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

Shana 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 Collins, a minor, Plaintiffs,	)	No. 2022 L 000095
v.	)	Hon. Thomas M. Cushing
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.	)	

ORDER

This cause coming on to be heard on Plaintiffs' Motion for Sanctions, due notice having been given, and the court being advised in the premises, IT IS HEREBY ORDERED:

The motion for sanctions is GRANTED in part and DENIED in part.

Facts

Plaintiffs' secured a $24 million verdict against Defendant Chicago Housing Authority (CHA) on January 15, 2025 following a jury trial that took place over six weeks. Trial commenced in December, 2024, was suspended for the Christmas and New Years holidays and resumed in January, 2025. There were fifteen days of testimony as well as days dedicated to motions in limine, opening statements, closing arguments, and a conference on instructions. Plaintiffs alleged and the jury agreed that two minor children suffered elevated blood lead levels and permanent brain damage as a result of exposure to lead-based paint in the apartment owned by CHA where the minors lived for a period of years.

The court ruled in limine that CHA was prohibited from offering evidence that lead was present in other places in the community, such as in the dirt or in paint on CTA train supports, unless it had testimony from an expert that exposure from such sources could or might have been the cause of the minors' elevated blood lead levels, relying on *Campbell v. Autenrieb,* 2018 IL App (5th) 170148. This was plaintiffs' motion in limine number 23 barring reference to speculative theories about causes of children's injuries unless a proper foundation has been laid by expert testimony. Despite that ruling, counsel for CHA repeatedly placed that theory before the jury during trial, generating repeated sustained objections and admonishments for the jury to disregard the prohibited questions or comments.

CHA's Post-Trial Motion

In its post-trial motion, CHA argued the court's ruling barring evidence of alternative sources of lead in the absence of expert testimony connecting it to the minors was error, and cited for the first time the case of *Mack v. Anderson.* At page 25 of its Motion for Post-Trial Relief, CHA stated, "Similarly, in *Mack v. Anderson,* the Supreme Court allowed evidence of other sources of environmental contamination to challenge the plaintiffs' theory of causation." CHA provided the following citation for the case: 441 Ill. App. 3d 819, 831 (3rd Dist. 2021). CHA filed its post-trial motion on March 17, 2025 after receiving an extension of time for filing, which it sought so that it could secure the transcripts from the lengthy trial to aid in preparation of the motion.

On May 20, 2025, plaintiffs filed their response to CHA's post-trial motion, pointing out at page 47 that as far as they could tell, *Mack v. Anderson* "does not exist… [but] appears to have been invented out of thin-air."

On June 18, 2025, CHA filed its reply, conceding in a footnote that plaintiffs "identified an improper case citation in CHA's Post-Trial Motion at pages 25-26." The footnote went on to say that Goldberg Segalla LLP sincerely apologizes "for this serious lapse in professionalism." It explained that several contributors supported lead counsel Larry Mason in preparing the pleading, that an "exhaustive investigation" pointed to one attorney who used AI technology and "failed to verify the AI citation before including the case and the surrounding sentence describing its fictitious holding." It assured the court the firm implemented firm-wide measures to re-educate its attorneys on AI use, and that its investigation revealed no intent to deceive the court. The footnote concluded by asking the court not to punish CHA for the "mistake in judgment by one of its attorneys," and stating, "At the Court's request, CHA's counsel is available to provide any further explanation."

July 17, 2025

Pursuant to CHA's offer to provide further explanation and to its own authority under Supreme Court Rule 137, the court, "upon its own initiative," (S.C.R. 137(a)) entered an order on July 10, 2025, scheduling the case for July 17, and ordering any attorney responsible for the generation or inclusion of citations in CHA's Post-Trial Motion to be present "for further explanation regarding the inclusion of an improper citation." On July 17, 2025, after explaining that no one would be sworn as a witness and that no one was being compelled to address the court, the court asked whether attorneys present wished to explain how the fictitious case was included in the memorandum.

Danielle Malaty, who was represented by counsel, explained that she was a partner at Goldberg Segalla, that she has been licensed as an Illinois attorney for eleven years, and that she provided initial research and drafting for portions of the post-trial motion, including the citation of *Mack v. Anderson,* as well as drafting on a motion asking leave to submit an offer of proof earlier in the trial. She explained that she used ChatGPT, an AI tool, during her work on the motions, that she "understood that ChatGPT was capable of what we have come to call hallucinations," but that she did not understand it could manufacture legal citations with fictitious names and "publication information." She knew her work would be reviewed by other

partners at the firm before the brief was signed and filed, namely Daniel Woods, William O'Connell and Larry Mason, the lead partner on the case.

