COLORADO BAR ASSOCIATION AI & INNOVATION TASK FORCE FINDINGS AND RECOMMENDATIONS

Introduction

Artificial intelligence (AI) is simply the next step in technology. Regarding the use of AI, one can choose to be the creator or the receiver of change. We recommend supporting a creator role that innovates to manage and manages to innovate. Just as we can't go back to reading case books in the firm library instead of Westlaw or LexisNexis, we can't ignore the arrival of AI. Yes, there is always risk with innovation but there is also the potential for great rewards. Our recommended approach is adopting innovation together with risk management, to maximize those rewards while minimizing the risks.

There is no one universal definition of AI. The AI systems currently most relevant to legal practitioners are the result of decades of prior development, catalyzed in the 2020s with the expansion of large language models underlying Generative AI ("GenAI") tools. Major frontier models are provided by companies such as Anthropic (Claude), OpenAI (GPT), and Google (Gemini), but a dizzying number of derivative or alternative GenAI tools are becoming available. GenAI and Agentic AI tools fit within artificial narrow intelligence ("ANI"), systems can help boost productivity and efficiency by automating repetitive tasks, enabling smarter decision making and optimization through trend analysis. On the horizon, with advances in quantum computing, is artificial general intelligence ("AGI"), the goal of which is to mimic human intelligence, but the timing and certainty of developing AGI remains uncertain. For now, legal practitioners need to become familiar with GenAI.

The Task Force has compiled a body of work as a result of its investigation, including recordings and transcripts of interviews conducted with practitioners and other experts in the field of AI. These are organized for in a private SharePoint folder and are available for further review.

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Background

The CBA AI & Innovation Task Force was created to spark a thoughtful discussion among Colorado lawyers about the role of artificial intelligence and related technologies in both the practice and business of law. Specifically, we aim to:

- Expand legal services to underserved communities across Colorado;
- Educate our members on the responsible and ethical use of AI;
- Provide clear guidance on the safe and effective integration of emerging technologies;
- Recommend updates to the Rules of Professional Conduct to better enable innovation;
- Modernize the practice of law to meet the demands of the 21st century; and
- Offer a roadmap for building practices that are more accessible to clients and more sustainable and profitable for lawyers.

Summary of Formal Recommendations

The Task Force's analysis of the six pillars discussed below produced thirty distinct recommendations. Many overlap conceptually because each working group approached the same underlying issues — risk management, vendor governance, billing practices, member education, public access — from a different vantage point. The thirteen recommendations below consolidate that work into a single set, organized by theme. They are intended to be read together: the principle running through all of them is that the CBA should enable adoption of artificial intelligence and related technologies while preserving the professional responsibilities that distinguish licensed legal services from any other AI-assisted business. The Task Force's formal recommendations are also discussed in greater detail with respect to each individual "pillar" below. The Task Force is comprised of members with varied opinions and viewpoints. Individual recommendations herein may not reflect unanimous consensus among the entire Task Force.

A. Access to AI Technology

The need for practitioners to be able to interact in real time with AI technology vendors and their products will become a priority, especially for practitioners in smaller firms. The CBA should explore the feasibility of hosting an annual in-person CBA AI & Innovation Summit & Expo funded by third-party sponsors who are interested in serving the legal technology needs of the CBA's members.

B. AI Governance, Security, and Risk Management

1. Adopt a risk-based framework for evaluating and using AI tools.

The CBA should recommend that lawyers and law firms evaluate AI tools based on the sensitivity of the information involved and the degree of action the system is permitted to take. Not all tools or uses present the same level of risk. Greater diligence is warranted where tools are used with confidential, personal, financial, health, or other sensitive client information, and where the tool is connected to firm systems or external workflows rather than serving merely as a limited drafting or research aid. The CBA should reference established AI risk-management frameworks — for example, the NIST AI Risk Management Framework, ISO/IEC 42001, and the OWASP Top 10 for LLM applications — and explain how each can be adapted to firms of different sizes. Baseline expectations for any deployed tool should include meaningful human oversight, confidentiality protections, clear disclosure of tool limitations, accountability for outputs, and ongoing review for accuracy and bias.

2. Emphasize product-specific safeguards and vendor data governance, not brand reputation.

Lawyers should focus on the actual safeguards of the product they are using rather than assuming that a well-known provider is necessarily sufficient. Practical guidance should direct lawyers to consider whether client data is used for model training, how long data is retained, who can access it, what third parties or subprocessors are involved, what administrative controls are available, and whether the tool operates in a more closed and governed environment. Because most practitioners rely on third-party vendors — for billing, discovery, payment processing, and increasingly for AI-specific services — the CBA should provide vendor-management guidance covering data-processing agreements, AI-specific contract provisions, and the lawyer's continuing duty as data controller regardless of vendor involvement.

3. Apply heightened scrutiny to highly autonomous and high-permission AI systems, and require corresponding technical governance.

The CBA should recommend heightened scrutiny for systems that can act with substantial autonomy, connect to firm systems, access client files, send communications, or trigger actions on external platforms. The concern is not agentic capability by itself, but the combination of broad permissions, limited supervision, and weak guardrails. Guidance should encourage meaningful constraints — scoped access, human approval gates, logging, monitoring, masking or anonymization of sensitive data, and clear deployment boundaries. Firms deploying such systems should maintain adequate technical governance capacity, whether in-house or through trusted partners, to evaluate open versus closed systems, audit data flows, and ensure compliance with confidentiality and professional-conduct obligations. This recommendation directly addresses the

emerging "shadow AI" problem of attorneys building unvetted agentic tools without institutional oversight.

4. Provide lawyer-practical guidance calibrated to small and solo firms.

Many lawyers, particularly small and solo practitioners, will not be able to conduct deep technical reviews or afford the most robust enterprise offerings. At the same time, those firms may be the most tempted by these tools because the efficiency gains can be significant where staffing and administrative support are limited. The CBA should publish guidance that helps lawyers adopt these tools more safely rather than warning them away from use — encouraging legal or business tools with stronger default protections, surfacing managed-service-provider options for firms without internal capacity, and avoiding configurations that exceed the firm's ability to supervise.

