



Artificial Legal Intelligence: Flying by Instrument in Corporate Law

Corporate, Securities, and Governance



Cheat Sheet:

- **Authority matters.** Artificial legal intelligence distinguishes between binding authority and background noise, recognizing that not all sources carry equal legal weight in corporate practice.
- **Time is everything.** Legal rules exist in temporal layers. Knowing what the law says today is not enough if you need to know what it said at signing, filing, or breach.
- **Dual architecture works.** Like aviation's instrument panel and autopilot, ALI combines a deterministic compliance engine with generative reasoning to deliver both precision and judgment.
- **Ethics are essential.** Professional responsibility must be built into the architecture. ALI assists lawyers but never replaces them, remaining within the bounds of competence and supervision.

The challenge

I learned to fly before I learned to practice law. In the cockpit, there are two ways to navigate: under

visual flight rules, where you rely on what you see, and under instrument flight rules, where you trust your gauges even when visibility drops to zero. The instruments never lie. They tell you altitude, heading, and speed with precision grounded in physics.

The legal profession has long operated under visual flight rules, scanning the horizon and relying on judgment formed by experience and intuition. That method worked when the skies were clear and the terrain familiar.

Today's corporate legal environment is anything but clear. It is a storm of regulations, cross-border rules, evolving standards, and mountains of precedent that no single lawyer can fully master from memory. What we need are instruments, and those instruments must understand law rather than language.

What AI gets wrong

General-purpose artificial intelligence flies by sight in poor visibility. It can produce elegant text, but cannot tell a statute from a blog post or a binding precedent from persuasive dicta. It often confuses current law with outdated versions.

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When I asked a popular AI tool to explain the disclosure requirements under Item 303 of Regulation S-K, the answer was polished and confident but partially wrong. It cited obsolete guidance, blended current rules with proposed amendments, and treated staff accounting bulletins as though they carried the same authority as the regulation itself.

The flaw was not the system's intelligence but its structure. General-purpose AI was never designed to think like a lawyer. It lacks a sense of hierarchy, timing, and duty. That shortfall is what Artificial Legal Intelligence, or ALI, is built to overcome.

Building artificial legal intelligence

The right question is not how intelligent the system appears to be. The right question is how legal its intelligence truly is. ALI is designed from the ground up to reason within the discipline of law. It recognizes the hierarchy of authority, tracks rules through time, and stays within the professional boundaries that define legal practice. Its purpose is not to replace lawyers but to support them as a copilot that understands the instruments of the profession.

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Authority-weighted architecture

In law, not all sources are equal. A Supreme Court opinion outweighs a district court ruling. A final regulation carries more authority than a proposal. An SEC requirement supersedes even the most insightful commentary. ALI incorporates that hierarchy directly into its structure.

Every source is identified by its level of authority and date of effect. When the system retrieves information, it prioritizes binding authority and verified sources first. In aviation terms, it is the legal version of a preflight inspection, in which every critical instrument must be verified as accurate before departure.

Temporal Intelligence

Corporate lawyers often need to know not only what the law says, but also when it was said. What rules governed at the time the 10-K was filed? Which accounting standards applied when the merger agreement was signed? Which precedent controlled when the alleged breach occurred?

ALI tracks law across time. It recognizes that a new SEC rule may reinterpret an earlier requirement and that a court decision can quietly nullify guidance that once seemed controlling.

This temporal intelligence allows lawyers to evaluate obligations and risks in the proper historical context.

Dual-layer reasoning

Aviation systems rely on two complementary brains. One maintains mechanical precision, and the other interprets changing conditions. ALI mirrors that design. The deterministic layer performs precision work. It checks that exhibits are properly referenced, verifies cross-citations, confirms consistency between Item 303 and Item 105, and ensures compliance with Regulation S-X. It operates like a tireless analyst, never improvising or overlooking a detail.

The generative layer performs the interpretive work. It drafts initial disclosures, summarizes transaction terms, and develops litigation strategies grounded in controlling authority. It does so within boundaries enforced by the deterministic layer.

Together, the two layers create a continuous feedback loop. The deterministic layer sets the limits, while the generative layer exercises creativity within them. One flies the instruments. The other plots the course. Both rely on the lawyer in command.