Ms. Malaty confirmed that she was fired by the firm and that she was now practicing on her own. She stated that there was no discussion among lawyers at the firm about the *Mack* case before its non-existence was brought to light by plaintiffs' counsel on May 20.

Attorney Larry Mason signed CHA's post-trial motion. He said he sought out guidance from Mr. O'Connell, co-lead of the firm's appellate group, who was in court on July 17, to spearhead the team preparing the post-trial motion. He stated all the lawyers on that team reported to him, and that most of their inquiries to him were about facts and witness testimony from the trial.

When the firm had a client-ready 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..." Referencing his repeated attempts to put barred information regarding sources of lead in the environment before the jury, Mr. Mason continued, "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 interjected, "Repeatedly, in front of the jury." And Mr. Mason responded, "Yes, your Honor."

Mr. Mason continued: "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."

Mr. Mason explained that the firm had a policy in place prohibiting the use of AI by attorneys, that the notion an attorney at the firm would employ AI in drafting a brief was not in his contemplation, and that the idea was "abhorrent" to him. He later stated, "We're disgusted. I'm personally disgusted. And that's my role in all this, your Honor." He stated for the second time that this matter is about "one case out of 50-some odd case citations [that] gets through. It's horrific." After the court commented it could not confirm that this was simply a matter of a single case, it asked Mr. Mason whether there was any discussion among the lawyers at his firm about the *Mack* case before plaintiffs stated they could not find it. Mr. Mason said no, "There is [sic] none that I'm aware of."

He then stated that *Mack,* offered as Supreme Court authority on the central evidentiary dispute in the trial, "is only an extra case." Shortly thereafter he again described the case as "just an extra," and as "surplusage. That doesn't excuse it, but it is what it is, your Honor." The court noted that Mr. Mason repeatedly sought to admit prohibited evidence on this issue in the presence of the jury, and asked whether Mr. Mason sought to read that case with a favorable holding on the issue. Mr. Mason agreed it was an important issue at trial and stated, "I fully

acknowledge, it was a very important issue. But my focus was not on those cases." Rather, he would read them when he prepared for argument on the post-trial motion.

Mr. Mason explained that he relied on Mr. O'Connell's expertise as an appellate lawyer for the motion, so Mr. Mason "didn't have to do much work on his final draft that I got, so I wasn't really looking into those details... I was trying to make sure... 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."

When Ms. Malaty was asked to comment on whether the court should be concerned with her trustworthiness or honesty, as the court must consider under sec. 2.15 of the Code of Judicial Conduct (CJC), she said she understood her work product would be filtered through several layers of review, and that she was not the final signatory on the memorandum. She had no intent to deceive the court, and she was the only attorney in the firm's Chicago office in the employment practice group and had "no support." She did not offer that she had been sanctioned by another judge in the Circuit Court of Cook County just the day before, July 16, 2025, for citing non-existent case law in a court filing that was generated by ChatGPT.

When Mr. Mason was asked about whether the court should be concerned with his trustworthiness and honesty, he responded that Rule 137 does not give rise to sanctions against him because the rule requires that he has read the document, and that to the best of his knowledge, information and belief it is well grounded in fact and warranted by existing law. He argued that the rule does not give guidance on what that reading requires, and then for the third time he insisted, "now we're talking about one case." Mr. Mason emphasized the firm's policy prohibiting the use of AI by attorneys, so he had no reason to suspect that the motion included a non-existent case, and had no intent to deceive the court.

He stated that he was deceived here. "It's disgusting, unbelievable waste and abuse, and we're very, very disappointed." He then said Ms. Malaty was not honest when she said she was just the only member of the Chicago office in the employment practice group. After additional questions, he did concede that she was in fact the only attorney in that group, but added that other lawyers in the office did do work on employment matters as well.

According to a letter submitted to the court by Goldberg Segalla's Chief Operating Officer, Christopher Belter, on July 15, 2025, Goldberg Segalla had in place from July 13, 2023 to March 12, 2025 a policy prohibiting the use of artificial intelligence "without prior approval from the IT department and firm leadership." The policy in place from March 12, 2025 to June 11, 2025 required that any firm attorney using artificial intelligence was required to meticulously review any output received through AI for content validity and other concerns."

Goldberg Segalla is a firm of approximately 440 attorneys, some of whom, including Ms. Malaty, authored articles in legal forums discussing the use of AI in attorneys' work and cautioning about the risks of accepting AI generated content without verification.