C. Alternative Billing and Fee Structure

5. Encourage adoption of hybrid fee structures and expansion of alternative billing models.

The CBA should recommend that lawyers and law firms consider hybrid fee arrangements in matters that treat "AI-enhanceable" aspects of the work differently from the more judgment-intensive portions. Rather than choosing a single billing model for an entire engagement, lawyers should disaggregate the matter into its component facets and price each facet on the model best suited to it — flat or fixed fees for discrete deliverables that AI can substantially accelerate, with hourly or value-based fees for tasks that are judgment-intensive or which AI cannot meaningfully expedite. The CBA should publish non-exhaustive guidelines identifying the categories of work most amenable to flat-fee pricing (preparing complaints, written discovery, witness and exhibit lists, certain legal memoranda, standard transactional documents, first-pass review of e-discovery and document productions) and the categories that remain economically unaffected by AI and warrant traditional pricing (settlement negotiation, in-depth pleadings analysis, case strategy, client consultation, oral argument, depositions, and trial). The CBA should also encourage practitioners to consider contingency, subscription, and success-fee arrangements in matters traditionally billed hourly: as AI makes the "time required" variable more predictable, the historical obstacles to non-hourly pricing recede, and Colo. RPC 1.5 already recognizes that a "reasonable" fee can be based on factors other than time expended.

6. Reaffirm Colo. RPC 1.5 reasonableness in pricing AI-assisted work.

The reasonableness requirement of Colo. RPC 1.5 applies with full force to AI-assisted work. A fee that was reasonable when a task required hours of attorney time may not be justifiable when the same task can now be completed in minutes with AI assistance. Lawyers should periodically revisit their rates, fee schedules, and standard engagement terms to ensure that fees continue to reflect the time, skill, and responsibility actually required, the value delivered, and the prevailing market for similar services. Where AI use materially reduces the time or cost of a task, the fee charged to the client should reflect that efficiency. At the same time, the "value delivered" to a client may continue to reflect a practitioner's skill, institutional knowledge, or expertise in ways AI tools cannot meaningfully substitute or expedite, and the non-time factors in Rule 1.5 — novelty, difficulty, results obtained, the lawyer's experience and reputation, and the fixed-versus-contingent character of the fee — remain very much in play.

7. Require client disclosure and informed consent for AI-driven changes to billing.

Lawyers should disclose, in plain language at the outset of an engagement, the categories of AI tools they expect to use, the categories of tasks for which those tools will be deployed, and how that use is reflected in the proposed fee structure. Where AI use is material to the pricing of an engagement — for example, the offering of a flat fee in lieu of hourly billing for a particular facet of the matter — the engagement letter should reflect that arrangement and the client should affirmatively consent. This disclosure is consistent with a lawyer's existing duties of communication and candor under Rules 1.4 and 1.5(b) and provides clients with the information they need to evaluate the value they are receiving.

8. Develop CBA model engagement letter and fee agreement templates incorporating AI provisions.

The CBA should develop and make available model engagement letter and fee agreement templates that incorporate provisions appropriate for an AI-enabled practice. These templates should include sample language for hybrid fee arrangements, clear scoping of flat-fee deliverables, treatment of out-of-scope work, disclosure of AI use, allocation of responsibility for AI-related costs and licensing, confidentiality safeguards relevant to AI tools, and the lawyer's continuing duty of professional judgment notwithstanding the use of AI. Templates should be drafted to work for solo and small-firm practitioners as well as larger firms, and should be paired with brief practice notes explaining the rationale for each provision.

D. Multidisciplinary Practice and Access to Justice

9. Recognize technologists as essential participants in legal service delivery and encourage partnerships that bring advanced technology to underserved providers.

The CBA should acknowledge that data scientists, computer scientists, and other technology professionals are not peripheral support staff but can be co-designers and co-deliverers of legal services. Law firms and legal organizations should be encouraged to embed technologists within their teams to build, govern, and maintain AI-enabled tools — following models such as Stanford Law School's collaboration with the Los Angeles Superior Court. The CBA should also encourage and facilitate partnerships in which technology companies and technologist-driven entities provide advanced legal technology to legal aid organizations and pro bono providers at no cost, including training for staff — following the model demonstrated in Arizona's State Bar Foundation partnerships. Regulatory frameworks governing technologists' participation in legal services should be designed to enable innovation while maintaining lawyers' professional responsibility obligations; overly prescriptive rules risk creating a situation in which beneficial tools cannot be deployed, but regulation should be sufficient to protect the public and capable of iterative refinement as the landscape evolves.

10. Build access-to-justice innovation around problems, not tools — preserving accessibility, human oversight, and offline alternatives.

Before selecting any tool, the CBA should recommend asking what problem is being solved. Not every access-to-justice problem requires a technology solution, and lessons from other sectors (notably healthcare) show that organizations achieve better results when they identify the problem first and then ask whether technology, AI, or a non-technical intervention is the right answer. When

technology is the right answer, courts, legal aid organizations, clinics, and volunteer programs should begin with low-risk, high-value uses — intake, information delivery, administrative support, and workflow improvement — before expanding to more complex public-facing applications. Any endorsed or supported tool should be mobile-friendly, in plain-language, disability-accessible, and multilingual where feasible. Tools should improve service capacity, not replace legal judgment: such tools are aids in legal service delivery, not substitutes for the critical thinking, professional judgment, or individualized legal advice of a licensed legal professional. Finally, no person may be required to use an AI system or online platform as a condition of obtaining legal help, legal information, or access to a service pathway. A meaningful, reasonably accessible human alternative — by telephone, in person, or through a community-based provider — must remain available in every program that relies on AI-enabled intake or service delivery.

11. Develop a statewide access-to-justice innovation framework and promote targeted pilot projects, including a flagship Colorado Legal Information Assistant.

The CBA should convene legal aid providers, courts, law schools, libraries, technologists, and community organizations to identify priority use cases, share tested workflows, and establish common evaluation metrics for access-to-justice innovation in Colorado. Within that framework, the CBA should recommend pilot programs in high-volume civil matters where self-represented litigants face the greatest procedural friction. Priority domains and illustrative pilots include: (i) family law — guided interview tools that help parents complete parenting-plan worksheets, child-support calculations, and protection-order petitions, with attorney review before filing; (ii) consumer matters — automated debt-collection answer generators and fee-waiver assistants that draft responsive pleadings for review by legal aid attorneys; (iii) estate planning — small-estate affidavit and simple-will preparation tools paired with a licensed-attorney review step; (iv) housing — eviction-response assistants that surface tenant defenses and local resources in plain language; and (v) property-damage-only auto claims — guided tools that help self-represented claimants pursue small third-party recoveries where liability is clear and no injuries are involved. Each pilot should report on user comprehension, completion rates, staff time saved, and successful handoff to human assistance where needed, with results published so other jurisdictions and providers can learn from what works. As a flagship initiative operationalizing this recommendation, the CBA could pilot a bilingual, public-facing legal information assistant modeled on North Carolina's Legal Information Assistant (LIA), tied directly into the priority domains above and consistent with the governance principles in Recommendations 1, 3, and 10.

