts	Sanctions
Mata v. Avianca, Inc., 678 F. Supp. 3d 443 (S.D.N.Y. 2023)	Plaintiff's counsel filed an "Affirmation in Opposition" to Defendant's motion, which cited and quoted purported judicial decisions that did not exist. After Defendant's counsel pointed out the flaws with Plaintiff's cited case law, Plaintiff's counsel did not withdraw the offending brief or volunteer an explanation to the Court. At the hearing on the Court's subsequent Order to Show Cause, authoring counsel revealed that he had used ChatGPT, claiming he had not known that ChatGPT was capable of making up cases, and signing counsel admitted that he reviewed the Affirmation for style but made no inquiry into the author's research, even though the author had no familiarity with the law at issue.	The attorneys were required to send the sanctions opinion, the Affirmation, and the sanctions hearing transcript, with a cover letter, to their client and to each judge falsely identified as the author of a fabricated opinion (and to file copies of the letters sent on the case docket). In addition, the Court imposed a $5,000 joint and several penalty on the attorneys.
Coomer v. Lindell, Case No. 22-cv-01129, 2025 WL 1865282 (D. Colo. July 7, 2025)	Defense counsel filed a brief that contained erroneous AI-generated citations. They claimed a prior draft had been mistakenly filed, rather than a corrected final version. However, the alleged final version they contended they meant to upload had many of the same erroneous citations, among other deficiencies. The Court also took judicial notice that Defense counsel took steps to correct similar issues in a brief filed before a different federal court just days after it had issued the order to show cause in this matter.	Two lawyers were each ordered to pay $3,000 (for a total of $6,000), and one of the penalties was jointly and severally ordered against the lawyer and his law firm.
Benjamin v. Costco Wholesale Corp., No. 24-CV-7399, 2025 WL 1195925 (E.D.N.Y. Apr. 24, 2025)	The Court was unable to locate five out of seven cases cited by Plaintiff's counsel in a reply brief and issued an Order to Show Cause. In her Response, Plaintiff's counsel admitted that the five cases did not exist, said she used an AI platform called ChatOn, and claimed she failed to sufficiently review the reply before filing it because she was pressed for time. She stated she had never used AI for anything	The Court ordered counsel to identify (1) the two CLE classes that she already took and whether she was required to pay for them; and (2) the prospective CLE classes she intended to take. After receiving that information, the Court issued a monetary sanction of $1,000.

Case	Facts	Sanctions
	law related before, and informed the Court that she took and intended to take CLE classes regarding the use of AI in federal court practice.	
Ramirez v. Humala, No. 24-CV-242, 2025 WL 1384161 (E.D.N.Y. May 13, 2025)[5]	Four of eight cases cited by Plaintiff's counsel were hallucinated by AI, and the Court issued a Show Cause Order. In response, Plaintiff's counsel admitted the error, apologized, and conducted a full internal investigation.	The Court ordered a joint and several penalty of $1,000 on the attorney and her law firm.

Mr. Nield and Semrad ask me not to sanction them at all given that they have already voluntarily: (1) admitted their misconduct and promised not to do it again; (2) withdrawn any application for compensation in this case; and (3) watched an online CLE video. But while I appreciate their candor and efforts, "[t]here must be consequences." *Ferris v. Amazon.com Servs., LLC*, No. 24-cv-304, 2025 WL 1122235, at *2 (N.D. Miss. Apr. 16, 2025). While I believe this mistake was unintentional, a "citation to fake, AI-generated sources . . . shatters [] credibility" and "imposes many harms." *Kohls v. Ellison*, No. 24-cv-3754, 2025 WL 66514, at *4–5 (D. Minn. Jan. 10, 2025). So the consequences "are steep." *Id.* at *5.

[5] I reviewed the unpublished opinions that Mr. Nield referred to in his brief (*see* Dkt. 71 at p. 4-5) and they do not change my thinking in this case. The Memorandum Opinion in *Iron Tax, Accounting & Fin. Sols., LLC v. Story Law Firm, P.L.L.C.*, No. 23-CV-5243 (W.D. Ark. April 8, 2025), ECF No. 49, attached as Exhibit B to Mr. Nield's brief, merely includes a footnote (at page 16, n.2) in resolving summary judgment and *Daubert* motions that flags (presumably for the first time) counsel misciting a few cases, commenting that "short of the use of AI, it is unclear how such errors would slip past a reasonably diligent attorney." That the Court declined to pursue the matter further for reasons unknown does not weigh against imposing sanctions here. In *Araujo v. Wedelstadt*, No. 23-cv-1190 (E.D. Wis. Jan 22, 2025), the offending lawyer realized the errors in his response before the court's consideration and amended the pleading identifying the incorrect citations. *Id.*, ECF Nos. 35, 38. The court's decision (attached as Exhibit C to Mr. Nield's brief, *see* Dkt. 71, Ex. C) calls the use of AI "unacceptable," but let counsel off with only a warning, presumably on account of his rectifying the error early. I also reviewed the transcript that Mr. Nield attached as Exhibit A to his brief, where a court declined to sanction counsel after finding, among other things, that the offending attorney had already experienced "adverse" publicity from his misconduct that "sent the necessary message" not to do it again. Hr'g Tr. at 18:1–4, *Iovino v. Michael Stapleton Associates, Ltd.*, No. 21-CV-64 (W.D. Va. Oct. 30, 2024), ECF No. 204. To me, these outcomes are at the lenient end of a spectrum of various responses a Court can have to this situation. For the reasons I give in this opinion, I believe a modest sanction is appropriate here.

The first reason I issue sanctions stems from Mr. Nield's claim of ignorance—he asserts he didn't know the use of AI in general and ChatGPT in particular could result in citations to fake cases. (Dkt. No. 71 at 3) Mr. Nield disputes the court's statement in *Wadsworth* that it is "well-known in the legal community that AI resources generate fake cases." 348 F.R.D. at 497. Indeed, Mr. Nield aggressively chides that assertion, positing that "in making that statement, the *Wadsworth* court cited no study, law school journal article, survey of attorneys, or *any* source to support this blanket conclusion." (Dkt. No. 71 at 3–4, emphasis in Mr. Nield's brief as filed)

I find Mr. Nield's position troubling. At this point, to be blunt, any lawyer unaware that using generative AI platforms to do legal research is playing with fire is living in a cloud. This has been a hot topic in the legal profession since at least 2023, exemplified by the fact that Chief Justice John G. Roberts, Jr. devoted his 2023 annual Year-End Report on the Federal Judiciary (in which he "speak[s] to a major issue relevant to the whole federal court system," Report at 2) to the risks of using AI in the legal profession, including hallucinated case citations.[6] To put it mildly, "[t]he use of non-existent case citations and fake legal authority generated by artificial intelligence programs has been the topic of many published legal opinions and scholarly articles as of late."[7] At this point there are *many* published cases on the issue—while only a sampling are cited in this opinion, all but one were issued before June 2, 2025, when Mr. Nield filed the offending reply. *See, e.g.*, Jaclyn Diaz, *A Recent High-Profile Case of AI Hallucination Serves*

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6 *Available at* https://www.supremecourt.gov/publicinfo/year-end/2023year-endreport.pdf.

7 *O'Brien v. Flick*, No. 24-61529-CIV, 2025 WL 242924, at *6 (S.D. Fla. Jan. 10, 2025); *see also Willis v. U.S. Bank Nat'l Ass'n,* No. 25-cv-516, 2025 WL 1408897, at *1 (N.D. Tex. May 15, 2025) ("It is no secret that generative AI programs are known to 'hallucinate' nonexistent cases, and with the advent of AI, courts have seen a rash of cases in which both counsel and *pro se* litigants have cited such fake, hallucinated cases in their briefs.") (quoting *Sanders v. United States*, 176 Fed. Cl. 163, 169 (2025); *Evans v. Robertson*, No. 24-13435, 2025 WL 1483449, at *2 (E.D. Mich. May 21, 2025) (same, with same quote); *Benjamin*, 2025 WL 1195925, at *1 (citing the numerous judicial opinions in recent weeks and months that address the "epidemic" of lawyers citing fake cases after using AI to perform legal research).

as a Stark Warning, NPR ILLINOIS (July 10, 2025, 12:49 PM), https://www.nprillinois.org/2025-07-10/a-recent-high-profile-case-of-ai-hallucination-serves-as-a-stark-warning ("There have been a host of high-profile cases where the use of generative AI has gone wrong for lawyers and others filing legal cases . . . . It has become a familiar trend in courtrooms across the U.S."). The Sedona Conference wrote on the topic in 2023.[8] Newspapers, magazines, and other well-known online sources have been publicizing the problem for at least two years.[9] And on January 1, 2025, the Illinois Supreme Court issued a "Supreme Court Policy on Artificial Intelligence" requiring practitioners in this state to "thoroughly review" any content generated by AI.[10]

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[8] *See, e.g.*, Hon. Xavier Rodriguez, *Artificial Intelligence (AI) and the Practice of Law*, 24 SEDONA CONF. J. 783, 784, 791 (2023) ("[T]here is a need for education in the legal community to understand errors or 'hallucinations' that may occur in the output of the [large language models] powering these platforms. Attorneys and courts need to be aware of both the benefits and limitations that these AI platforms present."), cited in *Versant Funding LLC v. Teras Breakbulk Ocean Navigation Enters., LLC*, No. 17-CV-81140, 2025 WL 1440351, at *4 (S.D. Fla. May 20, 2025).

[9] *See* Nicole Black, *Do NOT, I Repeat, Do NOT Use ChatGPT For Legal Research* (June 22, 2023, 1:47 PM), https://abovethelaw.com/2023/06/do-not-i-repeat-do-not-use-chatgpt-for-legal-research/ (Generative AI tools "are bald-faced liars that pull facts out of thin air . . . , including legal cases"); *see also, e.g.*, Benjamin Weiser, *Here's What Happens When Your Lawyer Uses ChatGPT*, N.Y. TIMES (May 27, 2023), https://www.nytimes.com/2023/05/27/nyregion/avianca-airline-lawsuit-chatgpt.html; Larry Neumeister, *Lawyers Submitted Bogus Case Law Created by ChatGPT. A Judge Fined Them $5,000*, ASSOCIATED PRESS (June 22, 2023), https://apnews.com/article/artificial-intelligence-chatgpt-fake-case-lawyers-d6ae9fa79d0542db9e1455397aef381c; Erin Mulvaney, *Judge Sanctions Lawyers Who Filed Fake ChatGPT Legal Research*, WALL ST. J. (June 22, 2023), https://www.wsj.com/us-news/judge-sanctions-lawyers-who-filed-fake-chatgpt-legal-research-9ebad8f9; and LegalEagle, *How to Use ChatGPT to Ruin Your Legal Career*, YOUTUBE.COM (June 10, 2023), https://www.youtube.com/watch?v=oqSYljRYDEM (cited in *Schoene v. Ore. Dep't of Human Servs.*, No. 23-cv-742, 2025 WL 1755839, at *7 n.6 (D. Or. June 25, 2025)); and Lyle Moran, *Lawyer Cites Fake Cases Generated by ChatGPT in Legal Brief*, LegalDive (May 30, 2023), https://www.legaldive.com/news/chatgpt-fake-legal-cases-generative-ai-hallucinations/651557/; Sara Merken, *AI 'Hallucinations' in Court Papers Spell Trouble for Lawyers*, REUTERS (Feb. 18, 2025, 2:55 PM), http://reuters.com/technology/artificial-intelligence/ai-hallucinations-court-papers-spell-trouble-lawyers-2025-02-18/ (both cited in *Powhatan Cnty. Sch. Bd. v. Skinger*, No. 24cv874, 2025 WL 1559593, at *9 n.7 (E.D. Va. June 2, 2025).

[10] *Available at* https://ilcourtsaudio.blob.core.windows.net/antilles-resources/resources/e43964ab-8874-4b7a-be4e-63af019cb6f7/Illinois%20Supreme%20Court%20AI%20Policy.pdf (Effective Jan. 1, 2025) ("Attorneys, judges, and self-represented litigants are accountable for their final work product. All users must thoroughly review AI-generated content before submitting it in any court proceeding to ensure accuracy and compliance with legal and ethical obligations. Prior to employing any technology, including generative AI applications, users must understand both general AI capabilities and the specific tools being utilized.").

Counsel's professed ignorance of the dangers of using ChatGPT for legal research without checking the results is in some sense irrelevant. Lawyers have ethical obligations not only to review whatever cases they cite (regardless of where they pulled them from), but to understand developments in technology germane to their practice.[11] And there are plenty of opportunities to learn—indeed, the Illinois State Bar Association chose "Generative Artificial Intelligence – Fact or Fiction" as the theme of its biennial two-day Allerton Conference earlier this year, calling the topic "one that every legal professional should have on their radar."[12] Similar CLE opportunities have been offered across the nation for at least the past two years.

The bottom line is this: at this point, no lawyer should be using ChatGPT or any other generative AI product to perform research without verifying the results. Period. *See, e.g.*, *Lacey v. State Farm Gen. Ins. Co.*, No. CV 24-5205, 2025 WL 1363069, at *3 (C.D. Cal. May 5, 2025) ("Even with recent advances, no reasonably competent attorney should out-source research and writing to this technology—particularly without any attempt to verify the accuracy of that material."); *Mid Cent. Operating Eng'rs*, 2025 WL 574234, at *2 ("It is one thing to use AI to assist with initial research, and even non-legal AI programs may provide a helpful 30,000-foot view. It is an entirely different thing, however, to rely on the output of a generative AI program without verifying the current treatment or validity—or, indeed, the very existence—of the case presented."). In fact, given the nature of generative AI tools, I seriously doubt their utility to assist in performing accurate research (for now). "Generative" AI, unlike the older "predictive"

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[11] *See, e.g.*, ABA Model Rule 1.1, Comment 8, made applicable here by Local Bankruptcy Rule 9029-4A (and applicable to all Illinois lawyers following adoption by the Supreme Court of Illinois), requires lawyers to "keep abreast of changes in the law and its practice, including benefits and risks associated with relevant technology."

[12] Mallory P. Sanzeri, *Allerton Conference 2025: Exploring the Future of Law with Artificial Intelligence*, ILLINOIS STATE BAR ASSOCIATION, https://www.isba.org/sections/ai/newsletter/2025/03/allertonconference2025exploringthefutureoflawwitha (last visited July 17, 2025).

AI, is "a machine-learning model that is trained to *create* new data, rather than making a prediction about a specific dataset. A generative AI system is one that learns to generate more objects that *look like* the data it was trained on." Adam Zewe, *Explained: Generative AI*, MIT NEWS (Nov. 9, 2023), https://news.mit.edu/2023/explained-generative-ai-1109 (emphasis added). Platforms like ChatGPT are powered by "large language models" that teach the platform to create realistic-*looking* output. They can write a story that reads like it was written by Stephen King (but wasn't) or pen a song that sounds like it was written by Taylor Swift (but wasn't). But they can't do your legal research for you. ChatGPT does *not* access legal databases like Westlaw or Lexis, draft and input a query, review and analyze each of the results, determine which results are on point, and then compose an accurate, Bluebook-conforming citation to the right cases—all of which it would have to do to be a useful research assistant. Instead, these AI platforms look at legal briefs in their training model and then create output that *looks like* a legal brief by "placing one most-likely word after another" consistent with the prompt it received. Brian Barrett, "*You Can't Lick a Badger Twice": Google Failures Highlight a Fundamental AI Flaw*, WIRED (Apr. 23, 2025, 7:44 PM), https://www.wired.com/story/google-ai-overviews-meaning/.

If anything, Mr. Nield's alleged lack of knowledge of ChatGPT's shortcomings leads me to do what courts have been doing with increasing frequency: announce loudly and clearly (so that everyone hears and understands) that lawyers blindly relying on generative AI and citing fake cases are violating Bankruptcy Rule 9011 and will be sanctioned. Mr. Nield's "professed ignorance of the propensity of the AI tools he was using to 'hallucinate' citations is evidence that [the] lesser sanctions [imposed in prior cases] have been insufficient to deter the conduct." *Mid Cent. Operating Eng'rs*, 2025 WL 574234, at *3.

The second reason I issue sanctions is that, as described above, I also have concerns about the way this particular case was handled. I understand that Debtor's counsel has a massive docket of cases. But every debtor deserves care and attention. Chapter 13 cases can be challenging to file and manage—especially when they involve complexities like those in this case. If a law firm does not have the resources to devote the time and energy necessary to shepherd hundreds of Chapter 13 cases at the same time, it should refer matters it cannot handle to other attorneys who can—lest a search for time-saving devices lead to these kinds of missteps. What I mean to convey here is that while everyone makes mistakes, I expect—as I think all judges do—attorneys to be more diligent and careful than has been shown here.[13]

IV.

The sanctions that I choose "must be limited to what suffices to deter repetition of the conduct or comparable conduct by others similarly situated." Fed. R. Bankr. P. 9011(c)(4). And to be clear, I am *only* picking sanctions to redress the conduct described in the Order to Show Cause, *not* the further alleged misconduct described in the Chapter 13 Trustee's brief. (*See* Dkt. No. 69 at 3) I agree with the U.S. Trustee that the sanctions within my discretion include an ARDC referral, a monetary sanction, a finding that the compensation to be paid to counsel exceeds the reasonable value of their services per 11 U.S.C. § 329, and/or a non-monetary sanction. Semrad has advised me that it will not seek compensation for this case, so a Section 329 finding is not necessary. And Semrad advises that Mr. Nield has already self-reported to the ARDC, mooting that option, too. What I believe is necessary here, and constitutes the least

[13] Here's another example of what I am talking about: Mr. Nield filed a reasonably compelling brief telling his side of the story (*see* Dkt. No. 71), but he did not sign it. Bankruptcy Rule 9011(a) requires all briefs to be signed and provides that "[t]he court must strike an unsigned document unless the omission is promptly corrected after being called to the attorney's or party's attention." I note this not just to point out another error caused by inattention, but to alert counsel that I am required by the Bankruptcy Rules to strike his brief if he does not sign and re-file it promptly.

harsh sanctions appropriate to address the conduct and deter repetition by others similarly situated, has two parts—one monetary and one non-monetary.

First, I order Mr. Nield and Semrad, jointly and severally, to pay a penalty to the Clerk of the Bankruptcy Court of $5,500.[14] I seriously considered a larger fine, but after reading their briefs, I believe this sum is sufficient given the candor and remorse both Mr. Nield and Semrad have shown since the Order to Show Cause was issued, the seriousness with which they have addressed the Order already, and the attention they gave the Debtor to confirm the most recent Plan following the June 10 hearing. I view this as a modest sanction, and the next lawyer who does the same thing is warned that he or she will likely see a more significant penalty.

Second, more education (and in-person education) is always better, and I believe additional in-person education is necessary given the conduct here. Fortunately, this year's annual meeting of the National Conference of Bankruptcy Judges (NCBJ) is here in Chicago, making the meeting convenient and not burdensome for local attorneys to attend in person. Even more fortuitously, during the meeting, at 9:00 a.m. on Friday, September 19, 2025, NCBJ will hold a plenary session titled "*Smarter Than Ever: The Potential and Perils of Artificial Intelligence*" to which all registered attendees and their guests are invited.[15] Mr. Nield, and at least one other senior attorney at the Semrad firm (chosen by Mr. Semrad), are ordered to register for and attend that session of the NCBJ annual meeting in person. Others reading this opinion are welcome, too.

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[14] Bankruptcy Rule 9011 requires that Semrad be equally responsible for Mr. Nield's conduct absent "exceptional circumstances." *See* Fed. R. Bankr. P. 9011(c)(1). I see no such "exceptional circumstances" here and thus a joint-and-several penalty is appropriate.

[15] Annual Meeting Schedule, NCBJ, https://ncbj.org/annual-meeting/schedule-events/complete-schedule/.

V.

For the reasons stated here, I will issue a separate order,

1. Finding that Thomas E. Nield and The Semrad Law Firm, LLC, have violated Rule 9011 of the Federal Rules of Bankruptcy Procedure.

2. Imposing sanctions for the violation of Rule 9011:

   a. directing Mr. Nield and Semrad, jointly and severally, to pay a penalty of $5,500 to the Clerk of the Bankruptcy Court within 10 days,

   b. directing Mr. Nield to register and attend in person the NCBJ plenary session on Artificial Intelligence, and

   c. directing Semrad to have a second senior attorney register for and attend the NCBJ AI session in person; and

3. Concluding the section 329 examination as moot.

Signed: July 18, 2025 By: 

MICHAEL B. SLADE
UNITED STATES BANKRUPTCY JUDGE

From: Warren, Andrea <AWarren@goldbergsegalla.com>
Sent: Wednesday, July 9, 2025 3:39 PM
To: Warren, Andrea
Subject: Fw: Important Update Regarding the Firm's Use of AI Technology Policy

From: Goldberg Segalla <Facilitation_Committee@info.goldbergsegalla.com>
Sent: Thursday, July 13, 2023 1:16 PM
To: Marrano, Christine <cmarrano@goldbergsegalla.com>
Subject: Important Update Regarding the Firm's Use of AI Technology Policy

View Online

GS/Firm News

We're writing to inform everyone of an important policy regarding the use of AI technology within our organization. **Effective immediately, the use of AI technology is strictly prohibited without prior approval from the IT department and firm leadership.**

To maintain data privacy, security, and compliance, it is crucial that we exercise strict control over the implementation of AI technology. All employees must refrain from utilizing any AI-based solutions or implementing AI technology on company-issued devices or equipment — and when performing services for any firm clients on any device — without proper authorization.