Ms. Malaty was sanctioned ten dollars on July 16, 2025, for her work on the case of *Calderon v. Dynamic Manufacturing, Inc.*, 2024 CH 9839 in the Circuit Court of Cook County, assigned to Circuit Judge William B. Sullivan in the Richard J. Daley Center Courthouse. She

was sanctioned pursuant to SCR 137 for filing a motion to dismiss which included approximately twelve invalid citations of law that resulted from her use of artificial intelligence, namely Chat GPT, in her research and drafting. That order contains a review of reported decisions regarding the use of AI in court filings current at the time of its entry, and is referenced with approval regarding those citations.

Plaintiffs' Motion for Sanctions

On July 17, 2025, plaintiffs were granted leave to file a motion for sanctions, which they did on July 22, 2025. The instant Motion for Sanctions demonstrates the inaccuracy of the repeated claim that the matter of false authority from ChatGPT involved only one case. Plaintiffs point to fourteen instances where CHA cites cases for propositions the cases do not stand for, six of which CHA subsequently agreed to withdraw. Misrepresentation of holdings in cases include, for example:

-"In *Barry v. Owens-Corning Fiberglass Corp.,* 108 Ill. 2d 401 (1985), the court affirmed remittitur, concluding that the jury's damages award was excessive…" (CHA PTM pgs. 36-37) In fact, the Supreme Court, declining to find a $12 million verdict excessive, stated, "We will not vacate the award or order a remittitur."

-"In *Hollis v. R. Latoria Construction, Inc.,* the Illinois Supreme Court found that remittitur was proper where the jury's award for damages was excessive…" (CHA PTM pg. 36) In fact, the Supreme Court affirmed the judgment of the Appellate Court, remanding the case for a new trial based on the inadequacy of damages awarded.

-"[I]n *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." In fact, the case did not involve a trial at all, but rather affirmed summary judgment for the employer of an intoxicated shooter who was an off-duty police officer.

-Arguing the purpose of remittitur is to ensure that damages are proportionate to actual harm, CHA stated, "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)." I fact, the holding in the case is that a defendant is entitled to cross-examine plaintiff's treating physician regarding the number of referrals made by plaintiff's attorney and regarding compensation for his work.

-CHA cited *Thompson v. Gordon,* 241 Ill. 2d 428, 438 (2011) for the proposition that "Illinois courts have consistently held that references to unrelated litigation, particularly where allegations were resolved or dismissed, serve no legitimate evidentiary purpose and oly serve to prejudice the jury." (CHA PTM, pg. 27) At footnote 69, CHA includes a quote regarding exclusion of evidence where the danger of unfair prejudice outweighs its probative value. In fact, the quote is not found in the case, and the case does not stand for either proposition offered by CHA. It affirmed the trial court's grant of summary judgement, and overturned the Appellate Court's reversal, finding that the duty in that case was established by a contract for engineering work.

These are not nuanced differences in interpretation of the various opinions. They are examples of non-existent quotes and fabricated holdings. The motion for sanctions also identifies seven instances of mis-cited cases or false quotations from CHA's offer or proof filed January 8, 2025, and five mis-citations, false quotes, and another non-existent case, *First Chicago Bank v. Brandwein,* 2013 IL App (1st) 121137, in CHA's Motion for Extension of Time to File Post-Trial Motion filed February 6, 2025. Plaintiffs also identified repeated misstatements of the factual record in CHA's post-trial motion, focused on references to the *Gautreaux* case and on plaintiffs' counsel's closing argument.

CHA was granted additional time to respond to the Motion for Sanctions so the CHA and its attorneys could retain counsel on their own behalf and on behalf of their attorneys. Hinshaw Culbertson appeared for CHA and its attorneys, other than Ms. Malaty, and filed a response to the motion ("the CHA Response"). Ms. Malaty filed her response to the motion by her own counsel.

The CHA Response to the Motion for Sanctions states, "Respondents have already conceded the errors and agreed to pay reasonable attorneys' fees and costs." Without further specification, the CHA Response states, "Respondents request that this Court only strike the three cases at issue from the Response [sic] brief." (CHA Response, pg. 23)

While SCR 137 is referenced, the brief makes no suggestion regarding who bears responsibility for the faulty citations or inaccurate facts under the rule, and urges the court to enter any monetary sanction against the Goldberg Segalla firm and not against any attorney. It describes the attorneys' conduct as passive, e.g.: "fictitious cases that made their way into several pleadings GS filed on behalf of CHA;" (CHA Response pg. 2) explaining that Mr. Mason's hands-off approach "ultimately led to his name being affixed to these pleadings;" (CHA Response pg. 8) and, "While he did not review every case cited in every pleading and motion, those who assisted him during and after the trial sent every completed pleading to his assistant to be filed, who, in turn, filed each pleading using an existing template containing Mr. Mason's e-signature." (CHA Response pg. 6)

The CHA Response states, "Respondents also do not object to paying Plaintiffs' counsel reasonable attorneys' fees and costs incurred in the preparation and presentment of the instant motion." (CHA Response pg. 22) in a footnote the brief states, "Any payment would come from GS, not CHA." Neither CHA nor any of its attorneys has filed a written objection or asked to brief the issue of the reasonableness of the attorneys' fees sought by plaintiffs' counsel in this matter.