E. Structural Reform and Implementation

12. Issue a Colorado ethics opinion on Law Firm MSO arrangements.

The CBA Ethics Committee, in consultation with Pillar 6, should issue a Colorado ethics opinion on Management Services Organization (MSO) arrangements addressing permissible fee structures, scope of MSO-provided functions, disqualifying MSA provisions, confidentiality obligations in shared-services environments, conflict imputation across MSO-serviced firms, client disclosure expectations, and transition and termination mechanics. This is the single most consequential structural deliverable the Task Force can produce within its current charter. It requires no Supreme Court rule change, no new regulatory infrastructure, and no pilot program. It brings Colorado-

specific visibility and expectations to activity already occurring under the Texas Opinion 706 framework, establishes a compliance floor that protects consumers and firms, and positions Colorado to address the broader law firm ownership question on its own timeline rather than one set by capital already in motion.

13. Provide ongoing member education, CLE programming, and pilot evaluation across all pillars.
The recommendations above will succeed only to the extent practitioners understand them. The CBA should sustain a layered education program covering: the risks of AI and agentic AI use, including hallucination, fabricated citations, and emerging cybersecurity vulnerabilities; the intersection of privacy, cybersecurity, and AI, including how data is stored and retrieved in AI models and what that means for confidentiality obligations; AI governance frameworks and how to choose between them, with particular attention to options for solo and small firms; vendor procurement and the additional contract terms AI introduces; and AI-related fee, disclosure, and competence obligations under Rules 1.1, 1.5, and 1.6. CLE programming, written practice guides, and member communications should be refreshed as the technology and regulatory landscape evolve. Where feasible, the CBA should support pilot programs — undertaken in cooperation with willing firms, courts, and legal aid providers — that collect anonymized data on client satisfaction, fee predictability, realization rates, completion and handoff rates in public-facing tools, and the categories of work for which alternative arrangements perform best, so that future CBA guidance can be refined based on actual Colorado experience.

Pillar 1:
Responsible Use & Regulation of AI

By: Jack L. Hobaugh and Miles Orton

Every business has risk and the first step towards creating and applying a risk program, whether it be business, privacy, cybersecurity, or AI, is the identification of risk. Risk is defined as the threat times the vulnerability (risk = threat * vulnerability). Of course, not all risks can be mathematically quantitatively assessed. For those risks we use qualitative analysis to determine if the risk is low, medium, high, or critical. Adoption of AI comes with new risks and provides potential mitigating solutions to others.

AI Specific Risks

- AI hallucinations (false or nonsensical statements, asserted with confidence)
- Shadow AI (the use of unapproved AI –similar to shadow IT)
- Harm to individuals: civil liberties, rights, physical or psychological safety, economic opportunity
- Harms can be caused by Bias, Overfitting to training data (model doesn't work well for new data), Outliers and edge cases (situations outside of the training data)

- Group Harms: Mass surveillance, harms to freedom of assembly and protest due to tracking and profiling, potential deepening of racial and socio-economical inequalities.
- Societal harms: Harm to democratic participation and process, spread of disinformation, ideological bubbles / echo chambers, Deepfakes, Safety issues due to lack of human oversight, use of autonomous lethal military weapons.
- Environmental harms can include high energy use (data centers) and carbon emissions.
- Organizational harms can include reputational, cultural and societal, and economic: litigation / remediation / customer reimbursement.
- Potential Bias Categories: implicit (subconscious prejudices and stereotypes), sampling / statistical (errors due to non-representative samples), temporal (unbalanced data sampling over time), unfair bias, computational / machine (systematic error or deviation from the true value of a prediction that originates from a model's assumptions or the data itself), cognitive (inaccurate individual judgment or distorted thinking – can affect the training of the AI model), societal (bias in selecting data for model training), automation (users believing AI is always correct), selection (bias in selecting data for model training), confirmation (seeking out information to confirm existing beliefs), and projection (assuming others share our preferences, beliefs, and attitudes).

Attorney License Risks

Comment to Colorado Rules of Professional Conduct Rule 1.1:

> [9] A lawyer's use of technology, particularly artificial intelligence, can implicate a number of other Rules, including, without limitation, those governing communication (Rule 1.4), reasonable fees (Rule 1.5), preservation of a client's confidential information (Rule 1.6), meritorious claims and defenses (Rule 3.1), candor toward the tribunal (Rule 3.3), responsibilities of a partner or supervisory lawyer (Rule 5.1), responsibilities of a subordinate lawyer (Rule 5.2), responsibilities regarding nonlawyer assistance (Rule 5.3), communications concerning a lawyer's services (Rule 7.1), and bias (Rule 8.4(g)). Reliance on technology does not diminish the lawyer's duty to exercise independent judgment in the representation of a client.

Risk Mitigation

We have several options for the mitigation of risk:

- **Avoidance**: The risk is too high, and the cost/benefit analysis doesn't justify taking the risk. We will not pursue the project.
- **Reduction**: The risk can be reduced by adding security controls such as physical, administrative, and technical safeguards or for AI, a human in the loop (HITL).
- **Transference**: The risk is transferred to a third party, such as an insurance provider for cyber or AI insurance. Note that our responsibility for what happens is not transferred, just the risk. If there is a security incident, our firm is still on the hook for the consequences, but with insurance we will have help in paying for those consequences. Note

that insurance companies are still figuring out how to approach AI insurance – read the fine print.

- **Acceptance**: The risk has been acknowledged, but the firm is moving full speed ahead because the benefits are greater than the risk. This can be a choice when the cost of reduction is too high when compared with the revenue or opportunity of the firm. Startups can often be placed into this position.

Findings

The Task Force held interviews with several experts on the topic of responsible use and regulation of AI by legal practitioners. All Task Force members agreed that AI governance in at least some form is important. Training and the avoidance of shadow AI emerged as common themes.

Formal Recommendations

1. Educate members on the risks associated with AI and AI agentic use.

Many of the risks associated with AI and agentic AI have been well documented, particularly attorneys submitting AI-generated briefs to the courts without verification of the AI generated hallucinations (e.g. made up cases). Identification of the risks of using AI, like the discovery of new cybersecurity vulnerabilities, will be a never-ending endeavor. CLE-based training and other communications from the CBA are recommended to keep members apprised on the risk environment.

2. Educate members on the benefits of adopting an AI governance framework (e.g., NIST AI RMF, ISO 24001, OWASP Framework, other)

Cybersecurity risk management frameworks, privacy risk management frameworks, and now AI risk management frameworks can be helpful in guiding AI governance, thus reducing the risk of AI. Members should be educated on how to chose a framework, and, as relevant, what options exist for smaller firms, such as solo practices, that do not have the resources internally to pursue and manage these frameworks. Managed service providers (MSP) can provide reasonable solutions for smaller firms and solo practitioners. The CBA can play an important role in how to choose between MSPs.