The firm is actively looking at AI technologies based upon specific business-use cases and what will assist us in better serving our clients. The market is flooded with vendors offering a variety of services, but most of these are unproven or unreliable and need to go through a thorough review and vetting process.

Thank you for your time and consideration,
Caroline, Chris, Damon, David and Joe

California | Connecticut | Florida | Illinois | Maryland | Missouri | New Jersey | New York | North Carolina | Pennsylvania

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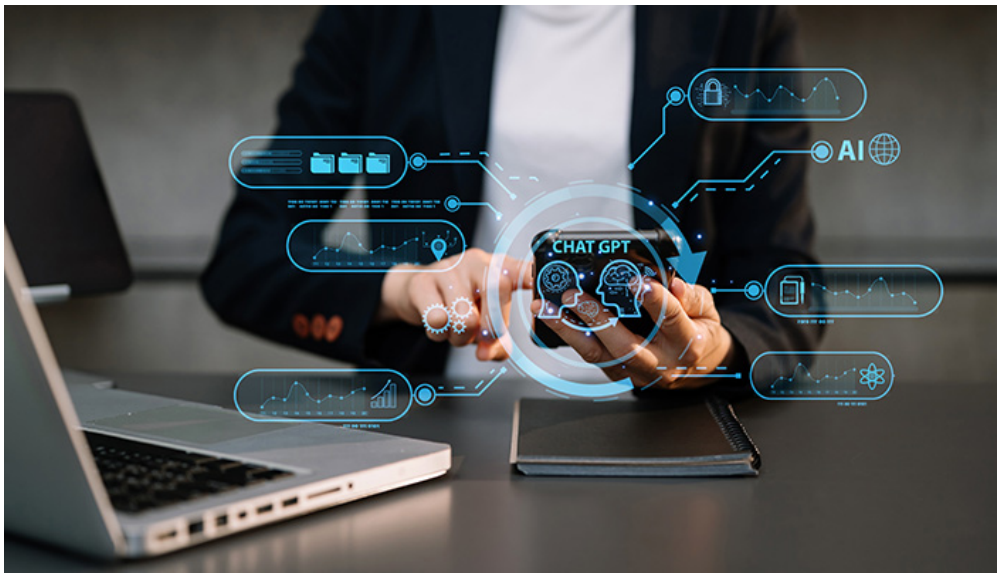
NEWS

Christopher F. Lyon Delves into Risks of ChatGPT in Legal Field for NYLitigator

October 24, 2023



Christopher F. Lyon, partner in Goldberg Segalla's **Management and Professional Liability** practice group, explored the growing risks and repercussions of ChatGPT use by lawyers in *NYLitigator*, NYSBA's Commercial & Federal Litigation Section publication.

Chris said staying updated on emerging technologies is often beneficial in the legal field, citing the success of early adopters of online legal research. However, he cautioned that early adoption also comes with risk as one must navigate the limitations and capabilities of any new technology and not assign it an undue level of trust.

"Placing unwarranted or unearned trust in any technology can, and eventually will, land you in hot water."

The article goes on to suggest ChatGPT is such technology. Introduced in November of 2022, the use of ChatGPT has spread into the legal field, but using it runs the risk of the platform generating outdated or false information.

Chris delved into an analysis of *Mata v. Avianca, Inc.*, in which attorneys, when opposing a motion to dismission, cited a decision that didn't exist based on the responses given by ChatGPT. Reliance on ChatGPT throughout the case resulted in the attorney being ordered to show cause why he should not be sanctioned for citing non-existent cases.

A second order to show cause was issued and a ruling on the sanctions followed.

"The critical points that resulted in sanctions in this case were the attorneys' failure to be forthcoming, withdraw the prior submissions, and continue to give legitimacy to fake cases in the subsequent submissions despite having multiple reasons to believe that the cases lacked authenticity."

Chris recommends not using ChatGPT as a source for legal research given its primary function as a chatbot. Instead, he sees it as a tool best suited for writer's block or to rephrase language.

"As attorneys, we must continue to serve as gatekeepers, ensure that we can stand by our representations, and proceed with our adoptions of technology with cautious optimism."

MORE ABOUT GOLDBERG SEGALLA'S CHRISTOPHER F. LYON:

Christopher F. Lyon litigates complex commercial and professional liability matters. In addition to providing counsel and representation to businesses, including Directors & Officers, with actual or anticipated legal issues, Chris focuses on the representation of accounting firms of all sizes and individual accountants in professional liability matters. Chris also represents and defends lawyers, architects, engineers, and agents and brokers in various professional liability cases.

READ THE FULL ARTICLE: "Fake Cases, Real Consequences: Misuse of ChatGPT Leads to Sanctions," NYLitigator, Vol. 28 No. 2

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Professional Liability Matters

Legal Developments and Risk Management Tips Impacting the Professional Liability Community.

September 4, 2024 • Ethics / Law Practice Management

Artifical Intelligence in the Legal Profession: Ethical Considerations

Posted by Professional Liability Matters

Artificial Intelligence is increasingly disrupting the litigation world. While it cannot replace the need for attorneys to exercise judgment, it can support data-driven decision making and transform legal research and writing tasks for the better. As a preliminary matter, many practitioners are concerned about AI replacing the need for

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paralegals, and to a lesser extent, attorneys. In an effort to allay these concerns, proponents of AI suggest it cannot replace the analytical skills and intuition necessitated by the profession. Moreover, the attorney-client relationship, which inarguably requires the human element, plays a critical role in the development and success of a litigation strategy.

Legal professionals are exploring how generative AI can transform tasks such as drafting documents, conducting legal research, and even predicting case outcomes. As technology evolves, attorneys are taking more time to focus on strategic planning while delegating tasks traditionally performed by entry-level colleagues to AI. Legal AI has the power to rapidly sift through volumes of case law and reduce them into a comprehensive summary at a rate that exceeds human capacity, allowing litigators to proceed with confidence knowing they've left no stone unturned.

Critical to the case being made by proponents of AI in the legal sphere is the business impact of the technology and the potential for cost savings that could allow professionals to devote more time to high-value tasks. Proponents of AI in the legal profession also emphasize its potential to revolutionize access to justice for litigants with limited resources. Because machine learning expedites the process of due diligence, litigation costs tend to lessen. But with its increasing use in the legal industry, concerns are growing about data privacy and security, ensuring compliance with privacy laws, and protection of sensitive information.

Critics of AI in the legal profession argue that some systems inherit biases from the data from which they are trained. If the training data reflects historical biases or inequalities, AI can perpetuate these biases in its outputs and inadvertently exacerbate existing biases present in the data. This can lead to unfair outcomes, particularly in areas such as sentencing, bail decisions, and hiring practices within law firms. Ensuring AI systems are trained on diverse and representative data sets is crucial to mitigate bias. Because biased AI can lead to unfair legal outcomes, it also has the power to undermine trust in the legal system and lead to legal challenges. To address AI bias, legal professionals are advocating for more transparent AI systems, routine bias audits, and the use of diverse and representative training data. For example, practitioners

are advocating for a stronger regulatory framework to safeguard against unfair or unethical implementation of AI systems. However, the "black box" nature of many AI algorithms makes it difficult to understand how decisions are made, resulting in a lack of transparency in a profession where accountability and the ability to explain decisions are paramount. Practitioners must prioritize their duty to provide clear and understandable reasoning for outputs predicated upon AI work product.

Legal professionals are pushing to ensure AI tools do not reinforce existing inequalities and yield incorrect conclusions predicated on deficient, incorrect, or inadequate data. Moreover, lawyers are bound by ethics around competence, due diligence, legal communication, and supervision—and many of these characteristics inform how AI is used. Ethical concerns are particularly paramount in the context of sensitive legal areas such as custody disputes, criminal justice, and divorce settlements, highlighting the critical need to maintain ethical vigilance and commit to ethical integrity. In this way, maintaining the human element is crucial to mitigate biases and guarantee individualized legal opinions and conclusions. AI should not be seen as a threat to the profession, but rather a complement to an inherently human profession. AI should be used to enhance the human element, not replace it. Human oversight is cricual to maintaining integrity in the legal process by preventing over-reliance on automated systems. The ethical considerations surrounding the use of AI in the legal profession are complex and multifaceted. By addressing issues of bias, transparency, privacy, competence, ethical use, and access to justice, the legal community can harness the benefits of AI while upholding the principles of fairness and justice.

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Goldberg Segalla is a national civil litigation firm with a diverse team of 450+ attorneys in 23 offices in major metropolitan markets across the United States, providing strategic coverage wherever our clients do business. Our experienced litigators and trial attorneys are trusted counselors to public and private clients in key industries including health care, transportation, insurance, retail and hospitality, construction, manufacturing, and energy. Our capabilities span employment and labor, insurance coverage, toxic tort and environmental law, business and commercial disputes, product liability, general liability, and management and professional liability.

GOLDBERG SEGALLA

Christopher J. Belter | Partner
Direct 716.566.5412 | cbelter@goldbergsegalla.com

July 15, 2025

Honorable Judge Thomas M. Cushing
Courtroom 2812
Richard J. Daley Center
50 West Washington Street
Chicago, Illinois 60602

Re: Jordan, et al., v. Chicago Housing Authority, et al.
Case No.: 2022 L 000095
Our File No. 2596.0001

Dear Judge Cushing:

In accordance with the Court's July 10, 2025, Order, I write on behalf of Goldberg Segalla ("GS" or the "Firm") to outline the Firm's policy history regarding artificial intelligence use both internally and in legal services for GS clients. Copies of the referenced policies are enclosed.

Danielle Malaty, formerly of the Firm, was responsible for the citation in the Chicago Housing Authority's brief. On July 11, 2025, I emailed her attorney Daniel Meyer (Meyer Law Group LLC), attaching the Court's Order and informing him that Ms. Malaty must attend Thursday's hearing. Mr. Meyer acknowledged receipt and said he would notify Ms. Malaty.

I joined GS in 2001 and am currently an equity partner. Since 2010, I have served on the five-person management committee and became Chief Operating Officer in 2020.

On behalf of GS, I apologize to Your Honor, the Court staff, and opposing counsel for this incident. We take it very seriously: the attorney responsible has been terminated, our internal policies and training updated, and management has met with all attorneys in the Firm to discuss this situation and reinforce our zero-tolerance policy on using AI for legal research. We are also considering additional safeguards to prevent any recurrence.

GS has closely tracked advancements in Artificial Intelligence and its adoption by law firms in recent years. The Firm's Management Committee, Chief Information Officer ("CIO"), and Director of Risk and Compliance ("DRC") meet regularly to manage and oversee AI use within the Firm.

The Firm's first policy related to Artificial Intelligence was published to the entire Firm, including all attorneys, on July 13, 2023. This was a "No AI Use" policy and provided **"Effective immediately, the use of AI technology is strictly prohibited without prior approval from the IT department and firm leadership."**

The Firm's July 2023 policy further stated**: "All employees must refrain from utilizing any AI-based solutions or implementing AI technology on company-issued devices or equipment — and when performing services for any firm clients on any device — without proper authorization."**

And noted:

"The market is flooded with vendors offering a variety of services, but most of these are unproven or unreliable and need to go through a thorough review and vetting process."

The Firm's "No AI Use" policy stayed in effect until March 12, 2025, when it was replaced by the Artificial Intelligence Acceptable Use Policy ("AIAUP").

The AIAUP provided, in part:

"Assistance, Not Replacement: AI should be used to assist employees in their tasks, not perform their tasks. Users must meticulously review any output received through AI for content validity and other concerns. Effective use of AI includes writing prompts with care, reviewing output, verifying output, editing output, and providing feedback to the machine learning tool if the output is wrong, misleading, or biased."

And

"**Unauthorized AI Tools: AI tools that lack approval for use and not governed by Goldberg Segalla Information Technology controls are not approved for use with any Goldberg Segalla information. This includes free or non-Goldberg Segalla managed versions of AI tools like but not limited to AI environments similar to ChatGPT."**

"Sensitive Information: Any information including but not limited to, health information, proprietary information, and any other data considered confidential or controlled must not be used with open (public) AI tools."

And

"Mandatory Training: All attorneys and legal staff must attend a training session on the use of AI in legal work. The training will cover the ethical, legal, and practical aspects of AI usage."

"Attestation: Upon completion of the training, attorneys must attest to the following conditions before using AI software in legal work:

o They have reviewed the client guidelines specific to the file to ensure there is no prohibition on the use of AI.

o If required, they will inform the client in writing about the use of AI, specifying the capacity in which AI may be used, and obtain a written sign-off from the client. This written authorization must be saved in the firm's records.

o In cases where a client does not have specific guidelines, attorneys must make written notification to client informing client of use case. This notification must be saved in the client's file."

Upon adoption of the AIAUP, the Firm utilized a proprietary AI tool, Microsoft CoPilot, which was designated for internal use on specific tasks approved by firm management, the CIO, and the DRC. All data processed through this platform remained private and inaccessible to the public. The use of open-source AI tools continued to be strictly prohibited by the Firm.

Furthermore, all employees were required to review and acknowledge the AIAUP and to complete mandatory training regarding the application of AI in legal practice.

On June 11, 2025, the Firm updated the AIAUP and distributed it to all attorneys and employees. Everyone was required to review, sign, and complete mandatory AI training.

The updated AIAUP provided, in part:

Assistance, Not Replacement: AI should only be used to potentially assist employees in their tasks, not perform their tasks. Users must meticulously review any output received through AI for content validity and other concerns. Effective use of AI includes writing prompts with care, reviewing output, verifying output, editing output, and providing feedback to the machine learning tool if the output is wrong, misleading, or biased. AI has the propensity to "hallucinate" facts and generate incorrect and non-existent information, including case citations, making it unreliable for drafting legal documents.

To be abundantly clear, notwithstanding this AI policy, it has always been and will always be every attorney's ethical obligation to review each and every case, statute, or legal citation to verify that it is good law prior to providing any documents with citations to clients, insurance carriers, or filing with courts, ADR forums or tribunals. The use of AI to draft briefs, memoranda of law, or other pleadings is strictly prohibited. If AI is utilized in tasks for which it is allowed (i.e., grammar, tone, assistance in the cohesion of a document), it is mandatory that every fact, citation, and legal reference in the output be verified to ensure accuracy. Failure to adhere to these standards will result in disciplinary action, up to and including termination.

And

Prohibited Use:

Unauthorized AI Tools: AI tools that lack approval for use and not governed by Goldberg Segalla Information Technology controls are not approved for use with any Goldberg Segalla information. This includes free or non-Goldberg Segalla-managed versions of AI tools like but not limited to AI environments similar to ChatGPT.

Sensitive Information: Any information including but not limited to, health information, proprietary information, and any other data considered confidential or controlled must not be used with open (public) AI tools.

And

Mandatory Training: All attorneys and legal staff must attend a training session on the use of AI in legal work. The training will cover the ethical, legal, and practical aspects of AI usage.

Attestation: Upon completion of the training, attorneys must attest to the following conditions before using AI software in legal work:

- o They have reviewed the client guidelines specific to the file to ensure there is no prohibition on the use of AI.

- o If required, they will inform the client in writing about the use of AI, specifying the capacity in which AI may be used, and obtain a written sign-off from the client. This written authorization must be saved in the firm's records.

- o In cases where a client does not have specific guidelines, attorneys must make written notification to client informing client of use case. This notification must be saved in the client's file.

The Firm enforces zero tolerance for misuse of AI in legal research or improper handling of client data related to AI use.

I will attend the hearing on July 17, 2026, and am available to answer any questions Your Honor may have about the Firm's policies or this incident

Very truly yours,

Christopher J. Belter

CJB:amk

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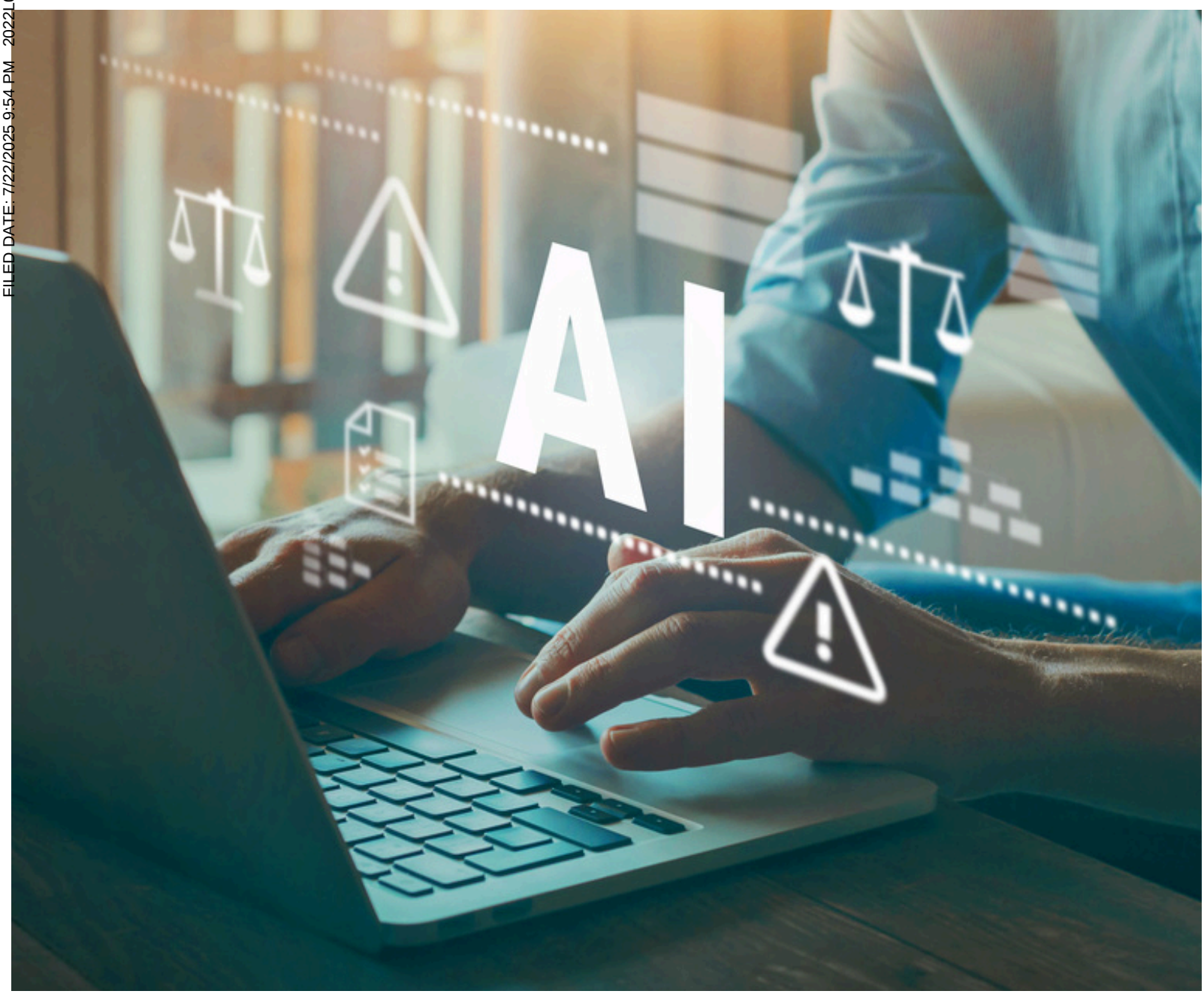
News

Fake Case Citations Put 2 Lawyers on Hot Seat

April 14, 2025 By **Laura Lorek**



Credit: Song_about_summer/Adobe Stock

The talk on X and LinkedIn among attorneys lately is about fake artificial intelligence-generated cases being included in court filings.

And it's happened again in Texas and Pennsylvania.

In one instance, an attorney filed a brief in Dallas Court of Appeals citing four cases that neither opposing counsel nor the court could locate. The judge in that case, Nancy Kennedy, gave counsel 10 days to file copies of the four cases.

And in another, the judge dismissed the case over the faulty citations.

The Texas litigation is over a contract dispute filed Feb. 2, 2024: *Lauren Rochon-Eidsvig and Heidi Rochon Hafer v. JGB Collateral, LLC 5-24-00123-CV.*

“After reviewing the parties’ briefs, we note that Appellants’ May 16, 2024 Brief cites the following cases, none of which could be located by Appellee or this Court,” Kennedy wrote in her order.

The cases cited include *Macy’s Texas, Inc. v. D.A. Adams & Co., 584 S.W.2d 716 (Tex. Civ. App.—Tyler 1979, writ ref’d n.r.e); Stephens v. Beard, 158 Tex. 229, 309 S.W.2d 189 (1958); Gaston v. Monroe, 89 Tex. 539, 35 S.W. 658 (1896);* and *Estate of Malpass v. Malpass, 917 S.W.2d 773 (Tex. App.—San Antonio 1996, no writ).*

Heidi Rochon Hafer, an attorney in Dallas, is listed as the attorney and one of the appellants. She could not be reached immediately for comment.