The CHA Response mistakenly argues that at the July 17, 2025, hearing "it was revealed" that "the discussion of these cases or the cases themselves were hallucinated by Chat GPT..." (CHA Response pg. 2) The quote inaccurately suggests that more than one hallucinated case was disclosed on or before July 17. That was not the case, as Mr. Mason on that date repeatedly averred that there was only one case at issue. The CHA Response argued it was reasonable for "the lead trial attorney, Mr. Mason, to delegate certain tasks and place his trust in other partners of the firm." (CHA Response pg. 8)

In its Motion for Leave to File Corrections in Certain Pleadings proposing corrections to CHA's post-trial motion, offer of proof, and motion for extension of time, Goldberg Segalla only attributes two corrections, the citation of *Mack v. Anderson* and *First Chicago Bank v. Brandwein,* to the "work product of a former Goldberg Segalla LLP attorney that had used AI technology in direct violation of Goldberg Segalla's AI use policy." (See Goldberg Segalla LLP's Motion for Leave to File Corrections in Certain Pleadings filed August 20, 2025.) The firm does not suggest that any other of the errors, false quotations, conjured holdings or misstatement of facts is attributable to the use of artificial intelligence.

Danielle Malaty filed a response to the Motion for Sanctions along with her affidavit. She argues that SCR 137 does not authorize sanctions against her because she did not sign the motions in issue. She also argues she had no intention to deceive the court or counsel, but did use ChatGPT for her legal research without cite-checking the case law produced. She submitted drafts of her work on the three motions in issue to Mr. Woods and understood her work would be reviewed before being included in final drafts for filing. The first time she ever used generative artificial intelligence in her work was on these assignments in this case, beginning on January 6, 2025. She has taken responsibility for her use of AI and inaccurate statements of the law in the *Calderon* case, and has agreed to pay attorney's fees to opposing counsel in that case. She has taken ten hours of continuing legal education courses on the use of AI in response to her improper use to date.

<u>Analysis</u>

The court's focus here is not the misuse of artificial intelligence to conduct unreliable legal research and drafting. It is the inexcusable submission of false authority and factual arguments to the court, the subsequent misrepresentations about the extent of the improper conduct, and the failure to take prompt responsibility for errors once discovered. The obligations on officers of the court at issue here precede by centuries the age of electronic research and artificial intelligence.

The failures to meet those obligations do serious damage to the respect for the legal profession, and they merit sanctions. The most serious sanctionable conduct consists of actions taken after the attorneys had time to consider the consequences of submitting false statements of law and facts to the court, and had time to discover and disclose the full extent of the errors in citations and in factual assertions.

According to Supreme Court Rule 137, "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 good-faith argument for the extension... of existing law, and that it is not interposed for any improper purpose... If a pleading, motion, or other document is signed in violation of this rule, the court, upon motion or 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." SCR 137(a)

The Illinois Supreme Court Policy on Artificial Intelligence, effective January 1, 2025, permits the use of AI by attorneys and judges, "provided it complies with legal and ethical standards." "Unsubstantiated or deliberately misleading AI-generated content that perpetuates bias, prejudices litigants, or obscures from truth-finding and decision-making will not be tolerated... The Rules of Professional Conduct and the Code of Judicial Conduct apply fully to the use of AI technologies. Attorneys, judges, and self-represented litigants are accountable 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."

The Policy essentially reiterates an attorney's responsibility to substantiate the validity of the legal and factual assertions they make. They remain accountable for all their legal and ethical obligations.

In the first Illinois Appellate opinion to address the use of AI in preparation of legal filings, the court cited with approval the ABA Committee on Ethics and Professional Responsibility, Formal Opinion 512 (2024) which includes, "In judicial proceedings, duties to the tribunal likewise require lawyers, before submitting materials to a court, to review these outputs, including analysis and citations to authority, and to correct errors, including misstatements of law and fact, a failure to include controlling legal authority, and misleading arguments." *People v. Lerin H. (In re Baby Boy),* 2025 IL App (4th) 241427, par. 91.