3. Educate members on the proposer procurement of AI vendors and vendors that use AI.

Most practitioners use third-party vendors, whether it be for payment processing, billing, discovery, etc. Some practitioners will pay vendors to develop AI solutions. These third-party vendors handle personal information and sometimes sensitive personal information. The attorney, or controller of the data remains responsible for the processing of that data by the third-party vendor under the instructions of the controller. Accordingly, vendors must be properly vetted and data protection agreements added for vendor data processing. AI adds another layer of vetting because vendors are incorporating AI in their data processing. Members must understand the additional contract clauses that must be addressed for AI. For the development of AI solutions, the

procurer must understand the limitations, risks, and obligations involved with the delivered AI solution.

4. Educate members on the intersection of privacy, cybersecurity, and AI.

Privacy, cybersecurity, and AI are connected. The cybersecurity mantra (CIA triad) is protecting the confidentiality, integrity, and availability of data through the appropriate application of physical, administrative, and technical safeguards. Privacy for data subjects cannot exist without cybersecurity. AI governance expands on the concepts already present in privacy and cybersecurity risk frameworks. One of the main AI challenges is how the data is stored in AI models. AI models are not deterministic relational databases that can be easily adjusted and accessed with structured query language (SQL). AI models are tokens adjusted by weights that may not always provide the same answer because it is probabilistic. Additional care must be taken with personal information and AI models. The goal is trustworthy AI that promotes fairness, explainability, and transparency.

5. Keep members informed on the advances and risks of AI.

AI advances are coming at a fast pace. Solo non-technical practitioners are already building agentic AI solutions to help manage their practice. AI regulation is fragmented and in a state of flux, in part because of advances in AI models are coming at a rapid pace. The CBA can provide information necessary to comply with this evolving regulatory landscape and guidance on responsible use of AI and AI agents in legal practice.

Pillar 2:
Alternative Billing Arrangements

By: William C. Groh, III

Findings

The Task Force concludes that artificial intelligence and related technologies are accelerating a structural shift in how legal work is priced. The traditional billable hour works best in situations where time spent reasonably approximates the effort, skill, and value delivered. AI-assisted workflows are breaking that correlation for an increasing number of legal tasks. Activities such as drafting, first-pass document review, routine production of forms, pleadings, and transactional instruments once justified hours of associate time and large review teams. When paired with meaningful attorney oversight, AI can increasingly help practitioners complete these tasks at comparable quality levels and in a fraction of the time previously required. This dynamic will increasingly cause pricing models built solely around hours spent to fail to align the economic interests of lawyers and clients and invite fee disputes under Colo. RPC 1.5.

At the same time, current AI tools are still no substitute for an attorney's judgment or advocacy. In-depth case analysis, settlement negotiation, client counseling, depositions, oral arguments, and

trials all still require individualized attorney time and reflection. This shift, however, does not require practitioners to choose between hourly billing and flat fees. Practitioners should instead identify the discrete "facets" of legal work comprising their matters and assess the appropriate billing model for each. AI can substantially compress and commoditize some of these facets but not others. Hybrid fee arrangements that separately price each facet based on the appropriate model are a natural and defensible response.

Task Force interviews suggested significant risks if this shift is mismanaged. It is well recognized that lawyers must bill for time actually spent and cannot bill for the time they would have spent "but for" the use of technology. The issue runs deeper than that: AI tools will ultimately reshape fair-market *expectations* about how much time certain legal tasks "should" take. Lawyers who reject AI for tasks that it now safely completes in minutes, risk overcharging clients in violation of the reasonableness requirement of Rule 1.5. Blanket flat fees are also not an automatic answer. Lawyers who shift to flat fees without adequate scoping risk underpricing complex matters, eroding quality, or creating incentives to underserve clients once the fee is fixed. Rules 1.4 and 1.5(b) likely entitle clients to be informed when AI is used on their matter and how that use affects what they pay. Confusion on these issues can lead to inconsistent practices and disclosures and unnecessary erosion of public trust.

The CBA should guide practitioners on the potential use of hybrid billing models to help them responsibly and ethically navigate billing in an AI-enabled environment. The CBA should provide guidelines as to which categories of work are appropriate for flat-fee or other alternative arrangements, how to scope and price those arrangements, what to disclose to clients, and how to document the role of AI in the matter. AI-supported alternative billing arrangements can deliver greater price predictability and better correlation between the value delivered and the fee charged.

Formal Recommendations

1. Encourage adoption of hybrid fee structures.

The CBA should recommend that lawyers and law firms consider hybrid fee arrangements in matters that treat "AI-enhanceable" aspects of the matter differently from the more judgment-intensive work. Rather than choosing a single billing model for an entire engagement, lawyers should disaggregate the matter into its component facets and price each facet on the model best suited to it. This should typically combine 1) flat or fixed fees for discrete deliverables that AI can substantially accelerate on the one hand, with 2) hourly or value-based fees for tasks that are either judgment-intensive or which AI cannot meaningfully expedite.

2. Identify and define the categories of legal work appropriate for flat or fixed fees.

The CBA should publish guidelines which identify the categories of legal work most amenable to flat-fee pricing in an AI-assisted environment. Potential categories may include preparing complaints, written discovery requests, witness lists, exhibit lists, certain legal memoranda, and standard transactional documents. These categories may also include initial review of transactional documents and pleadings, as well as first-pass review of e-discovery and document productions. The guidelines should be non-exhaustive while disclaiming technical advice or endorsement of

specific AI providers or services. The guidelines should also remind CBA members to consistently reassess best practices in light of the continued and rapid development of the capability of AI tools.

3. Reserve hourly and value-based pricing for judgment-intensive work.

The CBA should also acknowledge the ongoing value of hourly or other value-based billing for categories of work which AI tools cannot meaningfully expedite. These categories include settlement negotiation, in-depth review and analysis of pleadings, case analysis and strategy, client consultation, preparation for and conduct of oral argument, preparation for and conduct of depositions, and trial. The CBA should encourage its members to recognize (and communicate to their clients) the facets of their matters which remain economically unaffected by AI and why.