Kennedy’s order comes on the heels of a court in Pennsylvania sanctioning an attorney for submitting fake cases in a product liability case, *Patricia Bevins Plaintiff v. Colgate-Palmolive Co. and BJ’s Wholesale Club, Inc., defendants’ case 2:25-cv-00576*

In that case, Bevin’s opposition briefs filed by attorney Nicholas L. Palazzo of Defino Law Associates. Included citations to two purported cases which presented concerns to the court because they could not be located and if they could be located contained errors.

Palazzo reached by phone Monday afternoon declined to comment.

“Attorneys are referencing cases that don't exist and typically what's happening is that these individuals are using AI platforms that really aren't meant for legal research,” said Frank Ramos, partner with Goldberg Segalla in Miami.

Ramos posted both of the cases to his more than 77,000 followers on LinkedIn.

"Every lawyer has an obligation to read whatever they're citing... even if you're using LEXIS or Westlaw, there was a study done last summer that showed they get it wrong about 30 percent of the time,” Ramos said.

"Most people are treating AI as sort of the last step in legal research and really it should be step one or two of 10 steps, and that's where the mistake happens... you have to confirm the content, trust and verify."

ChatGPT and other AI generators are not meant to craft legal briefs, Ramos said. They can make up case citations, also known as AI hallucinations. In 2023, a New York attorney submitted fake cases he got from ChatGPT in a federal case, which is believed to be the first one involving AI-generated hallucinations, Ramos said.

Doug Gladden, an attorney with the Harris County Public Defender’s office in Houston, also posted Kennedy’s ruling to X, which generated several comments and reposts. He declined to comment.

The fake cases being submitted into court will continue until the sanctions go beyond fines and include suspensions or other actions by State Bar associations, Ramos said.

"Each time this happens, it kind of sets back the use and application and adoption of AI, which is unfortunate," Ramos said. Because if it's used properly, AI can help especially to access the courts for individuals who may not otherwise afford lawyers, he said.

GOLDBERGSEGALLA

NEWS

Frank Ramos Warns Attorneys of Irresponsible AI Usage in Texas Lawyer Article

April 16, 2025

Frank Ramos

Goldberg Segalla partner **Frank Ramos**, a renowned artificial intelligence thought leader and advocate for the ethical adoption of AI by the legal industry, spoke with *Texas Lawyer* regarding two more occurrences of fake AI-generated cases being included in court filings.

The article, "Fake Case Citations Put 2 Lawyers on Hot Seat," by Laura Lorek, explores instances in Texas and Pennsylvania that center around attorneys including alleged fake cases in court filings that cannot be found or verified by respective opposing counsel or courts. The Texas judge gave counsel 10 days to file copies of the unverified cases, while the Pennsylvania court sanctioned the responsible attorney for submitting the fake cases in a product liability matter.

While not the first instances of AI-generated fake cases submitted in legal documents, Frank cautions attorneys to be especially vigilant when working with AI tools.

"Attorneys are referencing cases that don't exist and typically what's happening is that these individuals are using AI platforms that really aren't meant for legal research," he says. "Every lawyer has an obligation to read whatever they're citing…even if you're using LEXIS or Westlaw, there was a study done last summer that showed they get it wrong about 30 percent of the time."

Frank goes on to describe a common occurrence – AI hallucinations – as all the more reason for attorneys to be especially careful when utilizing AI in case research. Frank notes that some AI generators like ChatGPT are not meant to craft legal briefs because they can make up case citations.

"Most people are treating AI as sort of the last step in legal research and really it should be step one or two of 10 steps, and that's where the mistake happens… you have to confirm the content, trust and verify," he says.

Frank also endorses harsher punishment for fake cases, arguing similar outcomes will continue until sanctions start to include suspensions.

"Each time this happens, it kind of sets back the use and application and adoption of AI, which is unfortunate."

READ THE FULL ARTICLE HERE (SUBSCRIPTION REQUIRED)

MORE ABOUT GOLDBERG SEGALLA'S Frank Ramos:

Frank has dedicated his life to advocating for others. A nationally recognized legal advisor and litigator, Frank has been defending clients in civil litigation for more than 26 years, focusing his practice on retail, product liability, premises liability, trucking, insurance, and commercial disputes. A seasoned litigator, he has taken numerous trials and arbitrations to verdict or award.

Frank uses his extensive litigation experience to provide counsel, defense, and strategic guidance to retailers, developers, restaurants, fitness chains, hotels, resorts and other hospitality businesses. His representation has included negligent security, slip/trip and falls, catastrophic personal injury, trucking and motor vehicle accidents, employment and construction claims, as well as a variety of commercial disputes ranging from intellectual property and breach of contract to bad faith, franchise agreements, and landlord-tenant issues.

TOPICS

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT – CHANCERY DIVISION

Noemi Calderon, Plaintiff, v. Dynamic Manufacturing, Inc., Defendant.	No. 2024 CH 09839 Calendar 15 Hon. William B. Sullivan Judge Presiding

ORDER

This matter coming before the Court on its own motion, with the Court being fully advised in the premises;

IT IS HEREBY ORDERED:

1. The hearing on Defendant's Motion to Dismiss set for June 10, 2025 is stricken. Defendant's Motion is entered and continued generally.
2. Counsel for Defendant Dynamic Manufacturing, Inc. is ordered to appear, and the Court will hold an evidentiary hearing as to whether Counsel should be sanctioned pursuant to Illinois Supreme Court Rule 137 for submitting a Motion and a Reply containing twelve faulty citations.
3. The Court will permit the parties to file briefing on the imposition of Rule 137 sanctions on or before June 30, 2025. The parties shall submit courtesy copies of such briefing to the Court via email on or before June 30, 2025.
4. The evidentiary hearing will occur on July 14, 2025 at 10:45 a.m. via Zoom (955 3557 3920).

SO ORDERED.

Judge William B. Sullivan

JUN 03 2025

Circuit Court - 2142

ENTERED:

/s/ William B. Sullivan

Judge William B. Sullivan, No. 2142.

ORDER OF THE COURT

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT – CHANCERY DIVISION

NOEMI CALDERON,	)	
	)	
Plaintiff,	)	
	)	
v.	)	2024 CH 09839
	)	
DYNAMIC MANUFACTURING, INC.,	)	
	)	
Defendant.	)	

DANIELLE N. MALATY'S BRIEF IN RESPONSE TO THE COURT'S JUNE 3, 2025 ORDER

The Order Respondent, Danielle N. Malaty, through counsel, Meyer Law Group LLC, states as follows relative to this Honorable Court's June 3, 2025 Order.

As an initial but nonetheless very significant matter, Ms. Malaty apologizes to the Court, the Court's staff and Ms. Calderon's counsel, each of whom have been required to address an issue not of their making. Ms. Malaty both recognizes and is immensely remorseful (to say nothing of embarrassed) for the burden that she has imposed upon the Court, Ms. Greer and other court staff, and Mr. Herrera and his colleagues.

That apology is not enough, however. The Court understandably wants to know how these events occurred, and whether they are worthy of a sanction. Ms. Malaty addresses those questions and concerns below.

* * *

In response to a Complaint filed by the Plaintiff, Noemi Calderon ("Calderon"), against the Defendant, Dynamic Manufacturing, Inc. ("Dynamic"), on January 7 2025, Dynamic retained Danielle N. Malaty ("Ms. Malaty") to represent it. Ms. Malaty thereafter filed a Motion to Dismiss the Complaint and, later, a Reply in support of that Motion to Dismiss.

Taken together, the Motion and Reply contained twelve faulty case citations. That prompted this Court's June 3, 2025 Order, wherein the Court permitted briefing concerning, and scheduled an evidentiary hearing relative to, the potential imposition of Rule 137 sanctions

against Ms. Malaty.

As this Court knows, the decision whether to impose Rule 137 sanction lies within its sound discretion. Through this Brief, Ms. Malaty respectfully requests that the Court exercise that discretion in favor of not imposing such sanctions upon her.[1]

I. LEGAL STANDARD

Illinois Supreme Court Rule 137(a) requires that pleadings, motions and other documents submitted to the Court be well-grounded in fact and warranted by existing law (or a good-faith argument for the extension, modification or reversal thereof). More specifically, as is relevant here, the Rule states:

> (a) *Signature requirement/certification*. Every pleading, motion and other document of a party represented by an attorney shall be signed by at least one attorney of record in his individual name, whose address shall be stated…. The signature of an attorney or party constitutes a certificate by him that he has read the pleading, motion or other document; that to the best of his knowledge, information, and belief formed after reasonable inquiry it is well grounded in fact and is warranted by existing law or a good-faith argument for the extension, modification, or reversal of existing law, and that it is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation..... If a pleading, motion, or other document is signed in violation of this rule, the court, upon motion or upon its own initiative, may impose upon the person who signed it, a represented party, or both, an appropriate sanction, which may include an order to pay to the other party or parties the amount of reasonable expenses incurred because of the filing of the pleading, motion or other document, including a reasonable attorney fee.

Ill. Sup. Ct. R. 137(a) (*emphasis supplied*).

In determining whether to impose sanctions, the circuit court must decide whether the subject pleading was warranted by existing law or a good faith argument for a change in existing law, or whether the pleading was merely meant to harass or unduly delay the proceedings. Taylor v. Highline Auto Sales, Inc., 2023 IL App (1st) 221590, ¶ 46. However, even where the circuit court finds a violation of Rule 137, it is not required to impose a sanction. Lake Envtl.,Inc. v.

[1] Ms. Malaty's paramount concern is that the Court not impose a sanction upon her former client, Dynamic. However, implied in paragraph 2 of the Court's June 3, 2025 Order is notion that the Court is contemplating sanctions only against Ms. Malaty.

Arnold, 2015 IL 118110, ¶ 15 ("Rule 137 provides that circuit court judges may impose sanctions when the rule is violated; they are not required to do so" (*emphasis in original*)).

Ultimately, the decision to grant or deny sanctions under the Rule is entrusted to the sound discretion of the circuit court, which will be overturned only when it appears from the record the court abused its discretion. *Taylor*, ¶ 45.

II. DISCUSSION

A. Ms. Malaty's Use of Technology

Ms. Malaty began using artificial intelligence to assist in her professional endeavors in early 2025. Exhibit A, Affidavit of Danielle N. Malaty, ¶ 6. Her decision to do so was prompted in large measure by the objectively collaborative process endemic to the use of the technology, which is comparable to the concept of brainstorming but with a machine rather than with another person. Ex. A, ¶ 7.

At the same time, Ms. Malaty was generally aware that the technology is nascent and thus imperfect, and was specifically aware that it is not intended to replace the human thought process. Ex. A, ¶ 8. On some level, she viewed the use of the technology as being on a plane similar (though not identical) to that of associate attorneys. Ex. A, ¶ 9. Just as a partner may brainstorm with an associate attorney relative to the preparation of a brief, the technology supplants the associate attorney in that equation. Moreover, just as a brief prepared by an associate attorney should be carefully reviewed by the partner signing the brief to ensure that the factual statements and legal analysis are well-grounded, so too should the product produced by the technology be reviewed.

Given this, Ms. Malaty established processes relative to both the creation and review of product. *Id*. As it relates to the latter (which is a core issue before the Court), she recognized that the initial drafts generated by the technology would require significant vetting, which consisted primarily of two undertakings. Ex. A, ¶ 10. First, she would review the draft brief's factual assertions against what she understood the facts to be, to ensure that the brief was factually

correct. *Id*. Second, she would review the draft brief's legal analysis, including the specific legal propositions asserted, to ensure that the analysis comported with her understanding of the law pertaining to the subject matter of the brief. Ex. A, ¶ 11.

Notably, this process did not necessarily include cite-checking each statutory and common law citation in the draft briefs. Ex. A, ¶ 12. Ms. Malaty is a regular practitioner in the realm of employment liability issues similar to those raised by Calderon's Complaint and is thus intimately familiar with Illinois law as it relates to litigation involving the Illinois Human Rights Act ("IHRA"; 775 ILCS 5/1-101) and with equivalent federal law. *Id*. During her review of a draft brief, she would only be prompted to cite-check if the document set forth an overall legal analysis, or a particular legal proposition, that did not comport with her understanding of the law on the subject matter. *Id*. Unfortunately, while Ms. Malaty was generally familiar with the notion that the technology was capable of "hallucinating," she was not aware that it actually hallucinated statutory and decisional law that simply does not exist (Ex. A, ¶ 13).[2]

Ms. Malaty filed the subject Motion and Reply against this backdrop.

B. The Motion and Reply

Upon her retention, Ms. Malaty reviewed the Complaint and determined that dismissal of it may be warranted on several grounds. Ex. A, ¶ 14. She employed the technology to assist her (in the "brainstorming" sense, as described above) in preparing what became the Motion to Dismiss, which resulted in a draft motion. Ex. A, ¶ 15.

Ms. Malaty then undertook her review-and-vetting process relative to the draft motion. From the allegations of the Complaint and other facts known to her, she confirmed that the factual statements set forth in the draft motion were accurate. Ex. A, ¶ 16. Based on her experience in similar employment matters and her knowledge of the relevant law, nothing in the overall legal

[2] Over the course of the last several weeks, Ms. Malaty has completed approximately 7.25 hours of continuing legal education courses related (in whole or in part) to the technology, its use and its risks. Ex. A, ¶ 20.

analysis, or in any particular legal proposition, stood out as an anomaly; the draft motion appeared to set forth well-founded legal arguments, both in general and in its specifics. *Id*. Due to the lack of any such anomalies, Ms. Malaty did not cite-check the draft motion's case citations to ensure that they were accurate. *Id*. Ultimately, she edited the draft motion for diction and style, to match her usual tone and tenor, and directed her assistant to file the Motion to Dismiss. *Id*.

After Calderon filed a Response to the Motion, Ms. Malaty undertook the same general process. She employed the technology to assist her in preparing a draft of the Reply. Ex. A, ¶ 17. Her review of the draft brief reflected no legal anomalies – no proposition of law seemed out of place, or otherwise seemed to be inconsistent with the subject law as she understood it. *Id*. As a result, she did not cite-check the case citations in the draft brief. *Id*. Rather, she again edited the document for tone and tenor and directed her assistant to file the Reply. *Id*.

C. The Court's June 3, 2025 Order

On May 20, 2025, the Court's clerk sent an electronic mail to Ms. Malaty seeking clarification as to a case citation in the Motion Within approximately two hours, Ms. Malaty provided the correct citation for the subject legal proposition and offered to submit a corrected motion (which the Court's clerk declined). Ex. A, ¶ 18. Two days later, on May 22, 2025, the Court's clerk sent a second electronic mail to Ms. Malaty, again seeking clarification as to a case citation in the Motion. Ex. A, ¶ 19.

This second inquiry from the Court alerted Ms. Malaty to the potential that a larger case citation issue may have existed in the Motion and perhaps the Reply. *Id*. As a result, she immediately began cite-checking every statutory and case citation in the two documents. *Id*. Ultimately, she identified twelve case citations in the Motion and Reply that were hallucinatory, and provided to the Court corrected citations for each legal proposition that relied upon a faulty citation. *Id*. The following table illustrates the exercise.

Document	Legal Proposition	Faulty Citation	Corrected Citation
Mot., p. 5	"Isolated or sporadic incidents, even if	Slayton v. Ill. Dep't of Human Rights, 363	Hoffelt v. Ill. Dep't of Human Rights, 367

	offensive, are generally insufficient to meet this standard."	Ill. App. 3d 1016 (2006)	Ill. App. 3d 628 (1st Dist. 2006)
Mot., p. 9	"Failure to comply with this statutory deadline bars any claim based on untimely allegations."	Bd. of Governors of State Coll.'s & Univ.'s v. Ill. Human Rights Comm'n, 195 Ill. App. 3d 906 (1990)	Trembczynski v. Human Rights Comm'n, 252 Ill. App. 3d 966 (1993)
Mot., p. 10	"Discrete acts, such as individual comments, physical interactions, or social exclusion, do not qualify as a continuing violation – even if they contribute to a broader sense of workplace hostility."	Lucas v. Ill. Dep't of Human Rights, 2012 IL App (1st) 112032	Kidney Cancer Ass'n v. N. Shore Cmty. Bank & Tr. Co., 373 Ill. App. 3d 396 (1st Dist. 2007)
Mot., p. 11	"Illinois law recognizes joint employer liability only where two entities share significant control over the terms and conditions of employment."	Graves v. Indus. Comm'n, 76 Ill. 2d 471 (1979)	AFSCME Council 31 v. State Labor Relations Board, 216 Ill. 2d 569 (2005)
Rep., p. 2	"Illinois courts consistently hold that isolated remarks, sporadic incidents, or workplace rudeness – even when unpleasant – do not meet the severe or pervasive standard required for hostile work environment claims."	Nichols v. Sch. Dist. 308, 2020 IL App (2d) 191116	Hoffelt v. Ill. Dep't of Human Rights, 367 Ill. App. 3d 628 (1st Dist. 2006)
Rep., p. 3	"Mere inconvenience, altered job responsibilities, or personal animosity does not suffice."	Delgado v. Bd. of Trs. of the Univ. of Ill., 2021 IL App (1st) 200144	Spencer v. Ill. Human Rights Comm'n, 2021 IL App (1st) 170026
Rep., p. 3	"Courts have repeatedly held that mere speculation or subjective belief is insufficient."	Swanigan v. City of Chicago, 775 F.3d 953 (7th Cir. 2015)[3]	Alexander v. Loyola Univ. Med. Ctr., 2024 IL App (1st) 230980-U
Rep., p. 4	"Constructive discharge occurs only when working conditions become so	Robino v. Nordstrom, Inc., 2021 IL App (1st) 192329- U	Motley v. Human Rights Comm'n, 263 Ill. App. 3d 367 (4th

[3] The *Swanigan* case is not hallucinatory in the sense that it is an actual case bearing the citation as set forth in the Reply. However, it does not stand for the proposition for which it was cited and, in that sense, is a product of the technology's hallucination.

	intolerable that a reasonable person would feel compelled to resign."		Dist. 1994)
Rep., p. 4	"Illinois courts consistently reject constructive discharge claims based on workplace tension, feeling disrespected by coworkers, or receiving criticism or reassignment."	Fields v. Bd. of Educ. of City of Chicago, 2023 IL App (1st) 221330-U	Stone v. Department of Human Rights, 299 Ill. App. 3d 306 (4th Dist. 1998)
Rep., p. 5	"Oversight of work performance and responsiveness to complaints are ordinary aspects of maintaining a productive workplace, not evidence of joint employment."	Gajda v. Steel Solutions Firm, Inc., 2022 IL App (1st) 210984-U	Love v. JP Cullen & Sons, Inc., 779 F.3d 697 (7th Cir. 2015)
Rep., p. 6	"Courts recognize that the IDHR's expertise in investigating discrimination claims entitles its conclusions to meaningful consideration."	Slover v. Bd. of Educ. of Rockford Sch. Dist. No. 205, 144 F. Supp. 2d 857 (N.D. Ill. 2001)	Hoffelt v. Ill. Dep't of Human Rights, 367 Ill. App. 3d 628 (1st Dist. 2006)
Rep., p. 6	"Absent such allegations, Plaintiff cannot reasonably request the Court to disregard the IDHR's conclusions."	Glover v. DePaul Univ., 2019 IL App (1st) 180094-U	Castaneda v. Illinois Human Rights Comm'n, 132 Ill. 2d 304 (1989)

The June 3, 2025 Order followed, wherein the Court scheduled an evidentiary hearing, and permitted briefing, relative to the potential imposition of Rule 137 sanctions.

D. Ms. Malaty's Request to the Court

Quite clearly, Ms. Malaty signed the Motion and Reply, and those documents together contained twelve faulty case citations. Though the legal propositions for which the faulty case citations were cited are supported by existent case citations, Ms. Malaty recognizes and accepts that the inclusion of the faulty citations was disruptive to the Court's process and to Calderon's counsel's advocacy.

The decision of whether to impose sanctions is within the Court's discretion (*Taylor*, ¶ 45), but Ms. Malaty requests that this Court decline to impose them on her. Her request is in keeping with the notion that not every violation of Rule 137 requires a court-imposed sanction (*Lake Envtl.*, ¶ 15). Ms. Malaty respectfully suggests that the present situation is one where the Court may reasonably decline to impose sanctions without diminishing the import of the lesson learned.

While "bad faith" may not be a required element of proof to support the imposition of sanctions, it is certainly a factor that our courts consider when determining whether to impose sanctions. As the *Taylor* court observed:

> In reviewing a motion for sanctions, the circuit court must decide whether the allegations in the underlying complaint were warranted by existing law or a good faith argument for a change in existing law, or whether the allegations were merely meant to harass or unduly delay the proceedings.

Taylor, ¶ 46.

Ms. Malaty did not act in bad faith when she filed the Motion and Reply. First, Ms. Malaty did not intend to, and did not even inadvertently, mislead the Court or Calderon's counsel into believing that the state of the law is something different than what it is. The legal propositions associated with each faulty case citation are valid legal propositions, supported by existing law. Only the citations themselves are faulty. Ms. Malaty does not mean to minimize the importance of providing the Court and counsel with correct case citations – not at all – rather, she draws this point only to illustrate that the Motion and Reply, despite their faults, set forth sound legal analyses that are fully supported by existent Illinois decisional law.

