



AI Hallucinations – Misuse Repercussions.

“To err is human, but to really foul things up, you need a computer.”

KGC was invited this past spring to participate in a panel with the Kansas Bar Association Construction Law Section. The feature panel topic was Smart Documents, Serious Benefits: Ethical Considerations and Professional Risks in Using AI.

As Subject Matter Experts, we are compelled to be meticulous in our reporting. While AI software technology can be a great benefit, like most tools, it can cut both ways with disastrous results. We are now tasked with having some clients provide reports to KGC using Claude or another AI application.

As much of our client base consists of servicing lawyers, the following narrative emphasizes that all stakeholders must employ an effective AI Process Strategy consisting of Plan – Do – Check!

The WESTLAW - 792 F. Supp. 3d 1241 United States District Court, N.D. Alabama, Southern Division court case of Frankie Johnson (Plaintiff) v Jefferson S. Dunn (Defendants) Case No.:2:21-cv-1701-AMM; signed July 23, 2025 provided an example of an AI application gone horribly wrong.

“The court must determine an appropriate sanction. Fabricating legal authority is serious misconduct that demands a serious sanction. In the court’s view, it demands substantially greater accountability than the reprimands and modest fines that have become common as courts confront this form of AI misuse. As a practical matter, time is telling us – quickly and loudly – that those sanctions are insufficient deterrents. In principle, they do not account for the danger that fake citations pose for the fair administration of justice and the integrity of the judicial system.”

An appropriate and reasonable sanction must (1) have sufficient deterrent force to make this misuse of AI unprofitable for lawyers and litigants, (2) correspond to the extreme dereliction of professional responsibility that sham citations reflect (whether generated by artificial or human intelligence, and (3) effectively communicate that made-up authorities have no place in a court of law.”

<https://www.law.berkeley.edu/wp-content/uploads/archive/2025/12/Johnson-v-Dunn.pdf>

While new technologies can show great promise, they also bring new problems. The penalties imposed on the attorneys can be found on 23 & 24. As a subject matter expert (SME) writing accurate reports albeit for mediation, arbitration or litigation the misuse of AI can have dire consequences. An additional site of notable significance tracking failures in the use of AI for litigation, including inaccurate SME reports, can be found at the following address: [AI Hallucination Cases Database – Damien Charlotin](#)



Previous Clients



FASKEN



Kennaley Construction Law



Prompt Payment – British Columbia

The province of British Columbia is taking active steps to join the Canadian trend toward Prompt Payment in the Construction industry by introducing Bill 20-2025, which includes provisions for the application of adjudication. [Bill](#) | [Legislative Assembly of BC](#)

Much of the legislation parallels aspects of other provincial regions, including the use of proper invoices, payment deadlines, and the selection and powers of an adjudicator. The new legislation will abolish the application of Shimco Liens (a separate legal right under the Builders Liens that lets a contractor or subcontractor claim a lien directly against the project's required holdback funds. An application for judicial review of a determination must be filed within 35 days of the written determination being issued.

Standard of Care Trends in Construction

A Standard of Care defines the exact level of skill and competence required to fulfill the contractual obligation. Standards of Care are defined in written contracts, guidelines, policies, procedures, and standards. The commonly accepted definition is, "A practice that an ordinary or prudent practitioner would exercise in the same circumstances."

The evolution of the SOC from several past court rulings has moved beyond the explicit terms of the parties' contractual obligations to encompass broader industry standards and best practices. A significant shift in the legal landscape is the recent reliance on expert testimony to determine what constitutes reasonable or unreasonable care.

This trend highlights the significance and weight of the specialized knowledge acquired by the parties to the contract and the subject matter experts in analyzing and understanding the required SOC in construction disputes. While most contracts define the authority and roles of the parties to the contract often with elaborate supplementary conditions, contracts are typically silent on the application of the required SOC outside of "reasonable care". With an increase in both simple and complex construction disputes involving the lack of SOC, perhaps the time has come for the introduction of more robust contractual language to establish the expected ability and competence of the parties.