4. Reaffirm Rule 1.5 reasonableness in pricing AI-assisted work.

The CBA should reaffirm that the reasonableness requirement of Colo. RPC 1.5 applies with full force to AI-assisted work. The CBA should emphasize that a previously reasonable fee for a task that once required hours of time may not be justifiable if the same task can now be completed in minutes with AI assistance. Lawyers should periodically revisit their rates, fee schedules, and standard engagement terms to ensure that fees continue to reflect the time, skill, and responsibility actually required, the value delivered, and the prevailing market for similar services. Where AI use materially reduces the time or cost of a task, the fee charged to the client should reflect that efficiency. At the same time, the "value delivered" to a client may continue to reflect a practitioner's skill, institutional knowledge or expertise in ways that AI tools cannot meaningfully substitute or expedite.

5. Consider expansion of contingency fees, success fees, and subscription models.

Non-hourly fee models are typically problematic because they assign risk over many variables. While these variables may include probability of success and collectability, the estimated time required may be the most important to a lawyer attempting to gauge whether a non-hourly fee model makes sense. While other variables remain, AI may make the "time required" variable more predictable and less imposing by expediting tasks that once took hours to complete. This trend could reduce overall uncertainty and risk associated with non-hourly fee models.

Contingency fees, subscription fees, and success fees may become more feasible in matters that have traditionally been billed hourly. Developing such arrangements would naturally require practitioners to consider factors other than time expended. Colo. RPC 1.5 specifically recognizes that a "reasonable" fee can be based on several factors other than just time expended. This includes the novelty and difficulty of the questions involved, the skill required to perform the legal service properly, the amount involved and the results obtained, the experience, reputation, and ability of the lawyer, and whether the fee is fixed or contingent.

The CBA should remind its members that while AI tools may erode "time spent" as a meaningful proxy for the value of certain types of legal work, the remaining Rule 1.5 factors remain very much in play. These developments present interesting opportunities for practitioners to develop non-hourly fee models.

A. Contingency Fees

By reducing the time and cost of certain tasks, AI tools may reduce the cost of advancing cases to a point where they are ready for trial or mature for settlement. This dynamic may broaden the range of matters where the result achieved is the most honest measure of value delivered. For example, commercial collection work, employment claims, tax controversies, and enforcement of judgments may feasibly lend themselves to contingency arrangements. Such work previously required the lawyer to accept both an outcome risk *and* substantial litigation cost. Should AI tools meaningfully reduce litigation cost, it may become more feasible for lawyers to accept the outcome risk in new areas of litigation.

B. Subscription Fees

Subscription fees involve payment of a fixed monthly or annual amount for defined access to counsel. These arrangements can deliver predictable revenue to the firm cost to the client. They can effectively serve areas like ongoing employment advice, regulatory monitoring, contract review, and general corporate counsel work, while squarely rewarding the lawyer's experience, judgment, and availability rather than hours logged. As AI tools make it easier to predict the time involved for certain facets of work in these areas, pricing based on subscription fees may become increasingly feasible.

C. Success Fees

Success fees, layered on top of a reduced hourly or flat base, can align lawyer and client incentives in transactional and litigation matters where a defined result — closing the deal, defeating dispositive motions, achieving a target settlement range — captures value that the hourly clock cannot.

In each case, the justification for the fee draws on non-time-related Rule 1.5 factors: the result achieved, the attorney's expertise and reputation, the difficulty and novelty of the matter, and the risk allocation embedded in the engagement. Practitioners adopting these structures should document that reasoning in the engagement letter, obtain informed client consent, and ensure that any contingency or success component complies with Rule 1.5(c)'s writing and signature requirements. Done thoughtfully, expanding contingency, subscription, and success-based pricing into traditionally hourly domains is not a workaround for the billable hour's decline — it is a more honest expression of how the legal profession has always been entitled to be compensated.

6. Require client disclosure and informed consent for AI-driven changes to billing.

The CBA should recommend that lawyers disclose, in plain language at the outset of an engagement, the categories of AI tools they expect to use, the categories of tasks for which those tools will be deployed, and how that use is reflected in the proposed fee structure. Where AI use is material to the pricing of an engagement, including the offering of a flat fee in lieu of hourly billing for a particular facet of the matter, the engagement letter should reflect that arrangement and the client should affirmatively consent to it. This disclosure is consistent with a lawyer's existing duties of communication and candor under the Rules of Professional Conduct and provides clients with the information they need to evaluate the value they are receiving.

7. Develop CBA model engagement letter and fee agreement templates incorporating AI provisions.

The CBA should develop and make available to its members model engagement letter and fee agreement templates that incorporate provisions appropriate for an AI-enabled practice. These templates should include sample language for hybrid fee arrangements, clear scoping of flat-fee deliverables, treatment of out-of-scope work, disclosure of AI use, allocation of responsibility for AI-related costs and licensing, confidentiality safeguards relevant to AI tools, and the lawyer's continuing duty of professional judgment notwithstanding the use of AI. Templates should be drafted to work for solo and small-firm practitioners as well as larger firms, and should be paired with brief practice notes explaining the rationale for each provision.

8. Provide CLE programming and pilot programs to support the transition.

The CBA should provide CLE programming, written practice guides, and, where feasible, pilot programs to help its members consider and implement AI-supported alternative biling arrangements in their own practices. Programming should cover how to scope and price flat-fee deliverables, how to combine flat-fee and hourly components in a single matter, how to evaluate AI tools against the demands of Rule 1.1 competence and Rule 1.6 confidentiality, and how to communicate fee structures to clients. Pilot programs, undertaken in cooperation with willing firms and legal aid providers, should collect anonymized data on outcomes such as client satisfaction, fee predictability, realization rates, and the categories of work for which alternative fee structures perform best, so that future CBA guidance can be refined based on actual Colorado experience.

Pillar 3:
Responsible AI Adoption, Security, and Risk Management

By: Joel Hassel, Andy Frohardt, and Jason Vogel

Findings

The Task Force concludes that artificial intelligence and related technologies can materially improve law practice when adopted thoughtfully and matched to the sensitivity of the work being performed. As discussed, these tools may not replace but may help enhance practitioners' critical thinking and professional judgment. In the near term, the most realistic benefits for most Colorado lawyers are likely to come from drafting assistance, research support, intake, workflow management, summarization, and other operational tasks that preserve meaningful human review of outputs and accountability for final work product.

At the same time, the Task Force's stakeholder discussions identified significant risks, including inaccuracy, confidentiality concerns, unclear vendor terms, implementation burdens, and cybersecurity vulnerabilities. Those risks are not determined solely by whether a provider is large or well known. Rather, they turn on the actual safeguards of the specific product, including how data is used, retained, segregated, accessed, and governed. The Task Force further finds that small and solo firms may stand to benefit the most from these tools because they often have fewer people

and less administrative support, but they may also face the greatest exposure because the most robust enterprise-grade solutions are frequently out of reach and they often lack the resources to build or independently audit sophisticated security controls on their own.