Second, the inclusion of the faulty case citations was not intentional. She did not retain the faulty case citations in the as-filed Motion and Reply as a means of harassing Calderon or her counsel (*e.g.*, increasing the costs of litigation), or as a means of delaying this litigation. The inclusion of the citations was, instead, inadvertent.

By raising these points, Ms. Malaty does not mean to suggest that the facts that led to the Court's June 3, 2025 Order are of no concern and thus do not warrant this discussion. The Court's

concern is genuine and well-founded, and Ms. Malaty recognizes and appreciates that her inclusion of faulty case citations in the Motion and Reply wasted valuable time of the Court and its staff, and of Calderon's counsel, all of whom could have better spent their time addressing other cases and, for Calderon's counsel, serving other clients.[4]

Ms. Malaty has taken ownership of this issue. She did so immediately upon recognizing it for what it is. Rather than cower from the issue, she immediately reviewed the documents to identify additional offending citations and brought them to the Court's attention – all before the Court entered its June 3, 2025 order. She does not blame the technology for the current state of affairs, just as she would not blame an associate attorney who produced sub-par or faulty work product. Ms. Malaty signed the Motion and the Reply, and it is thus Ms. Malaty who is subject to the Court's exercise of discretion.

Bad faith may not be a hurdle the Court needs to circumnavigate in its decision-making process, but Ms. Malaty respectfully suggests that it is a factor the Court should consider. Ms. Malaty made an error. It was a grave error that wasted this Court's time and Calderon's counsel's time, but it was in the end an inadvertent error devoid of malicious or nefarious intent, which is to say that Ms. Malaty did not act in bad faith. For that reason, she requests that this Court decline to impose sanctions on her.

* * *

Ms. Malaty began this brief with an apology and ends with one. She has practiced law in this State for ten years and has thrived on a reputation of zealous advocacy tempered by professionalism, honesty and fairness. She endeavors always to do the right thing, to step in the right direction. Here, she mis-stepped. The long-term consequences of that are hers to bear, but

[4] Ms. Malaty has discussed with Calderon's counsel the amount of time that counsel incurred addressing the issue of the faulty case citations and the value of that time to counsel. Ms. Malaty and counsel have agreed that Ms. Malaty will pay to counsel $1,000.00 (which she has personally paid already), and that they will continue to discuss in good faith any additional payments she may make to counsel. Ex. A, ¶ 21.

her mis-step also placed a burden on the Court, the Court's staff including Ms. Greer, and Mr. Herrera and his colleagues. For that, Ms. Malaty apologizes.

Wherefore, the Order Respondent, Danielle N. Malaty, respectfully requests that this Honorable Court exercise its discretion by not imposing sanctions upon her pursuant to Illinois Supreme Court Rule 137.

Dated: June 27, 2025.

Respectfully Submitted:

By: /s/ DBM
Daniel B. Meyer
Counsel to Danielle N. Malaty

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT – CHANCERY DIVISION

NOEMI CALDERON,	)	
	)	
Plaintiff,	)	
	)	
v.	)	2024 CH 09839
	)	
DYNAMIC MANUFACTURING, INC.,	)	
	)	
Defendant.	)	

AFFIDAVIT OF DANIELLE N. MALATY

I, Danielle N. Malaty, having been first duly sworn, do depose and state as follows:

1. I am an Illinois-licensed attorney.

2. I received my Juris Doctor from Catholic University of America – Columbus School of Law.

3. The Illinois Supreme Court admitted me to the practice of law in this State on May 1 2014.

4. I thereafter worked for Stellato & Schwartz (now Schwartz Gilligan) through 2015, Kopka Pinkus Dolin from 2015 through June 10 2022, and Goldberg Segalla from June 13 2022 through June 13 2025. On June 16 2025, I established Malaty Law Group LLC.

5. Over the last several years, my practice has concentrated significantly in the representation of employers in employment discrimination cases involving both state and federal statutes, including (by way of example) the Illinois Human Rights Act (775 ILCS 5/1-101), and the federal Civil Rights Act (42 U.S.C. § 2000e) and other federal laws enacted to govern the relationship between employees and employers.

6. I first began using artificial technology in my professional life in January 2025.

7. Discussion in the legal community concerning the technology had been increasing prior to my first use of it, and my decision to begin implementing it in my practice of law was driven primarily by the process. It offers the ability to collaborate with the technology, which is inherently objective. The process is akin to brainstorming with a fellow lawyer, which, while still valuable, is limited by the participants' knowledge and experience.

8. While I found the process itself compelling, I also understood that the technology is not fully developed, and that it is therefore not perfect. I also understood that the technology is not intended to, and in fact cannot, replace lawyers as people, and that it is best used to supplement and stimulate the human thought process (rather than replace it).

9. Due to these limitations, I treated the technology's place in my practice of law similar to the way I view associate attorneys' place in the practice of law, and I established processes for my use of the technology, both in its creation of draft briefs and my review of those draft briefs.

10. The creation of draft briefs is beyond the purpose of this Affidavit, but as to my review of the draft briefs themselves, once created, I recognized that the "first draft" created by the technology would require significant review, vetting and editing. In particular, the process required reviewing the factual statements in a draft brief to ensure that they accurately reflected the facts of which I was aware, and correcting any factual misstatements.

11. This process also required my review of a draft brief's overall legal analysis, and of the discrete legal propositions asserted in the brief, to ensure that the overall legal analysis and the particular legal propositions were sound.

12. This process did not always include cite-checking each citation to a statute or a case. Due to the concentration of my practice in employment discrimination matters, I have become very familiar with the various statutes that come into play in those case, and with the case law that has developed relative to those statutes. For example, when I review a brief that sets forth the elements of a claim for sexual harassment under the Illinois Human Rights Act, I know, based on my experience in this area of the law and without needing to review case law, whether the brief accurately states those elements. Cite-checking came into this process only when a draft brief stated a legal proposition for which I was not familiar, or a legal proposition that did appear to be correctly stated.

13. When I began using the technology in the practice of law, I understood that the technology

was imperfect, and I knew that it was capable of making statements that were incorrect, a phenomenon referred to as "hallucinating." What I did not realize at the time was that the technology was prone to hallucinating statutory and case law that did not exist; I was unaware that it would actually create non-existence case names and citations.

14. I was retained by Dynamic Manufacturing, Inc., to represent it in this case in January 2025. Upon my retention, I reviewed the complaint and concluded that several grounds existed to support of motion to dismiss.

15. As I had just started to implement the technology into my practice of law, I decided to use the technology as my "brainstorming" function and to assist me in preparing that motion.

16. Once an initial draft was created, I employed the process described earlier in this Affidavit to review, vet and edit the initial draft. In particular, I reviewed the factual statements contained in the draft to ensure that they were consistent with the allegations of the complaint and with other facts I understood be true. I then reviewed the legal analysis and, from a high level, the analysis comported with my understanding or interpretation of the subject law gains through my experience; on a more surface level, the legal propositions asserted in the draft were also in line with my understanding of the law pertaining to claims brought under the Illinois Human Rights Act. Ultimately, because nothing in the legal analysis stood out to me as either unfamiliar or incorrectly stated, I did not cite-check the case law associated with the various legal propositions. Instead, I edited the draft to ensure that it read the way I wanted it to read, and asked my assistant to file it.

17. I undertook a similar process with respect to the reply in support of the motion to dismiss. As it relates to the legal analysis set forth in the reply, none of the legal propositions stood out to me as wrongly stated, and none of them were unfamiliar to me. As a result, I did not cite-check each case law citation to ensure that it was correct. Instead, I smoothed out the rough edges to put the brief in form and substance that I was satisfied with.

18. On May 20, 2025, the Court's clerk asked me to clarify a certain citation in the motion to dismiss. When I found the cite in the motion, I recognized that it was incorrect and I provided the correct citation (and a copy of the correct case) to the Court.

19. On May 22, 2025, the Court's clerk again asked me to clarify a citation in the motion. That is when the alarm bell rang for me; it caused me to consider whether there was some larger problem with the brief. That day, I reviewed both the motion and the reply and checked every statutory and case citation. In the end, I discovered that the two briefs contained a total of twelve incorrect case citations, and I immediately provided the Court with the correct case citations for those legal propositions.

20. Over the course of the last few weeks, I have become much more familiar with the technology. I have taken approximately 7.25 hours of continuing legal education coursework related in whole or part to the technology, its use, its limitations and its risk.

21. I have reimbursed Mr. Herrera's organization in the amount of $1,000.00 to compensate him and his colleagues for their time, and we have agreed to continuing good-faith discussions regarding any additional reimbursement I may make to the organization relative to this matter.

22. I recognize that the typical and most accepted purpose of an affidavit is to state facts, but I do want to say, in a document that bears my signature (not my lawyer's), that I am deeply apologetic to Judge Sullivan, Ms. Greer and others on Judge Sullivan's staff, and to my opposing counsels, Kevin Herrara, Mark Birhanu and Esmerelda Limon and their staff. I recognize and appreciate that I disrupted their days and caused a substantial waste of time, and I apologize for having done so.

Further, Affiant Sayeth Not.

By: _____
Danielle N. Malaty
Dated: 6.27.2025

Certification

Under penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure (735 ILCS 5/1-109), the undersigned does hereby certify that the statements set forth in this Affidavit are true in substance and in fact.

By: _____
Danielle N. Malaty

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT – CHANCERY DIVISION

NOEMI CALDERON, Plaintiff, v. DYNAMIC MANUFACTURING, INC., Defendant.	No. 2024 CH 09839 Calendar 15 Hon. William B. Sullivan Judge Presiding

ORDER

This matter coming before the Court on the Court's own motion for an evidentiary hearing on the imposition of sanctions pursuant to Illinois Supreme Court Rule 137, the Court having been fully advised in the premises, the Court finds and orders the following:

I. Background

Plaintiff Noemi Calderon ("Plaintiff") brought this suit for alleged employment discrimination against Defendant Dynamic Manufacturing, Inc. ("Dynamic"). Comp. A hearing on Dynamic's Motion to Dismiss ("Motion") was scheduled for June 10, 2025. In the leadup to that hearing, the Court learned, through correspondence with Dynamic's then-counsel, that Dynamic's briefing contained cases hallucinated by ChatGPT, a generative artificial intelligence tool that Dynamic's then-counsel had used in drafting the Motion.

In an initial review of the parties' briefs in preparation for oral argument, the Court was unable to locate two cases cited in Dynamic's Motion. On May 20 and 22, 2025, the Court emailed the parties for clarification of the citations and requested PDFs of the opinions.[1]

Danielle N. Malaty ("Malaty"), the attorney who signed Dynamic's briefing, responded to each email with corrected citations and PDFs of the correct cases.[2] She

[1] Email from the Court to Danielle N. Malaty ("Malaty"), Kevin Herrera, Mark Bihanu, Esmerelda Limon, Brenda Salgado (collectively "Counsel") (May 22, 2025, 3:10 PM CT) (on file with the Court); Email from the Court to Malaty, Tania Hana, and Counsel (May 20, 2025, 10:21 AM CT) (on file with the Court).

[2] Email from Malaty to the Court and Counsel (May 22, 2025, 3:30 PM CT) (on file with the Court); Email from Malaty to the Court and Counsel (May 20, 2025, 12:37 PM CT) (on file with the Court).

also offered to file corrected or amended versions of the Motion in each of her emails.[3] The Court replied both times that such filings were unnecessary.[4]

Thirteen minutes after the Court's reply on May 22, the Court received another email from Malaty correcting two more citations in Dynamic's Motion.[5] Later that same day, the Court received another email from Malaty correcting eight citations in Dynamic's Reply which "[did] not correspond to reported decisions."[6] Malaty provided PDFs of the substitute cases in each email and again offered to file corrected versions of the Motion and Reply respectively.[7]

In total, Malaty's briefing contained twelve faulty citations:

	Faulty Citation	Substituted Citation
1.	*Slayton v. Ill. Dep't. of Human Rights*, 363 Ill. App. 3d 1016, 1030 (2006).	*Hoffelt v. Ill. Dep't of Human Rights*, 367 Ill. App. 3d 628, 633-34 (1st Dist. 2006).
2.	*Bd. of Governors of State Colls. & Univs. v. Ill. Human Rights Comm'n*, 195 Ill. App. 3d 906, 911 (1990).	*Trembczynski v. Human Rights Comm'n*, 252 Ill. App. 3d 966 (1993).
3.	*Lucas v. Ill. Dep't of Human Rights*, 2012 IL App (1st) 112032, ¶¶ 32-34.	*Kidney Cancer Ass'n v. N. Shore Cmty. Bank & Tr. Co.*, 373 Ill. App. 3d 396 (2007).
4.	*Graves v. Indus. Comm'n*, 76 Ill. 2d 471, 476 (1979).	*AFSCME Council 31 v. State Lab. Rels. Bd.*, 216 Ill. 2d 569, 578-79 (2005).
5.	*Nichols v. Sch. Dist. 308*, 2020 IL App (2d) 191116, ¶ 19.	*Hoffelt v. Ill. Dep't of Human Rights*, 367 Ill. App. 3d 628, 633-34 (1st Dist. 2006).

[3] *Id.*

[4] Email from the Court to Malaty and Counsel (May 22, 2025, 3:34 PM CT) (on file with the Court); Email from the Court to Malaty and Counsel (May 20, 2025, 1:05 PM CT) (on file with the Court).

[5] Email from Malaty to the Court and Counsel (May 22, 2025, 3:47 PM CT) (on file with the Court).

[6] Email from Malaty to the Court and Counsel (May 22, 2025, 5:20 PM CT) (on file with the Court).

[7] *Id.*

6.	*Gajda v. Steel Sols. Firm, Inc.*, 2022 IL App (1st) 210984-U, ¶ 22.	*Love v. JP Cullen & Sons, Inc.*, 779 F.3d 697, 701–02 (7th Cir. 2015).
7.	*Swanigan v. City of Chi.*, 775 F.3d 953, 960 (7th Cir. 2015).	*Alexander v. Loyola Univ. Med. Ctr.*, 2024 IL App (1st) 230980-U, ¶ 35.
8.	*Delgado v. Bd. of Trs. of the Univ. of Ill.*, 2021 IL App (1st) 200144, ¶ 42.	*Spencer v. Ill. Human Rights Comm'n*, 2021 IL App (1st) 170026, ¶ 34.
9.	*Robino v. Nordstrom, Inc.*, 2021 IL App (1st) 192329- U, ¶ 24.	*Motley v. Human Rights Comm'n*, 263 Ill. App. 3d 367 (1994).
10.	*Slover v. Bd. of Educ. of Rockford Sch. Dist. No. 205,* 144 F. Supp. 2d 857, 864 (N.D. Ill. 2001).	*Hoffelt v. Ill. Dep't of Human Rights,* 367 Ill. App. 3d 628, 633-34 (1st Dist. 2006).
11.	*Glover v. DePaul Univ.*, 2019 IL App (1st) 180094-U, ¶ 43.	*Castaneda v. Ill. Human Rights Comm'n,* 132 Ill. 2d 304, 138 Ill. Dec. 270 (1989).
12.	*Fields v. Bd. of Educ. of City of Chi.*, 2023 IL App (1st) 221330-U, ¶ 25.	*Stone v. Dep't of Human Rights*, 299 Ill. App. 3d 306, 316 (1998).

None of these twelve cases exist or exist as represented in Dynamic's briefing. *Gajda v. Steel Solutions Firm, Inc.* is a real case, but it was decided in 2015 and does not address the proposition for which Dynamic cited it. *See* 2015 IL App (1st) 142219. *Swanigan v. City of Chicago* is a real Seventh Circuit decision reported at 775 F.3d 953, but it is unrelated to the proposition for which Dynamic cited it. *Delgado v. University of Illinois Board of Trustees* is a real employment discrimination case, but it was filed in the Central District of Illinois in 2024, not the First District Appellate Court. *See Delgado v. Univ. of Ill. Bd. of Trs.*, 24-CV-02270. *Fields v. Board of Education of City of Chicago* discusses constructive discharge, but it is a Seventh Circuit, not First District, opinion discussing constructive discharge under federal, not state, law. 928 F.3d 622 (7th Cir. 2019). The Court found no indication that any of the remaining cases exists at all.

On June 3, 2025 the Court entered an order striking the hearing and resetting the matter for an evidentiary hearing on the imposition of sanctions pursuant to Illinois Supreme Court Rule 137 ("Rule 137"). The Court permitted the parties to file briefing on the potential imposition of sanctions.

Malaty filed her brief on Rule 137 sanctions on June 27, 2025. In the attached affidavit, she admitted that she had used generative artificial intelligence ("AI") when drafting the Motion and the Reply. Malaty Brief, Ex. A ("Malaty Aff."), ¶¶ 15-17. Malaty averred that she began to use AI in her legal practice in January 2025. *Id.* ¶ 6. She had understood that the technology was "limited" and could not replace a human lawyer, but she found using it "compelling" and "akin to brainstorming with a fellow lawyer." *Id.* ¶ 7. When using AI, Malaty would prompt the AI to generate a "first draft," which she reviewed and edited for factual accuracy, overall analysis, and style. *Id.* ¶¶ 10-11, 16. She confessed that she only checked case citations when something in the analysis stood out to her as unfamiliar or wrongly stated. *Id.* ¶¶ 16-17. Malaty averred that she had not known that AI could "hallucinate" legal authority. *Id.* ¶ 13.

Malaty apologized to the Court and to Plaintiff's Counsel both in her brief and in her affidavit. Malaty Brief at 1, 9; Malaty Aff. ¶ 22. She described the efforts she had taken after the Court's May 22 email to mitigate the consequences of her AI use. She stated that she had taken approximately 7.25 hours of continuing legal education on AI. *Id.* ¶ 20. She also stated that she had paid Plaintiff's Counsel $1,000 in compensation for time spent on the hallucinated citations and that they had agreed to "continuing good-faith discussions" for any future reimbursements for this matter. *Id.*

Plaintiff filed her brief on Rule 137 sanctions on June 30, 2025. Pl. Brief at 1. She "presumes no malice" by Malaty but emphasized that Plaintiff's Counsel had "expended significant time and effort in its response to inapposite citations." *Id.* at 3-4. Plaintiff's Counsel confirmed that Malaty had engaged in "good faith" communications regarding the hallucinations and that Malaty had agreed to compensate them for time spent on the citations. Pl. Brief at 4. Plaintiff's Counsel did not take a position on the imposition of sanctions but noted that Malaty had demonstrated remorse. *Id.*

At the hearing on July 14, Malaty testified that she had used ChatGPT to generate the Motion and Reply. She testified that she had not used ChatGPT in her work since the Court's May 22 email, which she said had alerted her to the potential fallibility of the citations generated by ChatGPT. Malaty further testified that she had been the only attorney assigned to the case and had been "particularly busy" and "under a time crunch." She characterized her submission of hallucinated authorities as "unacceptable" and stated "it will never happen again." Malaty repeated her apologies to Plaintiff's Counsel and to the Court while on the stand. She also detailed her agreement to further reimburse Plaintiff's Counsel several thousand more dollars through installment payments in the coming months.

II. Standard

Illinois Supreme Court Rule 137 mandates that an attorney of record must sign every pleading, motion, or other document filed with the Court. Ill. S. Ct. R. 137(a). This signature certifies that the attorney has read the document and that—"to the best of the attorney's knowledge, information, and belief formed *after reasonable inquiry*"—the document is "well grounded in fact and *is warranted by existing law or a good-faith argument for the extension, modification, or reversal of existing law* . . ." *Id.* (emphasis added). Rule 137's purpose is "to prevent counsel from making assertions of fact or law without support." *Lewy v. Koeckritz Int'l, Inc.*, 211 Ill. App. 3d 330, 334 (1st Dist. 1991). Where an attorney makes an insufficient inquiry into existing law, a court may impose appropriate sanctions. *Lecrone v. Leckrone*, 220 Ill. App. 3d 372, 377 (1st Dist. 1991). "The test is what is reasonable under the circumstances. In evaluating the conduct of an attorney . . . who signs a document or makes a motion, a court must determine what was reasonable to believe at that time rather than engage in hindsight." *Lewy*, 211 Ill. App. 2d at 334. This is an objective standard. *Burrows v. Pick*, 306 Ill. App. 3d 1048, 1051 (1st Dist. 1999). Because Rule 137 is penal in nature, courts must strictly construe it. *Lewy*, 211 Ill. App. 2d at 334.

III. Discussion

This Court is not the first faced with the rapid development of generative AI. *See, e.g., Mata v. Avianca, Inc.*, 678 F. Supp. 3d 443 (S.D.N.Y. 2023); *see also Frederick Ayinde, R (on the application of) v. the London Borough of Haringey* [2025] EWHC 1381 (Admin) (KB), [83]-[102] (gathering international cases in which courts received materials containing hallucinated citations). The judiciary has attempted to keep pace with these developments by issuing guidance for legal practitioners interested in using AI and sanctions for those who have used AI irresponsibly. Chief Justice John Roberts of the United States Supreme Court advised in his 2023 year-end report that "any use of AI requires caution and humility." 2023 Year-End Report on the Federal Judiciary, John G. Roberts, C.J. U.S. (Dec. 31, 2023). The Illinois Supreme Court does not discourage AI use by attorneys, so long as such use "complies with legal and ethical standards." Ill. S. Ct. Policy on AI (eff. Jan. 1, 2025) ("S. Ct. Policy").