The Court in *Lerin H.* ordered sanctions against an attorney under SCR 375 for citation of hallucinated cases in appellate briefs, and found particularly egregious the failure to admit the nonexistence of cases originally cited in a brief, calling that "a serious matter." Counsel's inadequate responses to the Court were not credible, counsel clearly had not read the cases submitted to the Court, and he was persistent in misleading the Court." *Id,* at par. 102. Citing *Mata v. Avianca, Inc.*, 678 F. Supp. 3d 443, 448-49 (S.D.N.Y. 2023), the Court noted, "It [the submission of fake opinions] 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." *Id,* at 93.

By its terms, Rule 137 applies to the signer of a pleading or motion. In this case, that is Mr. Mason. Ms. Malaty is not the signer. The Appellate Court in the First District ruled that a law firm can be liable for violation of the old paragraph 2-611 of the Code of Civil Procedure, the predecessor to Rule 137, under agency principles. *Brubakken v. Morrison,* 240 Ill. App. 3d 680, 686-687 (1st Dist. 1992). But see *Levin v. Seigel & Capitel, Ltd.*, 314 Ill. App. 3d 1050 (3d Dist. 2000), and cases cited therein, and *Medical Alliances, LLC v. Health Care Services Corp.*, 371 Il. App. 3d 755 (2d Dist. 2007) and cases cited therein, declining to follow *Brubakken.*

Any potential controversy over whether this court may sanction Goldberg Segalla LLP for the conduct of its partners, Mason, Woods, O'Connell and Malaty, is resolved, however, by the firm's concession on this issue. The response to the Motion for Sanctions filed by Goldberg Segalla LLP, Larry Mason, William O'Connell and Daniel Woods by their retained counsel ("the GS Response") states, "GS [Goldberg Segalla LLP] has accepted responsibility of the AI hallucinated authorities and incorrect quotations and is willing to accept an appropriate sanction from this Court." (GS Response, pg. 13-14) The firm then suggests the remedy of striking

references to the AI hallucinated authorities and quotations, rather weak soup given the fact the court already granted CHA's motion to file a corrected post-trial motion striking certain offending citations.

Supreme Court Rule 137 authorizes the court to impose sanctions as a penalty against a party or attorney for filing a pleading or motion not well-grounded in fact or law, or that is filed for any improper purpose. *McCarthy v. Taylor*, 2019 IL 123622, par. 19. The rule provides the sanction "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." SCR 137(a) Attorney's fees are just one type of monetary sanction the court, in its discretion, may impose. It may also elect to impose sanctions in the form of a penalty, not reasonable attorney fees. *Eisterhold v. Gizewski,* 2022 IL App (1st) 210490, par. 39-40.

Rule 137 "is intended to prevent counsel from making assertions of fact or law without support [cite], whether the assertions be written or oral." *Lewy v. Koeckritz International, Inc.*, 211 Ill. App. 3d 330, 334 (1st Dist. 1991) citing *Modern Mailing Systems, Inc. v. McDaniels,* 191 Ill. App. 3d 347, 351 (1989). (*Lewy* reversed a Circuit Court order entering sanctions, finding the conduct of the attorneys was reasonable and not in violation of Rule 137. *Lewy* at 336.)

Danielle Malaty

By its terms, SCR 137 does not extend to Ms. Malaty, but only to the signer of a pleading or motion. Plaintiffs argue that the court may, through its inherent authority, sanction Ms. Malaty for her role in presenting false legal citations to the court, but plaintiffs do not cite any cases authorizing monetary sanctions against a non-signing attorney in a SCR 137 scenario on the basis of the court's inherent authority.

Ms. Malaty's conduct is not blameless. In the most basic sense, she submitted legal authority for others to rely on without reading the cases. That is the lawyer's job, to find and present the law. Presumably she billed the client for legal work, when in fact she outsourced the legal research and reasoning to a machine.

She knew that her firm's policies prohibited the use of artificial intelligence in her work, drafting motions or sections of motions for filing and presentation to the court. She knew AI resources like ChatGPT were unreliable and could hallucinate authority. She told the court she did not know that hallucination could include completely fabricating legal authority, but neither did she determine just what that did mean before submitting her work to her partners and to the court.

She deceived her partners by violating firm policy, and while courts do not police firm policies, Ms. Malaty submitted her work without confirming the authority was accurate, and without notifying anyone to read the cases for accuracy. She did this on three separate motions as well as on her motion to dismiss in the *Calderon* case. Her conduct in submitting authority without reading it was part of a spree, not a single error,

In mitigation, Ms. Malaty did acknowledge, once discovered, her professional failures both in this case and in *Calderon.* However, when given the opportunity to address the court

with anything else she felt it should know about her trustworthiness and honesty, she neglected to disclose that she had been sanctioned for the same conduct just the day prior in *Calderon.* Either she did not believe that fact was responsive to the court's question, or she hoped the court would not learn of it before issuing a ruling.