The Task Force also finds that systems capable of acting with substantial autonomy present distinct risks that differ from ordinary assistive tools. Agentic and autonomous systems are related, but not identical. An agentic system may use tools, follow workflows, and take actions across systems without necessarily operating independently. Autonomy is the stronger concept, where the system is permitted to continue acting with limited human intervention. In that setting, the security concern is not merely that a breach may expose confidential information. A compromised or poorly constrained system may also act with the "apparent authority" of the firm or organization by sending communications, triggering actions, or interacting with others through the firm's own accounts, permissions, or systems. For that reason, guidance to lawyers should distinguish between ordinary assistive AI tools and higher-risk systems that are connected to client files, firm infrastructure, or external-action workflows.

Formal Recommendations

1. Adopt a risk-based framework for evaluating AI tools.

The CBA should recommend that lawyers and law firms evaluate AI tools based on the sensitivity of the information involved and the degree of action the system is permitted to take. Not all tools or uses present the same level of risk. Greater diligence is warranted where tools are used with confidential, personal, financial, health, or other sensitive client information, and where the tool is connected to firm systems or external workflows rather than serving merely as a limited drafting or research aid.

This recommendation should be framed in lawyer-practical terms. The objective is not to require every attorney to master technical architecture, but to establish the principle that pre-implementation review of AI systems should closely correlate with the level of data sensitivity and operational authority.

2. Emphasize product-specific safeguards and data governance, not brand reputation alone.

The CBA should recommend that lawyers focus on the actual safeguards of the product they are using rather than assuming that a well-known provider is necessarily sufficient. Practical guidance should direct lawyers to consider issues such as whether client data is used for model training, how long data is retained, who can access it, what third parties or subprocessors are involved, what administrative controls are available, and whether the tool operates in a more closed and governed environment.

The CBA should discourage a "do-it-yourself" attitude when it comes to cybersecurity. Instead, the CBA should equip practitioners to ask the right questions and to understand that branding and market prominence are not substitutes for diligence. This is especially the case in a rapidly changing AI market where product terms and technical implementations can shift quickly.

3. Provide lawyer-practical guidance for safe adoption, especially for small and solo firms.

The CBA should recognize that many lawyers, particularly small and solo practitioners, will not be able to conduct deep technical reviews or afford the most robust enterprise offerings. At the same time, those firms may be the most tempted by these tools because the efficiency gains can be significant where staffing and administrative support are limited. The Task Force therefore recommends guidance that helps lawyers adopt these tools more safely rather than simply warning them away from use.

In practical terms, that means encouraging lawyers to prefer legal or business tools with stronger default protections over open consumer tools when client information is involved, to understand when a product appears to operate in a more closed and governed environment, and to avoid configurations that exceed the firm's ability to supervise and understand them. The recommendations should be realistic, understandable, and calibrated to the actual decision-making environment of ordinary practitioners.

4. Apply heightened caution to highly autonomous and high-permission systems.

The CBA should recommend heightened scrutiny for systems that can act with substantial autonomy, connect to firm systems, access client files, send communications, or trigger actions in external platforms. The concern is not agentic capability by itself, but the combination of broad permissions, limited supervision, and weak guardrails. Guidance in this area should encourage meaningful constraints such as scoped access, human approval gates, logging, monitoring, and technical protections around sensitive data, including masking or anonymization where appropriate.

The recommendation should also make clear that the risk in such systems is not limited to disclosure of information. As discussed, highly autonomous systems can create apparent authority issues. If compromised or misdirected, they may act through the firm's own systems, accounts, and permissions in ways that appear legitimate to clients, courts, counterparties, or the public. For that reason, these systems should be treated differently from ordinary assistive tools and should not be deployed casually.

Pillar Four:
Multidisciplinary Practice and the
Expanding Role of Technologists in Legal Practice

By: Daniel Graham

Introduction

The CBA AI & Innovation Task Force conducted various stakeholder interviews to explore how artificial intelligence and related technologies are reshaping the practice of law. Several of these interviews bear on Pillar Four: Multidisciplinary Practice and the Expanding Role of Technologists in Legal Practice. Three key interviewees who spoke directly on these issues are:

- Judge Anni Foster of the Arizona Court of Appeals; and
- Professor David Freeman Engstrom and Natalie Knowlton of the Stanford Law School Deborah L. Rhode Center on the Legal Profession.

These interviews illuminate how AI is accelerating the transformation of legal practice into a multidisciplinary endeavor in which technologists play an increasingly central role—not as peripheral support staff, but as co-designers and co-deliverers of legal services.

Findings

The Task Force finds that AI is driving lawyers to form partnerships with technology professionals in ways that fundamentally reshape how legal services are designed and delivered. The below findings include concrete examples from Arizona and California, as articulated by the above-listed interviewees.

In Arizona, alternative business structures are built on this collaboration: lawyers partner with technologists to create streamlined client intake processes that efficiently triage matters and determine what goes to an attorney versus what can be handled by a paralegal or automated system. This collaboration is not supplementary—it is the core of the business plan for many of these new legal entities. Also in Arizona, an ABS entity partnered with the state bar foundation to provide Fortune 500-level legal technology to community legal services organizations for free, including training lawyers at those organizations to use the tools. This demonstrates how technologists can democratize access to tools that public-interest organizations likely could not afford on their own.

At the institutional level, Stanford Law School embeds lawyers, data scientists, and computer scientists directly inside the Los Angeles Superior Court—the largest trial court in the country—to develop high-leverage AI tools that go well beyond simple chatbots. One such tool flags defects in default judgments in debt-collection cases, a context in which as many as 40% of default judgments contain errors that should preclude judgment, and then directs the human user into the part of the case material where they can quickly address the defect. This reflects a sophisticated human-AI collaboration designed by technologists working within the court system—demonstrating that meaningful integration of AI into the justice system requires technologists working alongside legal professionals.

More broadly, AI is also enabling a tiered model of legal services in which technologists occupy distinct and essential roles across a spectrum of representation. Not every legal problem requires a highly paid attorney; the question is where on the spectrum a client's needs fall and how best to deliver services at that level. Self-represented litigants are already using AI to file well-crafted appeals, and courts are seeing cases with genuine merit that might not have otherwise been filed.