These legal and ethical standards include Rule 137. For a Rule 137 analysis, the Court must determine whether Malaty made reasonable inquiry that the Motion and Reply were grounded in existing law at the time she filed them. *See In re Marriage of Ahmad*, 198 Ill. App. 3d 15, 21 (2d Dist. 1990).

Malaty averred that she did not know AI could hallucinate cases and statutes. Malaty Aff. ¶ 13. She did, however, know that AI could generate "incorrect statements" and even knew that AI fabrications were termed "hallucinations." *Id.* She testified at the hearing that she had heard of hallucinations in news headlines. Knowing that AI could provide *any* inaccurate content, a reasonable attorney would have ensured that *all* AI-generated content was grounded in existing law before filing

such content with a court. A reasonable attorney would have been cognizant of her duties of technological competence and candor to the tribunal when using new technology with which she had little experience. *See* Ill. S. Ct. Rs. Pro. Conduct 1.1, Comment 8 (eff. Jan. 1, 2016), 3.3(a)(1) (eff. Jan. 1, 2010). This is especially true where an attorney is aware that the technology is fallible.

Reasonable inquiry would have required Malaty to check all her citations even if she had been completely unaware of AI's ability to hallucinate. Rule 137 does not require the signing attorney to personally inquire into the veracity of a court filing's contents. *Chi. Title & Tr. Co. v. Anderson*, 177 Ill. App. 3d 615, 624 (1st Dist. 1988). It does require that a signing attorney have the "requisite knowledge, information, and belief" to certify a filing. *Id.* (quotation omitted). In forming a sufficient basis for certification, an attorney cannot rely solely on conclusory statements from a client or another attorney without more, "regardless of how firmly the attorney may believe such statements . . ." *Id.* (quotation omitted). She must have something of substance, such as factual support, to sustain a reasonable belief that her filing is grounded in existing fact and law. *Id.* at 624-25 (citations omitted). Similarly, an attorney cannot reasonably rely on AI-generated citations alone. Doing so would be the equivalent of accepting conclusory statements without doing any investigation.

Finally, the Illinois Supreme Court's Policy, which went into effect the same month that Malaty began using AI, provides a standard for reasonable inquiry: "All users must *thoroughly* review AI-generated content before submitting it in any court proceeding to ensure accuracy and compliance with legal and ethical obligations. Prior to employing any technology, including generative AI applications, users must understand both general AI capabilities and the specific tools being utilized." S. Ct. Policy (emphasis added).

The Court therefore finds that Malaty violated Rule 137 when she failed to make reasonable inquiry into whether the citations in her Motion and Reply actually existed. Malaty's submission of twelve hallucinated citations is particularly egregious. After extensive review of cases in which attorneys submitted hallucinated citations, the Court found only two cases in which an attorney had submitted more than twelve hallucinated citations. *Coomer v. Lindell*, No. 22-cv-01129-NYW-SBP, 2025 U.S. Dist. LEXIS 128372, at *2 (D. Colo.) (almost thirty cases); *Hamad Al-Haroun v. Qatar Nat'l Bank QPSC* [2025] EWHC 1383 (Admin) (KB), [74] (eighteen cases).

The inclusion of hallucinated citations in court filings poses a host of harms beyond the time and effort expended pursuing non-existent citations. The Southern District of New York in *Mata* observed:

> The opposing party wastes time and money in exposing the deception. The Court's time is taken from other important endeavors. The client may be deprived of arguments based on authentic judicial precedents. There is potential harm to the reputation of judges and courts whose

> names are falsely invoked as authors of the bogus opinions and to the reputation of a party attributed with fictional conduct. It promotes cynicism about the legal profession and the American judicial system. And a future litigant may be tempted to defy a judicial ruling by disingenuously claiming doubt about its authenticity.

678 F. Supp. 3d at 448-49.

No matter the contrition Malaty has shown, no matter the amount of grace Plaintiff has extended Malaty, the Court remains faced with two filings containing twelve nonexistent citations. The Motion and Reply are defective—too defective for this Court's use in deciding whether to dismiss this case. Ruling on Dynamic's Motion would launder nonexistent case law and legitimize hallucinated authorities. That would be intolerable to a judicial system founded on the common-law principles of precedent and *stare decisis*. *See* S. Ct. Policy ("unsubstantiated . . . AI-generated content that . . . obscures truth-finding and decision-making will not be tolerated"). Such is the danger posed by irresponsible use of AI and the danger Rule 137 seeks to avoid. Additionally, ruling on such defective briefing would cloud the record on a potential appeal. *See Shahid v. Essam*, 2025 Ga. App. LEXIS 299 (appellate court vacated and remanded where the trial court's order contained two hallucinated citations). The Court has no choice but to strike Dynamic's Motion pursuant to Rule 137.

Striking the Motion is unavoidable. However, the Court notes that this result is not a sanction imposed on Dynamic. The Court observes that Dynamic is "clearly not at fault for the AI debacle but will bear this outcome as a consequence of [its lawyer's] actions." *Lacey v. State Farm Gen. Ins. Co.*, No. CV 24-5205 FMO (MAAx), 2025 U.S. Dist. LEXIS 90370, at *24. Dynamic's Motion is stricken without prejudice. Dynamic will be permitted to file a renewed Motion to Dismiss.

The Court deeply appreciates the steps Malaty has already taken to compensate Plaintiff and educate herself about AI. However, completely absolving Malaty based on her post-violation actions does not deter irresponsible AI use in the first instance. Balancing the severity of Malaty's Rule 137 violation, her demonstrated intent to right her wrongs, and the interest in deterrence, the Court finds $10 an appropriate sanction for Malaty's conduct.

IV. Conclusion

This Court is now among dozens of courts aware of having received materials containing hallucinated authorities.[8] As of this Order's entry, this is the only case the Court is aware of in Illinois state court where an attorney is confirmed to have submitted materials containing hallucinated citations. The Court emphasizes that—

[8] *See generally, AI Hallucination Cases*, damiencharlotin.com/hallucinations/ (last visited Jun. 16, 2025). As of this Order's entry, this database listed 212 court documents in which a court or tribunal addressed established or alleged use of AI in more than passing reference. *Id.*

although the Supreme Court's policy embraces AI in legal practice—the policy retains a "commitment to upholding foundational principles" and advises that lawyers "are accountable for their final work product." S. Ct. Policy. The judicial system relies on attorneys as officers of the court in its pursuit of efficient and fair administration of justice. *See Coomer*, 2025 U.S. Dist. LEXIS 128372, at *23. The Court stresses that attorneys should proactively follow their legal and ethical obligations in the first instance and reiterates that reasonable inquiry requires AI users to check their citations.

IT IS HEREBY ORDERED:

1. Dynamic's Motion is stricken without prejudice. Dynamic is permitted to refile a Motion to Dismiss.
2. The Court finds that Malaty violated Rule 137 and imposes a sanction of $10 payable to the Clerk of Court within thirty (30) days of this Order's entry.
3. This matter is continued for status to September 15, 2025 at 10:00 a.m. via Zoom (955 3557 3920).

SO ORDERED.

ENTERED:

William B. Sullivan

Judge William B. Sullivan, No. 2142

ORDER OF THE COURT

ENTERED
Judge William B. Sullivan-2142
JUL 16 2025
MARIYANA T. SPYROPOULOS
CLERK OF THE CIRCUIT COURT
OF COOK COUNTY, IL

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT - LAW DIVISION

SHANNA JORDAN, Individually and as Mother and Next Friend of JAH'MIR COLLINS, a minor; and MORGAN COLLINS, Individually and as Mother and Next Friend of AMIAH MCGEE COLLINS, a minor,	)	
Plaintiffs,	)	No. 2022 L 000095
v.	)	
CHICAGO HOUSING AUTHORITY,	)	
Defendant.	)	

TRANSCRIPT OF PROCEEDINGS
BEFORE:

HON. THOMAS M. CUSHING
CIRCUIT JUDGE
TRIAL SECTION
ROOM 2812

RICHARD J. DALEY CENTER
50 WEST WASHINGTON STREET
CHICAGO, ILLINOIS 60602

PROCEEDING ON:

THURSDAY, JULY 17, 2025

COMMENCING AT:

9:05 A.M. CDT

CONCLUDING AT:

9:58 A.M. CDT

REPORTED BY:

CHERYL E. NICHOLSON, CSR NO. 084.001932

APPEARANCES:

On Behalf of the Plaintiffs, Shanna Jordan, Individually and as Mother and Next Friend of Jah'Mir Collins, a Minor; and Morgan Collins, Individually and as Mother and Next Friend of Amiah McGee Collins, a minor:

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On Behalf of Danielle N. Malaty, with leave of the Court, in a Special and Limited Scope:

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(WHEREUPON, the following proceedings were had in open court, at bench, to wit:)

THE COURT: Okay. Good morning, folks.

MR. SIMS: Good morning, your Honor.

THE COURT: We're here on the case of Jordan, et al. v. The Chicago Housing Authority.

Would counsel please approach.

MR. SIMS: You want to take appearances for the record, your Honor?

THE COURT: Please.

MR. SIMS: Matthew Sims, on behalf of plaintiffs.

MR. MASON: Good morning, your Honor. Larry Mason, on behalf of the CHA.

MR. MEYER: Good morning, your Honor. Dan Meyer, on behalf of Danielle Malaty, whose name might be foreign to you, but she's subject to the Court's order entered on June 10.

THE COURT: Okay.

And we've got Mr. Sims and Mr. Mason.

MR. MASON: Okay. Your Honor, pursuant to the order and our offer, I have additional attorneys from our firm --

THE COURT: Okay.

MR. MASON: -- present and available to your Honor as well.

THE COURT: Great. Appreciate that.

Mr. Meyer, let me ask. I'm aware of the nontraditional setting that we're in today, and I understand that you've been retained by Miss Malaty to represent her in certain matters.

MR. MEYER: Yes, sir.

THE COURT: And are you here representing her this morning?

MR. MEYER: I am.

THE COURT: Is she present in court today?

MR. MEYER: She is.

THE COURT: Okay. Have you filed an appearance in this matter?

MR. MEYER: I have not.

THE COURT: Okay.

MR. MEYER: I don't know that I -- the answer is no.

THE COURT: Okay. I understand that you don't represent the parties to the case; that is, the CHA or the plaintiff. I'm also aware that you are probably not entitled to address the Court unless

you have an appearance on file. I'd be happy to allow you to address the Court with your assurance that you file an appearance. Perhaps you might want to call it a special and limited appearance. But an appearance on behalf of Miss Malaty, to address the issues that we are going to address very briefly today.

MR. MEYER: It'll be done today.

THE COURT: Very good. Thank you, Mr. Meyer.

All right. With that said, I learned that the CHA apparently cited as authority a nonexistent case in the posttrial motion in this case. I called the lawyers in today for specific reasons to find out how this happened, and this was at the invitation of the CHA's attorney, Larry Mason, in their reply brief he provided the Court, indicating the CHA would be willing to provide any additional information.

Also, I called folks in today because I have certain obligations under the Code of Judicial Conduct, Rule 2.15, to help guide me in properly carrying out those obligations.

And, finally, pursuant to Supreme Court Rule 137, the Court may at its own instance

determine whether sanctions are warranted for violation of Supreme Court Rule 137. There hasn't been a motion brought, but the Court may at its own instance consider that.

So those are the reasons we're here today. This is not an evidentiary hearing. I do not intend to swear any witnesses, to take any testimony, or to compel any responses, but I will ask a few questions intended to provide me with clarity, to assist me in carrying out my obligations, and I will invite Mr. Mason and Ms. Malaty to respond.

Mr. Meyer, I'm going to pose these questions, and I'll ask Ms. Malaty if she has anything to say in response to the questions. I don't know what your position is as to whether or not Ms. Malaty intends to speak if I ask questions. And she might want to hear the question, and decide whether or not to speak.

MR. MEYER: Perhaps. Does the Court envision an evidentiary hearing --

THE COURT: No.

MR. MEYER: -- down the road?

THE COURT: Well, we'll see what the -- we'll

see. I can't predict the future, but that is not my intent.

MR. MEYER: Okay.

THE COURT: My intent is to ask some simple questions here to guide me. Under Code of Judicial Conduct 2.15, I have to make a determination as to what, if anything, I could do under circumstances where there may be a question about unethical violations, and so I'm going to ask questions that will help to guide me.

MR. MEYER: Very good.

THE COURT: She might choose to answer, she might choose not to.

If she's in the courtroom, perhaps she would step forward.

MR. MEYER: Absolutely.

THE COURT: Could we?

Good morning, ma'am. You're Danielle Malaty?

MS. MALATY: Yes, I am.

THE COURT: Okay. Welcome.

MS. MALATY: Thank you.

THE COURT: And I understand that you're an attorney licensed in Illinois. Correct?

MS. MALATY: That's correct.

THE COURT: Okay.

All right. So I'm going to put some questions to Miss Malaty, put some questions to Mr. Mason, and then I think that we'll be done. And, again, as I stated, that nobody's under subpoena here, nobody's under any sort of requirement or coercion to testify, if there's no testimony to answer, but this is to help me in carrying out my obligations.

MR. SIMS: Your Honor.

THE COURT: Yes?

MR. SIMS: I just want to remark for the record that before we wrap up today, there are some issues related to this topic that I feel duty bound to address with the Court.

THE COURT: I'll give you an opportunity to do that.

MR. SIMS: Very good. Thank you.

THE COURT: Okay. Miss Malaty, this is the first time I've heard your name, was in connection with these issues. Can you tell me what was your role in working on the posttrial motion for Chicago Housing Authority, number one? And, number two,

how did this case citation, Mack v. Anderson, come to be in the memorandum, if you know?

MS. MALATY: So, in response to your first question, I was one of multiple attorneys at Goldberg Segalla in the Chicago office that was -- that were providing support to Larry Mason during the duration of trial, as well as in anticipation of trial and subsequent to trial, in preparation of posttrial motions.

In response to your second question, I believe the case that is in question came about as a result of my use of a generative AI and that portion of the brief as well as the offer of proof I prepared, so it was the result of my using AI.

THE COURT: Okay. Can you tell me what, what AI program you were using?

MS. MALATY: I used ChatGPT in this instance.

THE COURT: Okay. And my own familiarity with generative AI is probably the common familiarity that people would have, not any particular expertise. I do know that some of these generative AI programs are used in line with what we would call traditional or more credible or authoritative research engines like Lexis or Westlaw. Was it

your understanding that that ChatGPT application that you were using was linked to one of those authoritative or credible sources like Lexis or Westlaw?

MS. MALATY: Not necessarily linked. I did use them in tandem. I also understood that ChatGPT was capable of what we have come to call hallucinations. My understanding of hallucinations, however, did not include that it could manufacture actual code or legal citations, as in fictitious names, fictitious parties, fictitious publication information. If something came about as a result of my use of ChatGPT that comported with my understanding of the law, I accepted that proposition to be supported by the citation that was dispensed by ChatGPT.

THE COURT: Okay. What efforts were made to confirm that that citation to Mack v. Anderson was a citation to an actual case? You may have already just addressed this.

MS. MALATY: Yes, your Honor. My understanding was that Mack v. Anderson stood for a proposition that at that time I understood to be consistent with my understanding of the law. I did

not check to see if there was in fact at some point a plaintiff named Mack and a defendant named Anderson.

THE COURT: Okay. So you accepted the result produced by the ChatGPT search without seeking the actual case and reading the case?

MS. MALATY: That is correct. It remained in the draft that I provided to Dan Woods and, I believe, to Bill O'Connell, who then provided their drafts, after they finalized them, to Mr. Mason.

THE COURT: Who are Dan Woods and Bill O'Connell?

MS. MALATY: They are two other attorneys. Bill -- Bill O'Connell -- is an attorney on our appellate team. He is not in our Chicago office. Dan Woods is a partner in the Chicago office that I handed my work to, typically.

THE COURT: And how long have you been licensed in Illinois?

MS. MALATY: Eleven years.

THE COURT: And what was your title at Goldberg Segalla at the time?

MS. MALATY: Partner.

THE COURT: Okay.

MS. MALATY: Nonequity.

THE COURT: Okay. Was there any discussion among the lawyers for the CHA about this case citation, Mack v. Anderson, before the issue was brought to light in the plaintiffs' response brief?

MS. MALATY: No, your Honor.

THE COURT: No conversation involving you and Dan Woods, Bill O'Connell, Larry Mason or anybody else?

MS. MALATY: No.

THE COURT: Okay.

Mr. Mason, what was your role in working on the posttrial motion in this case, Jordan v. CHA?

MR. MASON: Your Honor, as you know, I was lead trial attorney. As is sometimes prudent, especially given the intense length of this trial and my role in it, it was appropriate to seek guidance and a fresh perspective from others when it came to the posttrial motions. I sought out guidance from our co-practice chair of the appellate practice, Mr. William O'Connell, who is here, present today, to help lead a team to spearhead the preparation of the posttrial

briefing.

THE COURT: And what --

MR. MASON: Mr. O'Connell --

I'm sorry?

THE COURT: Go ahead. No, go ahead. I thought you were concluded. Go ahead.

MR. MASON: All right.

And, of course, they all ultimately reported to me, as I am the primary client relationship partner for this matter.

From time to time, the posttrial briefing team did consult with me to ask for information. Certainly, there was an overwhelming volume of factual information, your Honor, as you well know. And, most of the inquiries to me were not about case law. They were about facts, things that happened during testimony, witnesses and the like, of which there are volumes in the posttrial briefings. Most of that, of course, occurred.

When, ultimately, we got to a client-ready type draft, I was provided with it so that I could transmit it to the CHA representatives for review. As is my practice, I certainly gave it a final look-through. But where I sit, and where,

of course, I sat at that time in my position, I certainly was not to -- nor was I expected to, nor did I expect myself to -- cite check over 58 cases. Of course, what we're dealing with here is one and on this point I know is a sore subject between the two of us, and I regret this, as you hopefully know, your Honor. But I -- any topic of substance in this brief that I pushed myself away from was the whole Voykin, Campbell line of cases, because, you know, I kept losing that one.

THE COURT: Repeatedly, in front of the jury.

MR. MASON: Yes, your Honor. And that became a source of tension between us. And so having taken my lumps more times than I care to remember, I was very hands-off, because it needed a fresh perspective away from me. The fact that this was in that section is worse to me now because, I believe, it might cast a further wedge between us, and I hope not. But --

THE COURT: Well, the Court's --

MR. MASON: But I -- but I did not --

THE COURT: The Court's intent is not to focus on any sort of a personal wedge, as you describe it. I see this more as a legal issue.

Go ahead.

MR. MASON: All right.

So, as I described, I went through the brief just to verify typos, accuracy of fact, because those are the things that I was, frankly, more focused on. Those were the things I was asked to spend my time verifying -- is this correct, if this happened in the trial and the like, some things I thought needed a citation or two in the footnote might have been strengthened or something from the court record -- and then I transmitted it to the client and I received the client's comments. All that happened before the expiration of our no AI ban policy, which you're now familiar with from my partner Chris Belter's letter to your Honor, which you received on the 15th. The thought that any attorney, let alone a partner in our firm, was using AI on that brief is not only abhorrent to me, but wasn't in my brain. I'm old school. Unlike Ms. Malaty, I became a member of the Illinois bar in 1989. Obviously, AI didn't exist, and it's not something that we've even thought about or even think of using, and our firm doesn't tolerate it. As you can see from our practices,

our policies and procedures dating back to March of 2023, we had a no AI ban. Every lawyer in our firm was trained on that policy, including Ms. Malaty. I had no expectation, nor did Mr. O'Connell, who I had entrusted to spearhead this preparation of this posttrial hearing, nor did Mr. Woods have any expectation that any lawyer working on that brief would have used AI. And this isn't an associate that you just gave a random research project to. This was a partner that had been a lawyer for 11 years. You don't expect. You expect more. Certainly, our firm expected more. I expected more. Plaintiffs' counsel expected more. And, most importantly, I think, too, the Court expected more. We're disgusted. I'm personally disgusted. And that's my role in all this, your Honor.

So here I am, standing before you humbly, embarrassed, upset. I can't turn back the clock. But we had a no AI policy in place, and, somehow, one case out of 50-some-odd case citations gets through. It's horrific.

THE COURT: And with respect to the -- this point that you make about a single case, I have actually spent a good bit of the last few weeks

reading the briefs and pulling and reading selective cases that seem to be central to the issues, some of which were provided me, some of which I have printed, read on my own, so I can't confirm that there is one case or more than one case, but -- well, I think I can confirm that there's one case, and no one has drawn my attention to the notion that perhaps there's more than one, so -- so that that much is clear.

Mr. Mason, was there any discussion amongst the lawyers for the CHA about the case citation, Mack v. Anderson, before the plaintiffs served their response brief on you, highlighting the fact that they couldn't find it?