To the extent a monetary sanction is intended to dissuade future similar conduct by Ms. Malaty, the court finds that is not necessary at this point. Ms. Malaty has lost her job with Goldberg Segalla LLP and has been the subject of high-profile coverage in the press over her failures in this case. She has taken on a financial burden for her conduct in *Calderon,* agreeing to pay attorney's fees. She has undertaken ten hours of continuing legal education in the proper use of artificial intelligence.

The Illinois Rules of Professional Conduct require that a lawyer employ reasonably necessary knowledge, skill and thoroughness in her work, (IRPC 1.1) and prohibit a lawyer from knowingly making a false statement of fact or law to a tribunal or failing to correct such a false statement. (IRPC 3.3) Thoroughness requires, at a minimum, reading the cases a lawyer cites in her work. Once a lawyer learns that some of her legal research is invalid, it is incumbent upon her to review the balance of her work and disclose any other invalid citations to the court. The court has an obligation to take appropriate action under Illinois Code of Judicial Conduct Rule 2.15(D), and will, unless receiving an objection from any party to plaintiffs' Motion for Sanctions within seven days of the entry of this order, reach out to and communicate directly with Ms. Malaty through her counsel consistent with its obligations under Rule 2.15(D).

William O'Connell and Daniel Woods

Supreme Court Rule 137 does not extend to William O'Connell or Daniel Woods. They did not sign the post-trial motion or either of the other two motions in issue. Further, the court does not find that sanctions against either of them under the court's inherent powers is warranted.

Larry Mason

Mr. Mason addressed the court on July 17, 2025, more than eight weeks after he learned that his partner cited non-existent authority because she used AI to draft her arguments, and exactly four months after he signed and filed CHA's post-trial motion. Over the course of the preceding eight weeks, apparently Mr. Mason did not read the cases cited in the brief that he signed. Still, he affirmatively asserted three times that the issue of invalid citations was limited to a single case. That was false. There were repeated, indefensible citations to non-existent holdings and quotations in the briefing, a matter that would have been apparent to any attorney who read the cases. The repeated diminishment of Mr. Mason's, and the firm's, failures demonstrates a reflex to deflect rather than to take responsibility. It also raises the unseemly question whether Mr. Mason and his partners did read the cases, knew extent of the fabricated citations, and still chose to insist that *Mack v. Anderson* was the only offending cite.

According to Comment [3] to Rule 3.3 of the Illinois Rules of Professional Conduct, "[A]n assertion purporting to be on the lawyer's own knowledge, as in... a statement in open court, may properly be made only when the lawyer knows the assertion is true or believes it to be true on the basis of reasonably diligent inquiry." Before repeatedly asserting that the false

citation to authority was a matter of only one case, reasonably diligent inquiry would require Mr. Mason, at a minimum, to read the balance of the authority cited in the motion he signed once he learned Ms. Malaty utilized ChatGPT and that it produced hallucinated authority. There were 58 days to read the cases between the disclosure of the phony *Mack* citation and July 17.

From IRPC 5.1(c)(2), "A lawyer shall be responsible for another lawyer's violation of the Rules of Professional Conduct if:...the lawyer is a partner or has comparable managerial authority in the law firm in which the other lawyer practices, or has direct supervisory authority over the other lawyer, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action." Comment 5 to IRPC 5.1 states, "Whether a lawyer has supervisory authority in particular circumstances is a question of fact. Partners and lawyers with comparable authority have at least indirect responsibility for all work being done by the firm, while a partner or manager in charge of a particular matter ordinarily also has supervisory responsibility for the work of other firm lawyers engaged in the matter... A supervisor is required to intervene to prevent avoidable consequences of misconduct if the supervisor knows that the misconduct occurred."

Mr. Mason's false assertion s that the errors were restricted to a single case likely prompted the filing of this Motion for Sanctions, the retention of outside counsel, another round of briefing and argument, the court's investment of substantial time on the issue, and a considerable delay in the resolution of the parties' post-trial motions. If there had been a reasonable investigation into faulty citations in CHA's post-trial motion, Mr. Mason and Goldberg Segalla could have discharged their rule 5.1 obligations to intervene to prevent avoidable consequences by disclosing the errors to the court on July 17, asking leave to correct all three faulty motions, acknowledging the Rule 137 violations, and acknowledging the harm to the profession of doing otherwise.