At the same time, the interviews identified significant risks. The future of the law firm sits at the intersection of capital, technology, and talent, and a critical concern is what happens when the automated AI workflows—the actual engines of production—are owned by private equity rather than by the law firms themselves, potentially hollowing out firms and concentrating innovation

outside of professional oversight. Additionally, attorneys are creating their own agentic AI programs without institutional oversight—a "shadow IT" problem that requires in-house technologists to establish governance frameworks. Overly strict regulation, however, risks leaving stakeholders unable to use AI tools at all, so any regulatory approach must balance innovation with professional responsibility.

Formal Recommendations

1. Recognize technologists as essential participants in legal service delivery. The CBA should acknowledge that data scientists, computer scientists, and other technology professionals are not peripheral support staff but can be co-designers of legal services. Law firms and legal organizations should be encouraged to embed technologists within their teams to build, govern, and maintain AI-enabled tools, following the model demonstrated by Stanford's collaboration with the LA Superior Court.
2. Require technical governance capacity within law firms deploying AI. The CBA should recommend that firms deploying AI tools maintain adequate technical governance—including personnel with expertise to evaluate open versus closed AI systems, assess data sources, and ensure compliance with confidentiality and professional conduct obligations. This addresses the emerging "shadow AI" problem of attorneys building unvetted agentic tools without institutional oversight.
3. Encourage partnerships that bring advanced technology to underserved providers. The CBA should encourage and facilitate partnerships in which technology companies or technologist-driven entities provide advanced legal technology to legal aid organizations and pro bono providers at no cost, including training for staff, following the model demonstrated in Arizona's bar foundation partnerships.
4. Promote regulation that enables advancement and also maintains accountability for multidisciplinary innovation. Regulatory frameworks governing technologists' participation in legal services should be designed to both enable innovation and maintain lawyers' professional responsibility obligations. Overly prescriptive rules risk creating a situation where beneficial tools cannot be deployed. Nevertheless, regulation should be sufficient to protect the public while allowing operation within its confines, with iterative refinement as the landscape evolves.

Pillar 5: Access to Justice Innovation

By: Naomi Stokeld

Findings

The Task Force concludes that artificial intelligence and related technologies can enhance access to justice when implemented thoughtfully and designed with human needs in mind. These tools should support, rather than substitute, the critical thinking and professional judgment of licensed legal professionals. Meaningful human oversight must be present at both the input stage (how tools are selected, configured, and fed information) and the output stage (how results are reviewed,

validated, and delivered to the public). In the near term, the most promising uses are those that expand the capacity of legal aid and pro bono providers, improve the public's ability to navigate legal processes, and deliver accurate, understandable legal information, always subject to review and accountability by a qualified human.

As with other topics, the Task Force's stakeholder interviews identified significant risks. The risks associated with this topic included inaccuracy and confidentiality concerns, implementation burdens, and the possibility that digital tools may exclude the very communities they are intended to serve. For that reason, innovation in this area should proceed cautiously and in phases, beginning with low-risk applications supported by strong governance and accessibility safeguards, all guided by meaningful human oversight, and with the preservation of non-digital and person-to-person alternatives.

Colorado should prioritize technologies that expand service capacity at the points where unmet legal need is greatest: intake and triage, plain-language legal information, guided document preparation, and rural outreach, provided each deployment preserves an accessible offline pathway. The CBA should also encourage pilot projects modeled on successful initiatives in other jurisdictions, such as statewide intake portals and legal information assistants, each designed so that qualified humans review the information fed into the tool and validate the outputs delivered to the public, with outcomes measured against defined benchmarks for usability, equity, reliability, and measurable impact on access.

Formal Recommendations

1. Start with the problem, not the technology.

Before selecting any tool, the threshold question is what problem we are trying to solve. Not every access-to-justice problem requires a technology solution, and lessons from other sectors (notably healthcare) show that organizations achieve better results when they identify the problem first and then ask whether technology, AI, or a non-technical intervention is the right answer. Many problems are best addressed through process change, staffing, partnerships, or community-based services rather than software. A hybrid posture in which human judgment determines which problems warrant a technology solution and which do not should guide every deployment. When technology is the right answer, the CBA should conduct meaningful diligence on available options, measured against the governance standards, before adoption.

2. Encourage phased adoption of access-to-justice technology.

The CBA should recommend that courts, legal aid organizations, clinics, and volunteer programs begin with low-risk, high-value uses of AI and related technology, particularly for intake, information delivery, administrative support, and workflow improvement, before expanding to more complex public-facing applications.

3. Adopt baseline governance standards for all AI-enabled access-to-justice tools.

The CBA should recommend minimum standards requiring human oversight, confidentiality

protections, clear disclosure of tool limitations, accountability for outputs, and ongoing review for accuracy, bias, and reliability. (Refer to KP's vendor AI requirements.)

4. Require accessibility by design.

The CBA should recommend that any endorsed or supported technology be mobile-friendly, plain-language, disability-accessible, multilingual where feasible, and paired with non-digital pathways so that innovation does not exclude the very communities it is intended to serve.

5. Prioritize tools that improve service capacity, not replace legal judgment.

The CBA should recommend technologies that help lawyers and advocates serve more people more effectively, while making clear that such tools are aids in legal service delivery, not substitutes for the critical thinking, professional judgment, or individualized legal advice of a licensed legal professional.

6. Develop a statewide access-to-justice innovation framework.

The CBA should convene legal aid providers, courts, law schools, libraries, technologists, and community organizations to identify priority use cases, share tested workflows, and establish common evaluation metrics for access-to-justice innovation in Colorado.

7. Promote targeted pilot projects in high-volume civil matters.

The CBA should recommend pilot programs in high-volume civil matters where self-represented litigants face the greatest procedural friction. Priority domains and illustrative pilots include: (i) family law: guided interview tools that help parents complete parenting-plan worksheets, child-support calculations, and protection-order petitions, with attorney review before filing; (ii) consumer matters: automated debt-collection answer generators and fee-waiver assistants that draft responsive pleadings for review by legal aid attorneys; (iii) estate planning: small-estate affidavit and simple-will preparation tools paired with a licensed-attorney review step; (iv) housing: eviction-response assistants that surface tenant defenses and local resources in plain language; and (v) property-damage-only auto claims: guided tools that help self-represented claimants pursue small third-party recoveries where liability is clear and no injuries are involved. Each pilot should report on user comprehension, completion rates, staff time saved, and successful handoff to human assistance where needed, with results published so that other jurisdictions and providers can learn from what works and what does not.