Ethics by design

The most important part of ALI is ethical rather than technical. Every output must conform to the ABA Model Rules of Professional Conduct. Rule 1.1 demands competence, which now includes understanding relevant technology. Rule 5.3 requires supervision of non-lawyer assistance, and Rule 5.5 prohibits the unauthorized practice of law.

ALI reinforces those duties. It enhances competence by expanding a lawyer's research and analytical capacity. It functions under supervision, with every output reviewed before use. It never crosses the boundary into independent decision-making. Professional responsibility is not an afterthought; it is a

core design principle.

Ethical integrity also makes business sense. Boards and general counsel do not need faster answers; they need accurate and defensible ones. ALI provides that assurance because its architecture is built on accountability from the start.

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Applications across practice areas

Securities and disclosure

Securities disclosure is the natural home for ALI because of its dense rule structure. Quarterly

10-Q verification once consumed two weeks of attorney time. ALI can complete a first-pass review within minutes. It flags missing exhibits, identifies inconsistencies between MD&A and risk factors, and detects formatting errors under Regulation S-X.

More importantly, it recognizes emerging SEC comment trends, allowing counsel to address potential issues before the Division of Corporation Finance raises them. The result is cleaner filings and fewer comment-letter rounds, freeing counsel to focus on materiality and strategic judgment.

Transactional work

In mergers and acquisitions, speed is leverage, but accuracy determines value. ALI compares draft purchase agreements to prior deals and to Delaware precedent. It identifies unusual indemnity terms, missing covenants, or subtle changes in accounting references. A single shift from "GAAP as applied at signing" to "GAAP as amended" can alter post-closing risk by millions. ALI spots such changes in time for negotiation.

Litigation strategy

Litigators rely on precedent, yet precedent evolves. ALI tracks each decision through its life cycle and distinguishes holdings from dicta, binding from persuasive authority, and valid from overruled cases. A case that once appeared decisive may have been limited on appeal. By identifying that change, ALI enables counsel to argue with confidence grounded in current law.

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The results

Across disclosure, transactional, and litigation work, ALI consistently improves both speed and quality. SEC filing preparation time can drop by forty percent, not through shortcuts but by shifting attorney time from mechanical review to substantive analysis. Due diligence becomes more comprehensive because the system handles document verification while counsel concentrates on risk and strategy. Litigation performance improves when arguments rely on verified, up-to-date authority.

The greatest advantage is confidence. Legal teams can know that their analysis rests on confirmed sources, not statistical guesswork. That assurance is the difference between visual flight and instrument flight, between hoping for accuracy and proving it.

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Why it matters for in-house counsel

General counsel live under constant pressure to do more with fewer resources while managing growing regulatory complexity. Business colleagues expect rapid, precise, and defensible answers. Boards demand proactive risk management.

Artificial Legal Intelligence addresses those pressures without introducing new ones. It integrates with existing workflows, enhances rather than replaces human judgment, and aligns with the ethical foundations of legal practice.

Most importantly, it reframes the discussion about AI in law. The question is no longer whether machines will replace lawyers, but how lawyers can use lawful intelligence to practice at the highest professional level.

The future flight path

The next horizon for ALI is real-time regulatory monitoring, creating a living map of evolving rules. Imagine asking, "What are the latest SEC comment-letter trends concerning executive travel perquisites?" and receiving an answer that is current, source-verified, and time-stamped. Or picture a contract-management system that alerts counsel when new legislation affects existing agreements, explaining what changed, when it changed, and why it matters.

That future is approaching quickly, and ALI is already on that trajectory. Its progress is guided by the same principles that define good lawyering: authority, precision, and accountability.

Conclusion: flying true

Pilots often say, "Trust your instruments, not your instincts." Experience still matters. Captain Chesley "Sully" Sullenberger's instincts saved lives. Yet, when visibility drops and terrain is uncertain, the instruments keep you safe until experience can take over.

Modern legal practice requires the same balance. Lawyers must bring judgment, negotiation skills, and strategic vision, but they also need reliable instruments that reveal their true position in the legal landscape.

Artificial Legal Intelligence is not a substitute for human lawyers. It restores them to their highest role: exercising judgment, counseling leadership, managing risk, and advancing business goals within the framework of law and ethics.

ALI manages the instruments so counsel can keep an eye on the horizon. It flies by law rather than by sight, and in doing so, it elevates both the lawyer and the profession itself.

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