Mr. Mason candidly explained on July 17 that he relinquished his Rule 137 obligations in favor of light editing. "I went through the brief just to verify typos, accuracy of fact, because those are the things that I was, frankly, more focused on." Regarding his contributions on the facts in the brief, he repeatedly mis-represented plaintiffs' reference to the *Gautreaux* litigation and mis-represented plaintiffs' arguments regarding the apportionment of liability among the defendants. Review of the transcripts readily disproved those misstatements. To the extent there is a question of what occurred in a sidebar after plaintiffs' counsel asked his question regarding *Gautreaux,* the court notes CHA raised no objection to the question, and the court advised the attorneys that it would sustain objections to any further questions about *Gautreaux* on relevance grounds. No one was admonished by the court.

Mr. Mason took the position on July 17 that he should not be subject to Rule 137 sanctions essentially because he had a team of people working on the brief whom he trusted not to cite fictional authority in violation of the firm's policy. "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." The idea that an abundantly resourced attorney who signs a brief should be relieved of Rule 137 responsibilities is unsound. The rule addresses questions of relative responsibility by placing the obligations on the signer.

The court does consider Mr. Mason's argument that it was implausible to expect him to cite-check and read each case cited by his partners, but it is implausible to accept that reasonable inquiry, required by Rule 137, would not include at a minimum reading the previously undiscovered, favorable case on the central evidentiary dispute from trial. Completely surrendering control over a brief but electing to sign it cannot insulate an attorney from the obligations of Rule 137.

Mr. Mason violated SCR 137 signing and submitting three motions, the most substantial being CHA's Post-Trial Motion, without any reasonable inquiry. Abdicating the Rule 137 obligations comes with the risk of responsibility for the inadequate work of others. Filing a document over the signature of the attorney who actually performed, or actively supervised, the work is advisable, and likely the intent of Rule 137.

The more concerning conduct is the failure of Mr. Mason or anyone at his behest to read all of the law contained in Ms. Malaty's drafts after the first hallucination came to light. The record reflects that Goldberg Segalla interviewed Ms. Malaty before terminating her in June, and it is difficult to imagine that the firm did not ask her what else she drafted with the aid of ChatGPT in the course of their investigation. Yet, neither Mr. Mason nor Mr. Belter, the firm CEO who wrote a letter to the court divulge that Ms. Malaty worked on two earlier motions with the assistance of ChatGPT.

The failure to read Malaty's work and the cases cited therein by July 17, 2025, and report to the court the numerous other inaccurate citations constitutes a failure of the obligations of Mr. Mason, Mr. Belter, and firm leadership who conducted the investigation. See IRPC 5.1(c)(2). The repeated misrepresentation that the issue involved only one case citation without a reasonably diligent inquiry, namely, reading the cases, is a serious failure of a lawyer's obligation of candor to the court. See IRPC 3.3 and Comment 3 thereto. If the facts were that firm leadership knew of the extent of the false citations yet persisted in the position that the only issue was *Mack v. Anderson,* that would be a much more troubling matter.

Goldberg Segalla LLP

Goldberg Segalla LLP has accepted responsibility for the conduct of its attorneys, and has requested that a monetary sanction, if awarded, including reasonable attorney's fees, be assessed against the firm. "Plaintiffs' Motion should be denied, or, at most, the Court should exercise its discretion to limit relief to striking or disregarding the challenged authorities and imposing a monetary fine against GS only." (GS Response, pg. 3) "Respondents also do not object to paying Plaintiffs' counsel reasonable attorneys' fees and costs incurred in the preparation and presentment of the instant motion. f.n. 2 Any payment would come from GS, not CHA." (GS Response, pg. 22) "Respondents have already conceded the errors and agreed to pay reasonable attorneys' fees and costs." (GS Response, pg. 23)

Damages

The damaging consequences of the failures are real. Plaintiffs' counsel invested 59.5 hours of time in uncovering the substantial lapses now of record. But for his work, none of this would have come to light, and his clients would have faced the prospect of losing their rights as

determined by the jury based on false representations of the law. The court would have been sent to chase each one of these fourteen misrepresentations in CHA's Post-Trial Motion, by the court's count, while trying to come to a right result based on the law. Plaintiffs' counsel is being compensated on a contingent fee, so his investment of nearly sixty hours on this unnecessary detour comes at his own expense and the expense of his other clients whose matters he did not attend to while working on the Motion for Sanctions and uncovering the fraudulent citation in CHA's Post-Trial Motion.

The plaintiffs themselves suffer a delay of weeks or months in obtaining a final and enforceable judgment because of the necessity of the court's attending to the motion for sanctions. And plaintiffs' counsel aptly points out that he was unfairly accused of racist behavior meriting admonishment by the court.

This matter also poses damage to the legal profession and to the courts that cannot go unaddressed. Experienced attorneys cannot make false factual assertions that are not based on reasonable inquiry. Within the three motions for which it submitted corrections, Goldberg Segalla identifies only two faulty citations to authority or facts which it attributes to research performed by a former attorney using AI technology in violation of firm policy. The balance of the false quotations and fabricated holdings are not explained by an attorney's misuse of a new technology.