As a flagship initiative operationalizing this recommendation, the CBA could pilot a bilingual, public-facing legal information assistant modeled on North Carolina's Legal Information Assistant (LIA), a tool that provides general civil legal information, multilingual responses, and referrals, while expressly disclaiming legal advice. A Colorado version would tie directly into the Rec. 7 priority domains above: landlord-tenant and eviction-response questions (housing), debt collection (consumer), protection orders and family-law process questions (family law), and simple-estate inquiries (estate planning). Consistent with the oversight principles established in Recommendations 3 and 5, the underlying content would be curated and periodically reviewed by licensed attorneys, outputs sampled and audited for accuracy and bias, and users given a clear pathway to reach a qualified human whenever their question exceeds the tool's scope.

8. Preserve human and offline alternatives.

Building on Recommendation 4, the CBA should expressly state that no person may be required to use an AI system or online platform as a condition of obtaining legal help, legal information, or access to a service pathway. A meaningful, reasonably accessible human alternative, by telephone, in person, or through a community-based provider, must remain available in every program that relies on AI-enabled intake or service delivery.

Pillar 6:
The Case for Colorado Guidance on Law Firm MSO Structures

Author: Todd Burnham, Founder & CEO, Burnham Law

Date: April 2026

A Pillar 6 Position Summary

Pillar 6 charges the Task Force with examining firm ownership beyond lawyers: lessons from key states, the sandbox concept, the MSO workaround, alternative service providers, and the ethical considerations that surround the unauthorized practice of law. Each of those five elements points, in different ways, to the same operational conclusion — Colorado should issue specific guidance on MSO arrangements, and it should do so in 2026.

1. Lessons Learned from Other Key States

The regulatory landscape across the U.S. provides a clear pattern of successes and failures regarding law firm ownership reform:

State	Program/Regime	Outcome & Status (as of 2026)
Arizona	Alternative Business Structure (ABS)	Eliminated Rule 5.4 in 2020. Licensed ~150 entities (including KPMG Law US). Attracted capital, tech platforms, and multidisciplinary providers.
Utah	Regulatory Sandbox	Struggled with adoption; participation fell from 39 entities (2022) to ~11 (late 2025). ABS portion closed Dec 2024; participants migrating to Arizona.

State	Program/Regime	Outcome & Status (as of 2026)
Washington	Limited License Legal Technician (LLLT)	Sunsetted June 2020. Failed on scope and economics (single practice area did not support a viable profession).

2. The Sandbox Concept

Sandboxes are administratively expensive. Utah operates a dedicated Innovation Office, a standing Legal Services Innovation Committee with monthly meetings, a multi-year reporting and evaluation framework, and an Ad Hoc Regulatory Reform Committee tasked with assessing outcomes. The IAALS evaluation of Utah's sandbox spans four reports and extends through 2027. That infrastructure produces rigorous data, but it requires regulatory capacity Colorado does not currently have committed. A Colorado sandbox is not foreclosed, but it is not the starting point. MSO guidance does not require a new office, a standing committee, or a seven-year pilot. It requires an ethics opinion. The sandbox concept is worth the Task Force's continued consideration as a framework for testing specific access-to-justice innovations, but it is a parallel track to MSO guidance, not a substitute.

3. The MSO Workaround

An MSO is a two-entity architecture. The law firm ("Law Co") remains wholly owned by licensed attorneys, employs the lawyers and client-facing personnel, receives all legal fees, and retains exclusive authority over the practice of law. A separate entity ("MSO"), typically with outside investor ownership, provides administrative and operational services under a Management Services Agreement - finance, marketing, HR, technology, facilities, back-office functions. Fees flow from Law Co to MSO under the MSA on a flat-fee, cost-plus, or similarly untethered basis.

The structure is not new. MSOs have been the compliance vehicle for capital participation in medical, dental, and veterinary practices for three decades, operating within equivalent corporate-practice restrictions. The legal adaptation is younger but tracking. Texas Opinion 706 (February 2025) is the first U.S. ethics opinion squarely addressing law firm MSOs. It drew two bright lines. Revenue-percentage management fees are impermissible fee-sharing; flat-fee or cost-plus structures are permitted. Lawyer equity in an MSO is permitted where the MSO does not practice law and professional judgment is preserved. Holland & Knight, Sidley Austin, DLA Piper, and Reed Smith have all published extensive commentary extending the 706 framework to practical MSA drafting. Colorado firms are already operating under this framework. A Colorado ethics opinion

would provide clarity, raise the compliance floor, and establish Colorado-specific expectations rather than ceding the framework to out-of-state authorities.

4. Alternative Service Providers

ALSPs, matter support providers, and legal technology platforms operate largely outside the ownership debate because their primary clients are corporate purchasers and the attorney-client relationship is formed elsewhere. The pressure point for Pillar 6 is the growing overlap between AI-enabled platforms and the delivery of legal services directly to consumers. Arizona's ABS framework has licensed legal technology entities; Utah's sandbox has authorized software-only providers with lawyer oversight. Colorado's current framework addresses these categories through general UPL principles rather than structured guidance. MSO guidance does not resolve the ASP question, but it does not complicate it. The two workstreams are separable. MSO guidance addresses ownership and capital structure for traditional law firms. ASP and AI-delivery frameworks can proceed on a parallel track through the Task Force's broader AI pillars.

5. Ethical Considerations — Rule 5.4 and UPL

- The substantive concerns that support Rule 5.4 are independent professional judgment, client confidentiality, conflicts of interest, and the prohibition on the unauthorized practice of law. A properly structured MSO preserves each:
- Independence. Law Co remains owned and controlled by attorneys. The MSA explicitly reserves all professional judgment and matter-level decisions to the lawyer.
- Confidentiality. MSO personnel with access to privileged information are bound by equivalent confidentiality obligations through contract and operational controls.
- Conflicts. Shared MSO infrastructure is managed through informational barriers; client disclosure addresses residual concerns.
- UPL. The MSO provides administrative services only. Legal advice, strategy, and representation remain exclusively within Law Co.
- The ethical framework is not self-executing. It depends on specific MSA provisions, operational controls, and oversight mechanisms. A Colorado ethics opinion is the instrument that translates the framework into enforceable expectations.

Formal Recommendations

The CBA Ethics Committee, in consultation with Pillar 6, should issue a Colorado ethics opinion on MSO arrangements addressing: permissible fee structures, scope of MSO-provided functions, disqualifying MSA provisions, confidentiality obligations in shared-services environments, conflict imputation across MSO-serviced firms, client disclosure expectations, and transition and termination mechanics. This is the single most consequential deliverable Pillar 6 can produce within the Task Force's current charter. It requires no Supreme Court rule change, no new regulatory infrastructure, and no pilot program. It brings Colorado-specific visibility and expectations to activity already occurring, establishes a compliance floor that protects consumers and firms, and positions Colorado to address the broader ownership question on its own timeline rather than one set by capital already in motion.