MR. MASON: As Ms. Malaty just told you, your Honor, not that. I would agree with her on that point. There is none that I'm aware of.

THE COURT: Okay.

MR. MASON: And I'm not surprised by that. If you look at that section, which I believe you now have, it's only an extra case. It's not the penultimate case that we're relying on in that section of the posttrial motion. Peach is one of the cases we'll be talking about on the 31st, but

there are other cases, so it's just an extra. You may not ultimately be persuaded by our position in that section of the brief, but it's not the only thing we're hanging our hat on, so it was just surplusage. That doesn't excuse it, but it is what it is, your Honor.

THE COURT: And to follow up on a point that you alluded to a few minutes ago, Mr. Mason, the application of the Voykin and Campbell cases was a frequent subject of the Court's rulings, and to my recollection, that despite my rulings excluding certain evidence, you repeatedly stopped to admit prohibited evidence in the presence of the jury. So when you read the brief and saw that there was a case that hadn't been cited during the course of the trial, namely, this Mack v. Anderson, that apparently had a favorable holding to your client, did you take any efforts to look at that case or to read it to confirm what the holding was? It was an important issue at the trial.

MR. MASON: I agree, your Honor. As I've just stated to you, I fully acknowledge, it was a very important issue. But my focus was not on those cases. I expected that I might, as I will, be

arguing on behalf of the CHA on the 31st, but my time to prepare for the posttrial arguments was not at that point and my focus was literally the final editor-proofreader moment.

And I need to also explain, too, two points. Mr. O'Connell is an appellate practitioner of great renown and respect. I didn't have to do much work on his final draft that I got, so I wasn't really looking into those details. What I was trying to make sure was that there wasn't an actual factual nugget from the trial proceeding that was missed or some other supplement or something from testimony that might have been relevant. That was where my head was at. And trying to work with the client on explaining our approach and our strategy on the posttrial motion -- why we took a certain tactic versus another, why we were making some arguments as opposed to other arguments -- and receiving their feedback under the cloak of attorney-client privilege. That was my role. So, yes, your Honor, that was new, but I hadn't gotten to that point yet. And as I have already stated today, that was a topic that I know, for both of us, was a sore

subject, and I walked away from it.

THE COURT: Okay.

MR. MASON: And you know that if anything, your Honor, I hope by now you know I've only spoken to you candidly and respectfully and honestly. And when I tell you, your Honor, that I didn't really pay much attention to it. I'd get to when I got to it, if I . . . . When I prepare for the hearing that we're having on the 31st, that was when I was going to get to it. I had many other people looking at it, and I wasn't going to bill my client for duplicative effort of thoroughly studying and analyzing an issue that I'd gotten whipped and beaten on and lost time and time again. I focused on the facts because that was the thing I felt I could add the most value to at the time of the review on my role --

THE COURT: Okay.

MR. MASON: -- in the preparation of the posttrial pleading.

THE COURT: Okay.

And then this is a question that I'll pose to Miss Malaty and to Mr. Mason. One matter that I'm required to consider under Rule 2.15 of

the Code of Judicial Conduct is whether an attorney who has violated the Illinois Rules of Professional Conduct raises questions for me regarding the lawyer's honesty or untrustworthiness.

Is there anything, Miss Malaty -- I'll put it to you -- you would like to add for me to consider in that regard?

MS. MALATY: Yes, your Honor.

I -- my understanding is that any of my work product was going to be filtered through several layers of review, and I was not the signatory to the final work product. I apologize for my role in all of this. I find all of this very unfortunate and a waste of judicial resources and a waste of attorney resources and time. But, your Honor, at no point did I have any intent to deceive the Court, mislead the jury, or provide any kind of assistance that would be deceptive of any, of any variety. I came to this project in good faith. I came to court today in good faith. I have no need and no reason to deceive anyone in this room. I was the -- I was in the employment practice group. I was the only attorney in the Chicago office that was in that practice group. I

had no support. I was asked to help on this project, and I understand my role in it, but I had no intent to deceive the Court.

THE COURT: When you say you were the lone person in the employment practice group, that would be legal matters that dealt with employment issues?

MS. MALATY: That's correct.

THE COURT: And do I understand you to be telling me that you were asked to step into this case, which was a toxic tort case, a lead poisoning case, outside of your regular focus?

MS. MALATY: That's correct.

THE COURT: Okay. I want to be clear to the attorneys before me that I came into possession of information this morning that may play a part in my decisions about what I'm obligated to do under Supreme Court Rule 137. Or, in your case, Miss Malaty, Code of Judicial Conduct 2.15. And that's, I'm aware that there's another judge in this building who's entered an order very recently that pertains directly to you with respect to the use of generative AI. I'm not going to -- I'm not interested in -- delving into the facts of that whatsoever. I just want to let you know, that's

something I'm aware of, so that when I ask if there's anything else you'd like to bring to my attention about my consideration about your honesty or untrustworthiness, you're aware that that's something I've read. So you have the opportunity, if you want, to address anything to me in that regard. You're welcome to; you're not obligated to. But I want to let you know, that's something I've come to learn just very recently.

MS. MALATY: Okay.

THE COURT: So the floor is yours. If there's anything else you'd like to add about the issues of trustworthiness or honesty or you are uncomfortable standing up, tell me.

MR. MEYER: Will the Court hear from me?

THE COURT: Yes.

MR. MEYER: If I may summarize it. And I'd just like to make two points, and I'll be brief about it.

THE COURT: Sure.

MR. MEYER: I believe the rule that you are referring to is 8.4(d). That could in theory require your Honor to report a lawyer to the ARDC for further investigation.

The elements of 8.4(d) relate to misrepresentation, falsehoods, other intent to deceive the court or counsel. But in all of it --

And there's four. Read the rule. There's four words in there that they use, and I'm missing one of them.

But it's misrepresentation, dishonesty, deceit . . . . And it's the fourth one, I'm blanking on, your Honor, right now.

THE COURT: Sure.

MR. MEYER: But it's right there in the rule. All four of those words turn on intent. And I think the import of what Ms. Malaty told you this morning is that there was a lack of intent.

And I don't mean to try to educate the Court. The Court knows much more than I do.

THE COURT: The Court welcomes education.

MR. MEYER: There's a difference between conduct that might be perceived as negligent versus conduct that might be perceived as intentional. It's the intentional nature of the conduct that might put your Honor in a position where it feels compelled to report a lawyer to the ARDC.

Here, I respectfully suggest that

there's no intent. This was, if you want to put a label on it -- it's negligence. And that doesn't fall under Rule 8.4(d), from my perspective or in my interpretation of it.

THE COURT: Okay. Very good.

Ms. Mataly, something that's been conveyed to me through the letter from one of the Goldberg Segalla partners -- I forget the name -- is that you've been terminated from the firm. Is that accurate?

MS. MALATY: That is accurate, your Honor.

THE COURT: Okay. I just wanted to make sure that that's of record.

And?

MR. MEYER: The only other point I wanted to raise, your Honor.

THE COURT: Yes, Mr. Meyer? Mr. Meyer?

MR. MEYER: If you'll again indulge me briefly, as the Court consider these issues, particular under, yes, particularly under the Rule 137 banner, if you will, I'd like to draw the Court's attention to -- I'm going to give a case name and a cite. And, your Honor, I can hand you this case, if you'd like.

THE COURT: Sure.

MR. MEYER: Although it has a little bit of marking on it from me. But --

THE COURT: No problem.

MR. MEYER: -- the case is Medical Alliance, LLC v. Health Care Service Corporation, 371 Ill.App.3d 755. It's an Illinois appellate court decision interpreting Rule 137. It holds generally for the proposition that Rule 137 sanctions may be levied against the lawyer who executes a document, signs a document that is filed with the court, and only that lawyer.

THE COURT: I'm aware of the rule --

MR. MEYER: Okay.

THE COURT: -- and the language in the rule. If there's a case that fortifies what seems clear in the rule, that could be helpful, but I'm aware of it, okay?

MR. MEYER: Would you like what I'm holding it in my hand?

THE COURT: Sure. I'll take it.

MR. MEYER: As I said, it does have a little bit of marking on it, but . . . . (Tendering document.)

THE COURT: I'm going to read the -- read the text rather than if there's any, probably, markings on it.

Mr. Mason, I know, the CHA's posttrial motion, on the signature line, there's a typewritten version of your name. Would you agree that you're the signer of the document?

MR. MASON: I am, your Honor.

THE COURT: Okay. And then is there anything that you'd like to say -- I'll make the same invitation -- that you believe I should consider regarding the lawyer's -- that being you -- honesty and trustworthiness? The floor is yours if there's anything you'd like to add.

MR. MASON: Sure. Thank you.

On the 137 question, we don't. It is my humble belief that this doesn't give rise to a 137 violation with respect to me for a variety of reasons if we dissect Rule 137. I certainly read the pleading, but Rule 137 doesn't actually give guidance on what that reading requires. To the best of my knowledge and information and belief formed from a reasonable inquiry, that was being filed and was in fact filed was well grounded in

fact -- those are the words from the rule -- and is warranted by existing law or in good faith argument.

Now --

THE COURT: I think that's the point that I would focus on, warranted by existing law.

MR. MASON: Yes.

Now, we're talking about one case. I've presented to your Honor facts and circumstances of my role. I've also presented to your Honor at your request and our invitation our firm's policies and the letter from Christopher Belter, our chief operating officer. And as you can see, your Honor, not only was there no expectation, understanding, belief that any case could have been a hallucinated case, not a case actually within a cited report, but no lawyer -- doesn't matter who they were -- no nonlawyer, no employee of the firm, could use AI at the time this brief was presented to the Court. So not on the point of intent and deception and all the things that we just heard from Mr. Meyer, it's certainly not in my body, certainly not in my head, it's not in my bones, and it's not in my character, and we know my character. But when it comes to

here, I was deceived. My client, our client CHA, was deceived. The Court was deceived. Opposing counsel and his clients were deceived. Considerable waste of time and money and resources have been expended. Our firm has already, of course, told our client that we are -- they are not being charged for any of this folly. It's disgusting, unbelievable waste and abuse, and we're very, very disappointed. But your question goes to me. When it comes to me, I've learned a lot. I've learned a lot about the people that I supervise. I guess I entrusted someone that I had every reason to believe was following our firm's policies that had been in effect through March of 2023, which she was required to follow.

And what's even more significant is something that she just said: that she actually was part of our employment practice group. She actually did more work than just employment practice. She worked on other matters. She had experience in those matters both before she joined our firm and while she was working in our firm, so don't be misguided by the statement that she was just the sole member in our Chicago office from the

employment practice group. That is not honest.

THE COURT: Hold on.

MR. MASON: But I will just get back --

THE COURT: Hold on. Hold on. Hold on. Hold on. Was Miss Malaty the only attorney at Goldberg Segalla in the Chicago office who was assigned to the employment practice?

MR. MASON: She was in transition. And on the website, it was among her practice areas at the time of this misdeed.

THE COURT: Let me ask this question again.

MR. MASON: Yes.

THE COURT: Was she the only attorney in the Chicago office assigned to the employment practice at the time that this brief was being drafted?

MR. MASON: I believe so, your Honor. But there were other attorneys in the Chicago office that also did work on employment matters.

THE COURT: Okay. So what she said was accurate.

MR. MASON: What was not accurate is that she's just an employment lawyer who just comes jumping in to do something outside of her area of ability.

THE COURT: But what she said about being the only lawyer in the Chicago office assigned to the employment practice, that was accurate?

MR. MASON: Reasonably so.

THE COURT: Okay. Is there anything else you'd like to tell me about what I should consider with respect to your honesty or trustworthiness? And then we're about ready to conclude. Or have you made your points?

MR. MASON: I'll just close with this, your Honor. Ms. Malaty was a member of our firm when that no AI policy went into place. Ms. Malaty, just like me and all of our over 440-some-odd lawyers all, had to acknowledge receipt of that policy, acknowledge that they had understood it. And what I'm getting at with the employment thing is, who better than someone in our employment practice's group to understand firm policies and procedures?

THE COURT: Very well.

MR. MASON: So that goes to honesty. Goes to her honesty. As far as my honesty, I understood that. But it doesn't, under Rule 137, give me the requirement to think under any way, shape or form

that I were to cite check under the supposition, the belief that there is any case, any case in that brief that is hallucinogenic. It's just not plausible for anyone -- me, any other attorney in our firm -- to believe that there's a hallucinogenic AI-generated case or in our briefs. It's just beyond the pale. That's why I'm so upset, your Honor.

THE COURT: Okay. Any further?

MR. MASON: No. Thank you.

THE COURT: Counsel, any further?

MS. MALATY: Since all of this transpired, I have engaged in approximately 7.25 hours of CLE on the use of AI, AI as well as a variety of other ethical issues, because I did not understand the full extent of what AI hallucination meant, and I hope your Honor takes that into consideration, that I am now more fully educated on the true fallibility of AI, more so than I was in January, when I drafted the first draft of the offer of proof.

THE COURT: Okay. May I ask, are you currently employed, or no?

MS. MALATY: I am not employed with Goldberg

Segalla. I established my own law practice shortly after.

THE COURT: Okay. And one other question.

Maybe I'll put this to counsel.

Mr. Meyer, are you aware whether or not any referral to the ARDC has been made with respect to Miss Malaty as it pertains to the citation of cases that were hallucinated through generative AI?

MR. MEYER: I'm aware of no such referral

THE COURT: Okay. Thank you.

MR. MEYER: May I?

THE COURT: Yes, Counsel.

MR. MEYER: The brief that was filed in the other matter may benefit the Court in its consideration of these issues with the Court. May I deliver a courtesy copy of that brief to the Court?

THE COURT: You're welcome to. I have Judge Sullivan's order, so if you'd like me to also see the brief, I'd be happy to take it. You're welcome to just have it delivered to this courtroom anytime in the next couple of days.

MR. MEYER: Paper or electronic?

THE COURT: Paper's good.

MR. MEYER: Very good.

THE COURT: That concludes the inquiries the Court wanted to make for purposes I have stated on the record.

And then, Counsel -- Mr. Sims -- is there something you want to bring to the Court's attention?

MR. SIMS: There is. There's two issues. One directly impacts the proceedings today, the other one arises out of it, and I'll take them in turn.

THE REPORTER: I'm sorry. Could you come a little closer.

MR. SIMS: Sure. And I'll raise my voice, too. Which, um, which the Court knows I'm perfectly capable of doing when necessary.

Your Honor's order that was entered that led to today's hearing required certain things. It required the appearances of individuals involved with the conduct that we're here to discuss, it required the production of Goldberg Segalla's AI policies, but it also required the production of publications on that topic. And, so, with respect to that order, we have not gotten everything that there is.

THE COURT: Was this the article that was in a New York Lawyers magazine that was authored by a Goldberg Segalla attorney? Is that what you're referring to?

MR. SIMS: Part of it, your Honor.

THE COURT: I have that. So what else?

MR. SIMS: Here's -- here's what else I am aware of, which is necessarily restricted by I know what I know. I may have missed it, but I do not believe that we saw the no AI use policy enacted in '23. It's characterized in Mr. Belter's letter. If it was attached to the e-mail, I missed it, but if that is a policy that was in writing and it existed, and since it's become utilized in representations made to the Court today, I think it's imperative that we lay eyes on it.

THE COURT: Did I -- did I get a copy of that, Mr. Mason?

MR. MASON: You did, and so did Mr. Sims.

THE COURT: Oh.

MR. MASON: And I have an extra copy here.

THE COURT: I'll take a look, and if it turns out I don't . . . . I thought I had it, but if it turns out I don't have it, I'll e-mail each of you

and ask for it.

Next point.

MR. SIMS: And if I misspoke in that respect, I think I qualified that I may have missed that.

THE COURT: Sure. We'll double-check.

MR. SIMS: The other thing with respect to the publications is amongst those that plaintiffs' counsel is aware of, does include that one article. But just a brief cursory review of what's publicly available on the internet shows a litany of other cases -- excuse me -- other publications by the Goldberg Segalla firm on the topic of generative AI, and specifically on the topic of ChatGPT. And there's not many that I was able to find, but for the benefit of the record, I want to mark, you know, to note them so that we can track them, and if the Court wants physical copies, I'm happy to tender them.

THE COURT: Well, what we'll do is this. I'll ask you to provide copies to Mr. Mason.

And the only question for Mr. Mason is whether or not these are genuinely articles that were published by Goldberg Segalla or their attorneys. If they were, then I'll ask, Mr. Sims,

I'll ask you provide them to me within the next 7 days.

MR. MASON: Sure.

MR. SIMS: Very good. I'm happy to accommodate that, your Honor.

MR. MASON: Yep. We have no concern with your Honor seeing work product, you know.

THE COURT: I don't think he meant work product.

MR. MASON: I mean thought leadership, if you will --

THE COURT: That's fine.

MR. MASON: -- on this topic --

THE COURT: That's fine.

MR. MASON: -- from any lawyer, former or present, from our firm.

THE COURT: Mr. Sims, anything further?

MR. SIMS: Yeah, I do have more comments to offer to the Court, your Honor.

We've learned a lot, great deal, in the last week. I have learned a lot just today, in the process of today's hearing, and at bottom, I think we have identified that there has been apparently egregious misconduct.

THE COURT: I'm going to jump in for a moment. There's no motion pending.

MR. SIMS: Well . . . .

THE COURT: Let me speak.

There's no motion pending. There's nothing, that plaintiffs' counsel didn't file a motion seeking sanctions, etc. As I stated at the outset, we're convened today pursuant to Supreme Court Rule 137, that the Court may at its own instance enter sanctions, and, also, as I cited, my obligations under the Code of Judicial Conduct Rule 2.15, I am to consider what, if any, steps I ought to take, so I'm not inclined to listen to advocacy about what should or shouldn't be done in the absence of a motion filed by the plaintiff.

MR. SIMS: Well, that leads to where I intended to end with that point, your Honor, is that we would like leave to supplement our briefing with a admission for sanctions based on the fraud that's been committed on the Court that has come to light recently and which has been more fully elucidated in the last week and today with what we've learned, and so that that concludes that first point I wanted to raise with the Court. And

we're happy to submit briefing in a manner which will not disrupt the current hearing date, but we do think that with arguments having been made against Rule 137 today, that the plaintiff should be given fair opportunity to advance arguments now in opposition to that and with the benefit of new facts that we have learned just today.

THE COURT: I was listening carefully to the facts. I'm also familiar with Supreme Court Rule 137. I'm mindful of the fact that there's not a motion on file, as I've stated. In the event that the Court were to determine that sanctions were appropriate, one thing the Court would want to know is the time expended by plaintiffs' counsel responding a) to the posttrial motion and break out b) the time spent responding to the issues on the Voykin and Campbell matter that this phantom case was cited in the midst of. But you're asking for leave to file a motion for sanctions. I don't see why that shouldn't be granted, but it's going to be on a very tight schedule. Any motion that you choose to file will be filed within 7 days of today's date. That'll be by July 24th. Any response would be within 7 days from that date.

Well, that's going to take us right up to the hearing date, so let's not clutter the matter with that.

MR. SIMS: I can do it in less than 7, your Honor.

THE COURT: Okay. Why don't you file any --

Can you file something by next Tuesday?

MR. SIMS: That would be the 22nd?

THE COURT: I think so.

MR. SIMS: Yes.

THE COURT: Okay.

And then, Mr. Mason, you'll have a week thereafter, till the 29th, to choose to file any response. There'll be no reply. We're not going to let the tail wag the dog here.

MR. SIMS: Understood, your Honor.

THE COURT: I think I understand the facts. I hope I understand my obligations under the law. I welcome any further input from plaintiff, from plaintiffs' counsel, or from counsel for the CHA.

Is there anything else to address this morning on this issue?

MR. SIMS: There is, your Honor. I told you, there were two topics. One was directly invoked,

and I believe we've addressed that one.

The second one arises out of what we've learned about the use of the generated source AI. It includes what we've heard today for the first time, that Miss Malaty's involvement was not limited to the posttrial motion, but she in fact had involvement during the pendency of this case while Goldberg Segalla was involved.

On behalf of the minor children, we have paramount concerns about the utilization of open source AI databases involving the protected health information and personal identifying information of any client, but especially in this case of minor children, and to the extent that that information, medical records, identifying information, medical account numbers was used as part of the workup process or the posttrial motion process with ChatGPT, we have grave concerns that that information may have now been injected into the ether of the internet, and --

THE COURT: You're welcome to file a motion with respect to that valid concern, and we'll see. We'll see. We'll see what sort of a response we get to such a motion. I understand what you're

saying, but that's not for me to address today.

MR. SIMS: Very well.

THE COURT: Okay.

MR. MASON: Sorry, your Honor.

THE COURT: Something responding?

MR. MASON: No. I apologize. And it's not a laughing matter. I did not mean to be glib. But we do have Ms. Malaty here. I don't know if we'll see her again. Can we just ask her? Because we're doing a continuing investigation on this and a whole host of things with respect to her. Her attorney is here.

THE COURT: Hold on.

MR. MASON: Can we just ask her if she did anything with that? I don't think she was tasked with anything on plaintiff's medical private information. We can put the end to that right now.