The court has the authority to enter a sanction as a penalty to discourage violations of SCR 137, and the proliferation of cases sanctioning the citation of false authority resulting from the misuse of generative AI indicates that those orders have not stemmed the tide. The court denies the request to strike CHA's Post-Trial Motion and brief in support in its entirety. Rather, it is striking the two sections where the citation of false authorities are most egregious.

Mr. Sims's affidavit and those of other attorneys submitted in support of his claim for an hourly rate of $1,000.00 per hour for his legal work demonstrate that the rate is fair and reasonable. He avers that he has been lead or co-lead attorney on cases generating more than $150 Million over the past decade while he has been with his firm. If he works on a 1/3 contingent fee for his clients and has generated on average $5 Million in fees per year, along with co-lead counsel or other colleagues, that would come to $2,500.00 per hour in a 2000-hour work year. There is a sufficient factual basis to accept $1,000.00 per hour as a reasonable rate for his legal work. The court also finds that his work is of first-rate quality, and is aware of top attorneys in the community who do bill hourly for their services at rates at and above $1,000.00 per hour.

In the alternative, to the extent there is a question regarding the sufficiency of the factual basis for determining a reasonable rate for Mr. Sims's legal work, the court finds a penalty in the amount of $59,500.00 is warranted in this matter. The seriousness of the sanctionable conduct is spelled out herein, and when measured against the stakes presented by CHA's Post-Trial Motion, the overturning of an award of more than 24 million dollars, the assessment of a penalty in this amount is reasonable.

Conclusion

Artificial Intelligence is not the cause of bad legal practice. Lawyers performed their obligations well and performed their obligations poorly before AI, before electronic research platforms, before on-line publication of case law, and before the development of the West Key Number System or Shepard's indexes.

Submission of false legal citations and demonstrably false factual claims pose a grave threat to the judicial branch. People are skeptical of institutions, and the legal profession is not exempt. We are duty-bound to attend to the integrity the courts so that close scrutiny reveals a model of honesty, accountability, and truth-seeking.

The authority of the courts relies on public confidence that rulings are just and are grounded in the law, not on the whims of judges. "[A] lawyer should further the public's understanding of and confidence in the rule of law and the justice system because legal institutions in a constitutional democracy depend on popular participation and support to maintain their authority." (IRPC Preamble, par. 6) Officers of the court cannot become comfortable with careless or deliberate misrepresentation of facts or the law.

THUS, FOR THE FOREGOING REASONS, IT IS HEREBY ORDERED:

1. The motion for sanctions against Danielle Malaty is DENIED.

2. The motion for sanctions against William O'Connell is DENIED.

3. The motion for sanctions against Daniel Woods is DENIED.

4. The motion for sanctions against Larry Mason is GRANTED. He is ordered to pay to the firm of Rapoport Sims Perry & VanOverloop PC the sum of $10,000.00 within forty-five (45) days of this order.

5. The motion for sanctions against Goldberg Segalla LLP is GRANTED.

a) Section III.B.(3) at pages 25 and 26 of CHA's Motion for Post-Trial Relief Pursuant to 735 ILCS 5/2-1202 (CHA's Post-Trial Motion) is stricken, as is any claim of error in the court's application of the cases of *Campbell v. Autenrieb,* 2018 IL App (5th) 170148 or *Voykin v. Estate of DeBoer,* 192 Ill. 2d 149 (2000) or their progeny, because of CHA's citation of non-existent authority, *Mack v. Anderson.*

b) Section V. at pages 31-37 of CHA's Post-Trial Motion is stricken, including any claim that the jury's damage awards are excessive or should be subject to remittitur, because of the repeated falsification of holdings of Supreme Court and Appellate Court decisions in that section, and the failure to correct the record in a timely fashion, and instead insisting on July 17, 2025, that the case of *Mack v. Anderson* was the only incorrect citation in the Post-Trial Motion. See the discussion of *Barry v. Owens-Corning Fiberglass Corp., Hollis v. R. Latoria Construction, Inc., Johnson v. Mers, and Sears v. Rutishauser* above.

c) Goldberg Segalla LLP is ordered to pay the firm of Rapoport Sims Perry & VanOverloop PC the sum of $49,500.00 within forty-five (45) days of this order.

ENTERED:

Thomas N. Cushing

Date:

ENTERED
Judge Thomas Cushing-2258

DEC 05 2025

MARIYANA T. SPYROPOULOS
CLERK OF THE CIRCUIT COURT
OF COOK COUNTY, IL