MR. SIMS: Well, your Honor, that would --

THE COURT: Hold on. Hold on.

Mr. Meyer, is there anything that you or your client can say with respect to the concerns that Mr. Sims just raised? I think Mr. Mason makes a good point. If we have the people who have knowledge in front of the Court now, it could be

helpful.

MR. MEYER: Agree. If the question is whether Miss Malaty --

And you'll forgive me, I think my understanding of AI is probably on par with the Court's.

THE COURT: You're forgiven.

MR. MEYER: And actually, maybe, less.

If the question is whether any personally identifying information was used by Miss Malaty and fed into, for lack of a better phrase, ChatGPT, the answer to that question is, no, it was not. That's coming out of my mouth. If the Court wants to hear it from Miss Malaty's mouth, the Court may certainly address her.

THE COURT: What I just heard from Mr. Meyer, Ms. Malaty, is that accurate?

Ms. Malaty: Yes.

THE COURT: Okay.

MR. SIMS: Which nips that in the bud with respect to Miss Malaty. But we needed some type of assurance from Goldberg Segalla that the host of other attorneys involved did not do the same.

THE COURT: So, as I stated earlier, this is a

matter which I indicated we shouldn't address on the fly, but actually, I was corrected. It was best to address it on the fly, as it pertains to Ms. Malaty. We don't have the other folks present, so put those concerns in writing, either by way of a letter or a motion to the the Goldberg Segalla firm, and if it's necessary to take further steps on it, we will.

MR. SIMS: Very well. Thank you, your Honor.

THE COURT: Okay.

MR. MASON: But as a review of coming attractions, we did an investigation. Part of our investigation that Mr. Belter's letter alluded to and provided you information on, your Honor, included a self-report process of every attorney in the firm, to have them self-report if they had used AI in violation of our policies. We were exhaustively thorough, and we are not aware of any attorney in the firm that touched this file other than Ms. Malaty that did any use of AI.

THE COURT: Very good. So, then, perhaps the significant concerns that Mr. Sims has will be -- perhaps those concerns will be allayed when there's a written correspond ence on this matter.

Okay. I'll take the matters that we addressed today under advisement.

I want to thank Mr. Meyer for joining us, Miss Malaty. And, Mr. Meyer, as we stated at the outset, you'll file an appearance today in conformity with the conversation we had earlier, and I'll look forward to seeing you folks back here for the argument on the posttrial motion.

MR. SIMS: Very good. Can you can we go off for a second?

THE COURT: Sure.

(WHEREUPON, discussion was had off the record.)

THE COURT: Let's go on the record. Thank you, Miss Court Reporter.

I'm going to ask that, first of all, that the order today simply indicate that the issues raised today are taken under advisement by the Court; and then I'm also going to ask if one of the parties would provide the Court with a written transcript of today's hearing.

MR. MASON: Happy to, your Honor.

THE COURT: Okay, Mr. Mason.

MR. SIMS: Will do, your Honor.

THE COURT: Thank you.

MR. SIMS: With respect to the written order, though, I think that it would be prudent to include the motion for leave on the sanctions motion and the briefing schedule that your court made?

THE COURT: Yes. That's to be included. Thank you for noting that.

And let's keep Mr. Meyer under the gun. Let's indicate that he's to file his appearance today.

MR. SIMS: Very good. We'll do. We'll do all that, your Honor.

MR. MEYER: I'd like to tell you, I'll do it this morning, but I've got to be in another courtroom in about an hour.

THE COURT: I'm picking a jury in about three minutes, so . . . .

MR. SIMS: Do you want the order, your Honor, also to incorporate the provision of the publications to Mr. Mason for authentication that we've discussed on the record?

THE COURT: Um, sure. Can't hurt.

MR. SIMS: Very good.

All right. Thanks, Judge.

THE COURT: All right. Thank you, folks.

MR. MASON: Thank you, your Honor.

THE COURT: All right. You bet. Thank you.

(Hearing adjourned at 9:58 a.m. CDT.)

CERTIFICATE OF OFFICER

I, CHERYL E. NICHOLSON, a Certified Shorthand Reporter of the State of Illinois, do hereby that I reported in shorthand the TRANSCRIPT OF PROCEEDINGS BEFORE: HON. THOMAS M. CUSHING, CIRCUIT JUDGE, TRIAL SECTION, ROOM 2812, RICHARD J. DALEY CENTER, 50 WEST WASHINGTON STREET, CHICAGO, ILLINOIS 60602, PROCEEDING ON: THURSDAY, JULY 17, 2025, COMMENCING AT: 9:05 A.M. CDT, CONCLUDING AT: 9:58 A.M. CDT; and that the foregoing is a true, complete and correct transcript of proceedings herein aforesaid, as appears from my stenographic notes so taken and transcribed under my personal direction.

IN WITNESS WHEREOF, I do hereunto set my hand at West Chicago, Illinois, this 18th day of July, 2025.

Cheryl E. Nicholson, CSR No. 084.001932

Transcript Word Index

IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, LAW DIVISION

SHANNA JORDAN, Individually and as Mother and Next Friend of JAH'MIR COLLINS, a minor; and MORGAN COLLINS, Individually and as Mother and Next Friend of AMIAH MCGEE COLLINS, a minor, Plaintiffs, v. CHICAGO HOUSING AUTHORITY, EAST LAKE MANAGEMENT GROUP, INC., LFW, INC. d/b/a THE HABITAT COMPANY, THE HABITAT COMPANY, LLC, Defendants.	)	Case No. 22 L 95

NOTICE OF FILING

TO: See attached Service List

PLEASE TAKE NOTICE that on January 8, 2025, **Chicago Housing Authority's Offer of Proof as to Controlled Witness Jacob Perksy** was electronically filed with the Clerk of the Circuit Court of Cook County, Illinois.

Respectfully submitted,

/s/ *Larry D. Mason*

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IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, LAW DIVISION

SHANNA JORDAN, Individually and as Mother and Next Friend of JAH'MIR COLLINS, a minor; and MORGAN COLLINS, individually and as Mother and Next Friend of AMIAH MCGEE COLLINS, a minor, Plaintiffs,	)	Case No. 22 L 95
v.	)	
CHICAGO HOUSING AUTHORITY, EAST LAKE MANAGEMENT GROUP, INC., LFW, INC. d/b/a THE HABITAT COMPANY, THE HABITAT COMPANY, LLC, and ENVIRONMENTAL DESIGN INTERNATIONAL, INC., Defendants.	)	

CHICAGO HOUSING AUTHORITY'S
OFFER OF PROOF AS TO CONTROLLED WITNESS JACOB PERSKY

Defendant, CHICAGO HOUSING AUTHORITY ("CHA"), by and through its attorneys, Goldberg Segalla LLP, submits this written Offer of Proof as to CHA's controlled witness Jacob Persky pursuant to Rule 103 of the Illinois Rules of Evidence and the Court's request for a written submission in lieu of an evidentiary hearing during the January 3, 2025 pretrial conference.

INTRODUCTORY STATEMENT OF THE LEGAL BASIS
FOR CHA'S EVIDENTIARY OFFER OF PROOF

"An offer of proof is indispensable for preserving potential appellate review when a trial court excludes evidence. Its dual purposes are to clarify the nature of the excluded evidence and to provide a record enabling a reviewing court to determine whether the exclusion was erroneous and materially prejudicial." *Kim v. Mercedes-Benz, U.S.A., Inc.*, 353 Ill.App.3d 444, 451 (1st Dist. 2004); *Snowstar Corp. v. A&A Air Conditioning & Refrigeration Service*, 2024 IL App (4th) 230757, ¶ 72. The Illinois Supreme Court has emphasized that an adequate offer of proof is necessary "to disclose the nature of the offered evidence" and to provide a sufficient basis for

reviewing courts to determine whether the exclusion of evidence was erroneous. *People v. Andrews*, 146 Ill.2d 413, 421 (1992).

Without Mr. Persky's testimony, the record lacks critical evidence regarding the deficiencies in Plaintiffs' investigation and the plausibility of alternative causation theories. Illinois courts have repeatedly held that "a reviewing court must know what was excluded to determine whether the exclusion was proper". *People v. Thompkins*, 181 Ill.2d 1, 10 (1998).

In lieu of an evidentiary hearing where CHA intended to present the testimony of its controlled expert witness, Certified Industrial Hygienist Jacob Persky and supported by demonstrative exhibits, Mr. Persky participated in the preparation of CHA's Offer of Proof and offers his Declaration attached hereto as Exhibit A. This written Offer of Proof satisfies the Illinois Supreme Court's standard by detailing Mr. Persky's qualifications, methodology, and findings.

I. Offer of Proof 1: Jacob Persky's qualifications to testify as an expert on the sufficiency of risk assessments in this matter.

Jacob Persky is a Certified Industrial Hygienist with over two decades of professional experience in environmental health and safety. His credentials include a Bachelor of Science in Bioengineering (University of Illinois, 2001) and a Master of Public Health (Benedictine University, 2012). He has served as Principal and Cofounder of RHP Risk Management Inc. and held senior positions at leading environmental firms. Licensed by the Illinois Department of Public Health as a Lead Inspector (since 2004) and Risk Assessor (since 2007), Mr. Persky brings specialized expertise supported by memberships in the American Industrial Hygiene Association, Society for Risk Assessment, and American Conference of Governmental Industrial Hygienists.

Mr. Persky's offered testimony at trial in this matter is based on his education, expertise and experience, and his review of the pleadings and discovery responses in this matter, including, but not limited to: Plaintiffs' Fourth Amended Complaint; Plaintiffs' Answers to Interrogatories;

Plaintiffs' Response to Requests for Production; Plaintiffs' Rule 213 Disclosures and Reports; and Plaintiffs' Rebuttal to Rule 213 Disclosures and Reports.

Mr. Persky's offered testimony is further based on his review and analysis of the following: Capital Construction Department Interoffice Memorandum re: Scattered Sites Lead Based Paint Testing Data Summary; the EDI report and inspection notes re: 7715 N. Marshfield, Unit 1119, Chicago; the City of Chicago Department of Public Health lead-based paint compliance documents re: 7715 N. Marshfield; the water and lead based paint reports of Thad Ryniak (ECG) re: 7715 N. Marshfield, Unit 1119; the reports of David Parker and Jeri Morris; responses to subpoenas for documents submitted by Lurie Children's Hospital, Gale Community Academy, Chicago Public Schools, City of Chicago, Roger Sullivan High School, Gifted Childrens Academy, Kiddie Kare Pre-School and Kindergarten, Columbia Explorers and the Illinois Department of Health.

Mr. Persky has further reviewed and analyzed the following: lead testing results of Jah'Mir Collins and Amiah Collins from Lurie Children's Hospital; medical records and school records of Amiah Collins; reports and disclosures by David Jacobs, Ph.D., CIH and Donald Brown, M.D., FAAP; as well as the discovery deposition transcripts and exhibits of Charles Wilson, Shanna Jordan, Morgan Collins, Juana Pollard, Glenda Clark, Craig Edgerly, Gary Flentge, Felicia Johnson, Ernest Chiodo, Betty Jones, and David Parker, Ph.D., taken in this matter.

In addition to the above, his testimony is based on generally accepted scientific literature, generally accepted theories relied upon in the medical and toxicology communities, and lead toxicity studies and guidelines, as well as his own personal experience having conducted hundreds of lead-based paint inspections and risk assessments over the last twenty years.

Mr. Persky's testimony explains the role of an industrial hygienist: preventing illness or injury; conducting health studies and hazard assessments, including the testing and sampling of

air, soil, water and materials; communicating, training and educating on exposure and risk, and assessing compliance with safety and health laws, regulations and policies.

II. Offer of Proof 2: Jacob Persky's expert testimony as to the concept of hazard versus risk, specifically as this concept relates to lead-based paint hazard identification and risk management approaches to evaluating lead exposure potential. His expert testimony will further address the nature and toxicity of lead, the environmental sources of lead and its prevalence in the environment and the accepted methodologies for evaluating the presence of lead hazards and assessing exposure risk.

Mr. Persky's expert testimony explains the principles of industrial hygiene as the science and art devoted to the recognition, evaluation and control of conditions in the workplace or indoor environment that affect human health; and the role of the industrial hygienist in assessing risk, which generally follows the four-step paradigm of hazard identification, dose-response assessment, exposure assessment, and risk characterization.

Mr. Persky's expert testimony further explains the concepts of (1) exposure assessment, which measures human exposures to hazardous chemicals by inhalation, skin contact and oral ingestion; (2) dose response and risk assessment, which assess the acceptability/unacceptability of health risk from exposures; and (3) product safety, which evaluates the safety of consumer products and exposures/risks related to product use.

Mr. Persky's expert testimony also includes his personal experience specific to lead, including (1) hazard assessment, which includes lead-based paint inspections by x-ray fluorescence (XRF) and paint-chip testing; soil sampling, water sampling in homes, daycares and commercial buildings; risk assessment, which includes surface dust-wipe sampling; and (3) regulatory compliance, including his development of a lead-in-water training curriculum offered to daycare operators in Illinois as well as online e-training.

Mr. Persky's expert testimony explains the methods for assessing lead hazards, and how lead paint, soil, water and air test results are interpreted in assessing lead hazards and the risk to persons exposed to lead hazards.

III. Offer of Proof 3: Jacob Persky's expert testimony with respect to other potential alternative sources of lead exposure for the minor Plaintiffs including locations outside of the minor Plaintiffs' primary residence, soil, water, food, playgrounds and toys.

Jacob Persky offers expert testimony addressing the major pathways of lead exposure to children over their early years, which include food ingestion, soil/dust ingestion, inhalation, and water ingestion, as well as the how the exposures change as children grow older.

His expert testimony explains risk assessment as a puzzle that includes (1) the indoor home environment, and the lead in food, toys, drinking water, dust from lead-based paint, and lead brought in from adult activities; (2) the outside environment, which includes the legacy impact of leaded-gasoline in urban areas, and lead in soil (especially bare soil), and lead in the air as windblown soil and dust; (3) school/daycare environments, including lead in food, toys, drinking water and dust from lead-based paint; and (4) exposure associated with other caretakers, also including lead in food, toys, drinking water and dust from lead-based paint.

His expert testimony further explains the relative adequacy of the assessment of risk posed by the lead-based paint present at 7715 N. Marshfield, Unit 1119, including his analysis of the reports provided by EDI in November 2017, Chicago Department of Health in August 2020, and ECG in March 2023, respectively. Mr. Persky notes that the condition of the only lead-based paint identified by EDI in 2017 (in the kitchen and one bathroom surface) was described as "not deteriorated", and that there was no contemporaneous assessment of lead-dust on horizontal surfaces. Mr. Persky notes that when lead-based paint was identified by the Chicago Department

of Health in August 2020 (in the exterior rear porch area only) no lead dust was detected in any horizontal surface tests conducted inside the apartment.

Mr. Persky further notes that the condition of the only lead-based paint identified by ECG in March 2023 was described as "intact", and that horizontal surface dust wipe testing demonstrated the highest concentration of lead-dust nearest the living room windows, even though there was no lead in the living room window paint. Mr. Persky notes that air and wind-blown soil/dust was not assessed at all in this matter.

Mr. Persky's expert testimony addresses the importance of testing all sources of lead in drinking water at 7715 N. Marshfield, Unit 1119, as Chicago has more lead water pipes than any other city in the United States. Faucets, pipes and service lines may all be major sources of lead contamination in tap water in Chicago, and ECG's sampling campaign of a single bathroom faucet at 7715 N. Marshfield, Unit 1119 was inadequate and followed a technically flawed procedure.

Mr. Persky's expert testimony shows that Plaintiffs' experts' sole basis for ruling out food/diet exposure pathway was a single interview/questionnaire completed by the Plaintiffs, without any follow-up investigation or testing conducted of any food or food-containers at 7715 N. Marshfield, Unit 1119, which was inadequately assessed in this matter.

Mr. Persky's expert testimony is that no testing of any kind was conducted with respect to the toys at 7715 N. Marshfield, Unit 1119. Toys, even plastic toys, have been known to contain lead, and have in fact been recalled by the Consumer Product Safety Commission on account of their lead content. Children's toys were not assessed at all in this matter.

Mr. Persky offers the opinion that the sole basis for ruling out take-home exposure from adult work or hobbies was an interview/questionnaire completed by the Plaintiffs, and that in the

absence of follow-up investigation or testing conducted, take-home exposure was inadequately assessed in this matter.

Mr. Persky's expert testimony also addresses the prevalence of lead-in soil in Chicago, including at the local level near 7715 N. Marshfield. Lead is the most abundant of the heavy metals and is particularly prevalent in modern industrial cities. Mr. Persky offers the opinion that bare soil in particular poses the greatest risk, and 7715 N. Marshfield, surrounded by bare soil, was not assessed at all in this matter.

Mr. Persky opines as to the need to assess lead in food, children's toys, drinking water and dust in lead-based paint in the minor Plaintiffs' day-care facilities, schools or other caretakers' residences, which was inadequately assessed in this matter. Lead-based paint was not assessed. Lead in food (diet) was not assessed. Lead in children's toys was not assessed. Lead in drinking water was not assessed.

IV. Offer of Proof 4: Jacob Persky's expert testimony rebutting the testimony of Plaintiffs' opposing experts, namely the limitations of any expert to attribute the minor Plaintiffs' blood lead levels to a single source of lead.

Jacob Persky's professional opinion within a reasonable degree of scientific certainty is that the risk assessments conducted in this matter were incomplete. Plaintiffs' experts, and particularly David Parker, Ph.D and David Jacobs, Ph.D., CIH, demonstrate an over-reliance on *hazard identification*, as opposed to *risk assessment*. Plaintiffs' experts failed to conduct a comprehensive risk assessment, violating generally accepted scientific principles for evaluating environmental lead exposure. Risk assessment requires a holistic evaluation of all potential pathways, including soil, water, air, food, and consumer products (EPA, Guidelines for Exposure Assessment, 1992, https://www.epa.gov/risk/guidelines-exposure-assessment).

- Soil: Plaintiffs ignored bare soil surrounding 7715 N. Marshfield, despite the EPA recognizing soil as a primary pathway for lead exposure in urban areas (EPA, Lead in Soil Standards, 2024).
- Water: With Chicago's high prevalence of lead service lines, Plaintiffs' reliance on a single faucet sample is insufficient (CDC, Lead in Drinking Water Toolkit, 2023).
- Food and Toys: Plaintiffs conducted no testing of food, food containers, or toys, despite these being recognized sources of lead contamination.

Mr. Persky's testimony addresses these gaps, demonstrating that Plaintiffs' narrow focus on lead-based paint ignores critical sources of exposure and undermines the reliability of their conclusions. Mr. Persky's professional opinions are more fully set forth in his narrative report dated October 31, 2024 (Exhibit B hereto), and he personally prepared the attached power point slide presentation (Exhibit C hereto) as a demonstrative exhibit to help explain his testimony at trial.

ADDITIONAL STATEMENTS ON THE LEGAL BASIS FOR CHA'S EVIDENTIARY OFFER OF PROOF

Rulings Predicated on Supreme Court Rule 213

On January 3, 2025, this Court ruled that Jacob Persky's trial testimony would be limited to disclosures made on or before October 2, 2024. Based on prior rulings made by this Court as to its perceived sufficiency of CHA's October 2, 2024 disclosures, this Court's ruling on January 3, 2025 effectively bars Mr. Persky from offering substantive trial evidence in support of his narrative report dated October 31, 2024.

This Court advised that its ruling was based on a perceived violation of Supreme Court Rule 213(f)(3), since rebuttal expert disclosures were scheduled to have been made by October 2,

2024, and Mr. Persky's narrative report was produced twenty-nine days later, on October 31, 2024, as a Supplemental Rule 213(f)(3) disclosure, under circumstances previously detailed.

CHA submits that the above offers of proof illustrate that this Court should have allowed CHA's Supplemental Rule 213(f)(3) disclosure to stand and should have allowed Mr. Persky to testify consistently with his October 31, 2024 disclosures in order to do substantial justice between and among the parties, under Rules 213(i) and 218(c). Exclusion of Mr. Persky's opinions prejudice CHA by depriving the jury of relevant evidence on the issues of causation and damages.

Causation has been impacted, as Mr. Persky's testimony shows that Plaintiffs' experts cannot conclusively attribute the minor Plaintiffs' elevated blood lead levels to lead-based paint at 7715 N. Marshfield. Other plausible pathways—soil, water, toys, and food—were either inadequately assessed or entirely ignored.

Damages has also been impacted. Without evaluating alternative sources, Plaintiffs' experts cannot establish the full scope or source of exposure, which is necessary to determine the extent of any compensable harm. Excluding this testimony deprives CHA of the ability to challenge Plaintiffs' evidence effectively and denies the jury a balanced presentation of the facts.

Illinois Supreme Court Rules 213 and 218 are intended to ensure justice by balancing procedural requirements with fairness to all parties. To this end, they "should be liberally construed to do substantial justice between or among the parties". *Florez v. Northshore University Healthsystem*, 2020 IL App (1st) 190465, ¶ 51, 166 N.E.3d 208. Excluding Mr. Persky's supplemental disclosure frustrates this principle by denying the jury access to relevant and probative evidence on causation and damages.

Illinois Supreme Court Rule 213(f)(3) requires timely expert disclosures; however, the rules are not rigid mandates but tools to ensure justice and fairness. Courts have recognized that

even late disclosures may be admissible where excluding the evidence would unfairly prejudice one party. In *Buehler v. Whalen,* 70 Ill.2d 51, 67 (1977), the Illinois Supreme Court noted that procedural rules should not "become a trap for the unwary" but should promote the just resolution of disputes. Similarly, in *Vision Point of Sale, Inc. v. Haas*, 226 Ill.2d 334, 348 (2007), the Illinois Supreme Court cautioned that courts should strive to balance procedural compliance with the interests of justice.

Here, Mr. Persky's supplemental Rule 213(f)(3) disclosure - though submitted after the rebuttal deadline - addresses critical issues of causation and damages and is grounded in CHA's original disclosures. Excluding this evidence undermines Rule 213's purpose of ensuring a fair trial and deprives the jury of relevant, probative testimony.

Rulings Predicated on *Voykin*

This Court has further made several rulings predicated on *Voykin v. Estate of Deboer*, 192 Ill.2d 49 (2000) and *Campbell v. Autenrieb*, 2018 IL App (5th) 170148 (2018). These rulings have precluded the introduction of evidence as to other competent sources of lead exposure.

The trial court's reliance on *Voykin* is misplaced. *Voykin* addresses the admissibility of evidence connecting prior injuries to current injuries. By contrast, this case does not involve past injuries but rather the consideration of alternative exposure pathways.

The Illinois Supreme Court has clarified that *Voykin* does not apply to cases where the focus is on multiple potential causes of harm, such as environmental contamination. In *Peach v. McGovern* (2019 IL 123156, ¶ 38), the Court made clear that reliance on *Voykin* is misplaced in cases that do not involve prior injuries, and evidence of alternative causes need not be linked to expert testimony to be admissible. *Peach*, ¶¶ 30-31. As long as the evidence "reasonably shows that a fact is slightly more probable," it should be admitted. *Peach*, ¶30. Similarly, in *Mack v.*

Anderson, 441 Ill. App.3d 819, 831 (3rd Dist. 2021), the Court allowed evidence of other sources of environmental contamination to challenge the plaintiff's theory of causation. These cases highlight that excluding Mr. Persky's testimony about alternative sources of lead exposure denies CHA the opportunity to present a complete defense on causation and liability.

Here, the failure of Plaintiffs' experts to consider other possible causes or pathways for lead poisoning directly implicates the credibility and reliability of Plaintiffs' experts. As the above offers of proof make clear, these other pathways are not phantoms. Indeed, the CDC emphasizes that lead contamination exists in multiple environmental sources, including water pipes, toys, food products, and consumer goods, all of which contribute to cumulative exposure. (CDC, Sources of Lead, 2024, https://www.cdc.gov/nceh/lead/prevention/sources.htm). Case law is clear that it is appropriate to take judicial notice of CDC recommendations. *See, e.g., Lippert v. Lippert*, 2022 IL App (1st) 220536-U, ¶30. Similarly, the EPA has lowered soil lead screening levels to 200 ppm, reflecting heightened awareness of lead risks in urban soil (EPA, Strengthened Safeguards to Protect Families and Children from Lead in Contaminated Soil, 2024). CHA's expert opinions are grounded in proven science, not phantom cause speculation. Ignoring these well-documented pathways oversimplifies the complex nature of lead exposure.

Public Policy Considerations

Moreover, excluding Mr. Persky's testimony undermines public policy goals aimed at protecting children from environmental hazards. The CDC, EPA, and Illinois Department of Public Health emphasize the importance of comprehensive investigations to identify all potential sources of lead exposure. Limiting expert testimony to a single source of exposure risks misleading jurors and creating unjust outcomes.

Illinois courts have recognized that public health issues demand heightened scrutiny of

evidentiary rulings to ensure that juries receive accurate and complete information. *People v. Munoz*, 398 Ill.App.3d 455, 471 (2nd Dist. 2010). By excluding Mr. Persky's testimony, this Court denies the jury the tools needed to evaluate causation fully and accurately.

CONCLUSION

Jacob Persky's expert testimony provides critical evidence regarding the deficiencies in Plaintiffs' investigation and the plausibility of alternative causation theories. The exclusion of his testimony unfairly deprives CHA of the ability to present a robust defense and underscores the necessity of this Offer of Proof for purposes of Appellate review.

Respectfully submitted,
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IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, LAW DIVISION

SHANNA JORDAN, Individually and as Mother and Next Friend of JAH'MIR COLLINS, a minor;	)	
and	)	
MORGAN COLLINS, Individually and as Mother and Next Friend of AMIAH MCGEE COLLINS, a minor,	)	
Plaintiffs,	)	Case No. 22 L 95
v.	)	
CHICAGO HOUSING AUTHORITY, EAST LAKE MANAGEMENT GROUP, INC., LFW, INC. d/b/a THE HABITAT COMPANY, THE HABITAT COMPANY, LLC, and ENVIRONMENTAL DESIGN INTERNATIONAL, INC.,	)	
Defendants.	)	

NOTICE OF MOTION

TO: See Attached Service List

PLEASE TAKE NOTICE that on **February 11, 2025** at **9:00 a.m.** I shall appear before the Honorable Judge Thomas M. Cushing, or any Judge sitting in his stead in Room 2203 (in lieu of Judge Cushing's typical room 2812) of the Circuit Court of Cook County, Illinois, and present **Defendant, CHA's Motion for Extension of Time to File a Post-Trial Motion**, a copy of which is attached hereto.

Respectfully submitted,

GOLDBERG SEGALLA, LLP

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IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT, LAW DIVISION

SHANNA JORDAN, Individually and as Mother and Next Friend of JAH'MIR COLLINS, a minor;	)	
and	)	
MORGAN COLLINS, Individually and as Mother and Next Friend of AMIAH MCGEE COLLINS, a minor,	)	
Plaintiffs,	)	Case No. 22 L 95
v.	)	
CHICAGO HOUSING AUTHORITY, EAST LAKE MANAGEMENT GROUP, INC., LFW, INC. d/b/a THE HABITAT COMPANY, THE HABITAT COMPANY, LLC, and ENVIRONMENTAL DESIGN INTERNATIONAL, INC.,	)	
Defendants.	)	

DEFENDANT CHA'S MOTION FOR EXTENSION OF TIME TO FILE A POST-TRIAL MOTION

Defendant, CHICAGO HOUSING AUTHORITY ("CHA"), by and through its counsel, Goldberg Segalla LLP, and pursuant to 735 ILCS 5/2-1202(d) and Illinois Supreme Court Rule 183, respectfully moves this Honorable Court for a 30-day extension of time to file its Motion for Extension of Time to File a Post-Trial Motion. In support thereof, CHA states as follows:

INTRODUCTION

Fundamental fairness and judicial efficiency demand that parties be afforded the opportunity to fully and adequately present post-trial motions challenging the legal and factual sufficiency of a jury's verdict. This is particularly true where, as here, the verdict is contrary to the manifest weight of the evidence, inconsistent with Illinois precedent, and raises substantial legal questions that warrant reconsideration before appellate proceedings commence. CHA diligently

seeks to file a post-trial motion but, due to the complexity of the legal issues, the necessity of an extensive review of the trial record, and the importance of preserving critical issues for appeal, CHA requires a 30-day extension to ensure a thorough and well-supported motion is filed.

Illinois courts have consistently recognized that rigid adherence to procedural deadlines should not preclude meaningful legal review, particularly where a litigant has demonstrated good cause for an extension and no prejudice will result to the opposing party. (*Steinbrecher v. Steinbrecher*, 197 Ill. 2d 514, 522 (2001); *Vision Point of Sale, Inc. v. Haas*, 226 Ill. 2d 334, 352-53 (2007)). Section 2-1202(d) of the Illinois Code of Civil Procedure expressly grants trial courts the discretion to extend the time for filing post-trial motions for good cause shown, recognizing the importance of ensuring that litigants have a fair opportunity to present post-trial challenges. Because this case involves substantial legal issues requiring detailed briefing and review, and because granting this 30-day extension would not prejudice Plaintiffs in any manner, CHA respectfully requests that this Court exercise its discretion under 735 ILCS 5/2-1202(d) and Illinois Supreme Court Rule 183 to allow a 30-day extension for filing its motion for JNOV.

LEGAL STANDARD

Illinois law firmly supports the principle that trial courts have broad discretion to extend filing deadlines for post-trial motions for good cause shown under 735 ILCS 5/2-1202(d), which provides:

> "The post-trial motion must be filed within 30 days after the entry of judgment or within any further time the court may allow within the 30 days or any extensions thereof."

The statute's plain language confirms that trial courts have the authority to grant a 30-day extension or longer if necessary, provided the extension is sought within the initial 30-day period

or within an already granted extension. CHA, in compliance with this statutory provision, seeks a 30-day extension to allow sufficient time for a comprehensive and well-supported post-trial motion.

Illinois Supreme Court Rule 183 further reinforces the trial court's discretion in procedural matters, stating:

> "The court, for good cause shown on motion after notice to the opposite party, may extend the time for filing any pleading or the doing of any act which is required by these rules to be done within a limited period, either before or after the expiration of the time."

Illinois courts have consistently recognized that litigants should not be deprived of post-trial relief based on procedural technicalities, particularly where an extension would enable a full and fair adjudication of post-trial challenges. (*Hoffman v. Lehnhausen*, 48 Ill. 2d 323, 326 (1971); *People v. Wright*, 189 Ill. 2d 1, 12 (1999)). Moreover, the Illinois Supreme Court has emphasized that post-trial motions serve a critical function in ensuring trial courts have the opportunity to correct legal and factual errors before appellate proceedings commence, thereby promoting judicial efficiency and fairness (*Redmond v. Socha*, 216 Ill. 2d 622, 642 (2005)).

Given the complexity of the legal issues, the voluminous trial record requiring thorough review, and the necessity of preserving appellate arguments, CHA's request for a 30-day extension is both timely and necessary. The Illinois Supreme Court has repeatedly held that trial courts should exercise their discretion in favor of allowing parties sufficient time to develop post-trial motions fully, particularly where, as here, no prejudice will result to the opposing party. Because CHA's request is reasonable, made in good faith, and necessary to ensure a complete presentation

of post-trial issues, this Court should grant the requested 30-day extension consistent with Illinois law and well-established precedent.

ARGUMENT

CHA has demonstrated good cause for an extension of time pursuant to 735 ILCS 5/2-1202(d) based on (A) the complexity of the legal issues requiring detailed argumentation, (B) the voluminous trial record requiring comprehensive review, (C) the importance of preserving appellate issues in line with Illinois jurisprudence, and (D) the absence of prejudice to Plaintiffs. Section 2-1202(d) grants the trial court broad discretion to extend post-trial deadlines when a litigant demonstrates that additional time is necessary to ensure a full and fair presentation of legal arguments. Illinois courts have consistently recognized that granting such extensions aligns with the interests of justice and judicial economy, preventing premature procedural forfeiture of meritorious claims and ensuring that trial courts have a complete record before appellate review. (*Steinbrecher v. Steinbrecher*, 197 Ill. 2d 514, 522 (2001); *Vision Point of Sale, Inc. v. Haas*, 226 Ill. 2d 334, 352-53 (2007)).

A. The Complexity of the Legal Issues Necessitates Additional Time for Proper Presentation

This case presents a multifaceted and legally intricate post-trial challenge, requiring an extensive analysis of Illinois law and its application to the sufficiency of the evidence, potential trial errors affecting liability and damages, and the broader framework governing post-trial relief under Illinois precedent. Courts have recognized that where post-trial motions involve complex legal doctrines, additional time is often necessary to ensure that arguments are thoroughly analyzed and properly framed for judicial review.

In *First Chicago Bank & Trust Co. v. Brandwein*, 2013 IL App (1st) 121137, ¶ 19, the Illinois Appellate Court held that trial courts must afford litigants reasonable time to brief post-

trial issues that require substantial legal and factual analysis. CHA is not merely filing a routine motion but one that raises significant legal questions that must be properly researched, structured, and supported by case law. The Illinois Supreme Court has emphasized the necessity of ensuring procedural fairness and due diligence in post-trial proceedings, particularly where legal arguments require careful briefing. (*People ex rel. Madigan v. Illinois Commerce Comm'n,* 231 Ill. 2d 370, 387 (2008)).

Illinois courts have recognized that procedural extensions are especially warranted when a post-trial motion seeks to challenge the sufficiency of the evidence. In such cases, a litigant must engage in a meticulous review of the trial transcript, exhibits, expert testimony, and evidentiary rulings to construct a legally sound motion for JNOV. Rushing this process risks incomplete legal arguments and potential forfeiture of key appellate issues, undermining the very purpose of post-trial relief under Illinois law. Given these considerations, an extension is necessary to allow CHA to fully develop the post-trial motion and ensure that all arguments are appropriately presented.

B. The Voluminous Trial Record Necessitates Additional Review Time

Illinois courts have long held that where the trial record is substantial, litigants should be granted additional time to review evidence and testimony before filing post-trial motions. This trial spanned 24 days and generated an extensive record, including expert testimony, disputed evidentiary rulings, multiple jury instructions, and significant documentary evidence, all of which must be carefully examined to develop a well-supported post-trial motion. Illinois law strongly disfavors forcing parties to file post-trial motions without adequate time to review the record, as doing so risks incomplete arguments, improper preservation of appellate issues, and judicial inefficiency. (*Hanna v. City of Chicago*, 331 Ill. App. 3d 295, 300 (1st Dist. 2002)).

In *Redmond v. Socha*, 216 Ill. 2d 622, 642 (2005), the Illinois Supreme Court reaffirmed that post-trial motions play a critical role in appellate preservation, allowing trial courts to review legal errors before higher courts intervene. Denying an extension in this context would contravene Illinois procedural principles by forcing CHA to submit an incomplete or premature motion that lacks proper evidentiary and legal analysis.

The Illinois Supreme Court has emphasized that the availability of post-trial relief is fundamental to the appellate process and should not be impeded by procedural rigidity when an extension would facilitate a fair and well-reasoned post-trial motion. (*Vision Point of Sale, Inc. v. Haas*, 226 Ill. 2d 334, 352-53 (2007)). Given the extensive evidentiary record in this case, the necessity of additional time for review is clear and justified under Illinois law.

C. The Importance of Preserving Appellate Issues Warrants Additional Time

The filing of a JNOV motion is not only a procedural mechanism for post-trial relief but also a critical step in preserving legal and factual challenges for appellate review. Illinois courts have consistently held that extensions should be granted when necessary to prevent the procedural forfeiture of legitimate appellate claims. (*Steinbrecher v. Steinbrecher*, 197 Ill. 2d 514, 522 (2001)). A premature denial of post-trial relief, caused by strict enforcement of procedural deadlines without regard for the complexity of the case, would run counter to Illinois jurisprudence favoring substantive rulings over procedural dismissals.

In *Hoffman v. Lehnhausen*, 48 Ill. 2d 323, 326 (1971), the Illinois Supreme Court explicitly stated that courts must prioritize rulings on the merits over rigid procedural enforcement where an extension would enable a party to fully present legal challenges that may affect the validity of a verdict. Similarly, in *People v. Wright*, 189 Ill. 2d 1, 12 (1999), the Court reiterated that justice is best served when procedural rules are applied in a manner that allows parties to meaningfully

develop and present their legal arguments. Here, CHA has acted diligently and in good faith to prepare its post-trial motion but requires additional time to ensure that all relevant arguments are raised and preserved for review. The trial court's discretion under 735 ILCS 5/2-1202(d) provides the necessary procedural safeguard to prevent unjust procedural forfeiture and ensure a comprehensive post-trial review.

D. No Prejudice to Plaintiffs Will Result from the Extension

Illinois courts have consistently held that procedural extensions should be granted when the delay does not materially affect the opposing party's legal rights. (*Hoffman v. Lehnhausen*, 48 Ill. 2d 323, 326 (1971)). Here, Plaintiffs will suffer no prejudice from the requested extension because it will not delay the final resolution of the case or impair Plaintiffs' ability to respond to CHA's motion once filed.

The Illinois Supreme Court has repeatedly emphasized that a procedural extension does not constitute undue prejudice where it simply ensures that arguments are properly developed for judicial consideration. (*Steinbrecher v. Steinbrecher*, 197 Ill. 2d at 522). CHA is not seeking this extension for the purpose of delay but rather to ensure that all post-trial arguments are fully articulated and supported by law. As the Illinois Supreme Court stated in *People v. Wright*, 189 Ill. 2d 1, 12 (1999), procedural rules should be applied in a manner that prioritizes fair and equitable case resolution over rigid adherence to deadlines that could undermine substantive legal review.

Because the requested extension is procedural rather than substantive, and because Plaintiffs retains full opportunity to oppose the motion once filed, no cognizable prejudice exists. Granting this extension would be fully consistent with Illinois precedent favoring substantive review over arbitrary procedural cutoffs.

REQUESTED RELIEF

For the reasons set forth herein, CHA respectfully requests that this Court grant an extension of time for filing its post-trial motion pursuant to 735 ILCS 5/2-1202(d) and Illinois Supreme Court Rule 183. Given the legal and factual complexity of the issues at stake, the extensive trial record requiring careful review, the necessity of preserving critical appellate arguments, and the complete absence of prejudice to Plaintiffs, an extension is both appropriate and necessary to ensure that CHA's post-trial motion is fully and properly developed. The Illinois Supreme Court has consistently held that post-trial motions serve an essential function in trial court proceedings, allowing for reconsideration of legal and factual errors before the case proceeds to appellate review (*Redmond v. Socha*, 216 Ill. 2d 622, 642 (2005)). Without an extension, CHA risks forfeiting meritorious claims due to arbitrary procedural constraints, undermining the very purpose of post-trial relief.

Illinois courts have long emphasized that procedural rules must not operate as a mechanism to foreclose substantive legal challenges where an extension would facilitate fair and just resolution (*Steinbrecher v. Steinbrecher*, 197 Ill. 2d 514, 522 (2001); *Hoffman v. Lehnhausen*, 48 Ill. 2d 323, 326 (1971)). Granting this extension serves the interests of justice and judicial efficiency, ensuring that all post-trial arguments are fully presented and deliberated before appellate proceedings commence. In light of the compelling legal and equitable grounds supporting this request, CHA respectfully urges this Court to exercise its discretion under 735 ILCS 5/2-1202(d) and Illinois Supreme Court Rule 183 to grant the requested extension.

CONCLUSION

Illinois courts have long favored substantive review over procedural rigidity, particularly where an extension would serve fairness, efficiency, and sound judicial decision-making. CHA has diligently pursued post-trial relief and, in good faith, seeks a 30-day extension to ensure that all legal issues are properly preserved and articulated before this Court. The requested extension is fully supported by Illinois Supreme Court precedent emphasizing that post-trial motions should be given thorough and deliberate consideration, especially when they raise substantial legal questions regarding the sufficiency of the evidence and the correctness of the verdict.

Furthermore, Plaintiffs will suffer no prejudice as a result of this extension, as the post-trial process is a routine and necessary phase of litigation that does not alter the parties' substantive rights or impact the final disposition of the case. Illinois courts have consistently recognized that extensions of procedural deadlines should be granted where they facilitate the full and fair adjudication of post-trial relief and do not unduly burden the opposing party (*Vision Point of Sale, Inc. v. Haas*, 226 Ill. 2d 334, 352-53 (2007)).

For these reasons, CHA respectfully requests that this Court grant a 30-day extension for the filing of its post-trial motion, ensuring that this case is resolved on the merits and in accordance with Illinois procedural and substantive law, in a manner that upholds the fundamental principles of fairness, due process, and judicial efficiency.

Dated: February 6, 2025

Respectfully submitted,

/s/ *Larry D. Mason*

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

Jordan, et al.
v.
Chicago Housing Authority, et al.

No. 22 L 95

ORDER

The Chicago Housing Authority (CHA) having acknowledged the inclusion of "an improper case citation" in its Post-Trial Motion, along with "its fictitious holding," and pursuant to the CHA's offer "to provide ... further explanation,"

It is hereby ordered:

This matter is scheduled for 7/17/25 at 9:00 AM in Courtroom 2812 for further explanation regarding the inclusion of an improper citation of authority in the CHA's Post-Trial Motion. Any attorneys responsible for the generation or inclusion of the subject citation(s) in the CHA's brief shall be present. Counsel for CHA shall provide copies of their firm's policies and publications regarding the use of AI by attorneys to the Court by

ENTERED: July 15, 2025.

Attorney No.: _____
Name: _____
Atty. for: O/C
Address: _____
City/State/Zip: _____
Telephone: _____

Dated: _____, _____

Thomas M. Cushing
Judge Judge's No.

ENTERED
Judge Thomas Cushing-2258
JUL 10 2025
MARIYANA T. SPYROPOULOS
CLERK OF THE CIRCUIT COURT
OF COOK COUNTY, IL

Mariyana T. Spyropoulos, Clerk of the Circuit Court of Cook County, Illinois

Exhibit
Ex. 14