



YOUR NEW PARTNER: HOW AI CAN TRANSFORM YOUR TRUSTEE PRACTICE

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AI-generated image using Adobe Firefly.

According to the 2025 Law360 Pulse AI Survey,¹ more than half of attorneys at U.S. law firms employ generative AI, nearly double the adoption rate from the prior year. While many practitioners have eagerly integrated AI into their workflows, others have taken a more cautious approach, uncertain about where it fits in their practice or concerned about the risks it might introduce.

Some practitioners may worry they’re late to AI as though they’ve missed a critical window of opportunity. The reality is more nuanced. AI’s emergence in the legal industry is still new enough that being the first, or even early, to adopt it doesn’t guarantee success any more than being tall guarantees a future

in the NBA. What matters isn’t when you start, it’s how deliberately you approach integration and how clearly you understand both the opportunities and limitations.

For bankruptcy trustees juggling 341 meetings, adversary proceedings, asset liquidations, and creditor communication, the question isn’t whether to use AI, it’s how to use it strategically, safely, and in ways that genuinely improve case outcomes.

AI as a Skill, Not Magic

AI is not a black box that either works perfectly or fails catastrophically. AI is a tool and using it effectively is a skill. Like any

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valuable skill, AI can be learned, practiced, improved and mastered. It's not magic and it's not effortless, but anyone can train and hone their AI skills to maximize the value of AI. Notable mainstream platforms include:

1. **OpenAI ChatGPT** — One of the most widely used language models for text generation, summaries, and conversation.
2. **Anthropic Claude** — Large-language model focused on reasoning and long-form text.
3. **Google Gemini** — Multimodal AI platform for text, image, and research tasks.
4. **Microsoft Copilot** — Built into Microsoft 365 to assist with writing, data, and workflow tasks.

Working with generative AI platforms is fundamentally a conversation. You provide context, ask questions, refine your prompts, and iterate on responses. If the first output isn't quite right, you don't abandon the tool, you adjust your approach. Ask it to make a response more concise, explain a concept in greater detail, or reframe an analysis from a different perspective.

This iterative process is where the real value emerges. For example, a trustee reviewing schedules for discrepancies might paste anonymized financial data into an AI platform and prompt: "Summarize key asset categories and flag potential inconsistencies between Schedule A/B and the Statement of Financial Affairs." Within minutes, the AI highlights patterns that might take hours to identify manually such as overlapping property descriptions, unexplained gaps in asset valuations, or transfers that warrant further investigation.

Consider the following commonly performed tasks. To get the best results from AI, trustees should utilize a thorough and detailed prompt like the ones suggested for each:

Trustee Task: Drafting tailored § 341(a) examination questions focused on a suspected fraudulent transfer or preference.

AI Prompt: "Based on these facts [insert anonymized details], draft 5-7 examination questions for a § 341(a) meeting that explore: (1) the debtor's relationship with the transferee, (2) the timing and circumstances of the transfer, (3) the debtor's financial condition at the time, and (4) what the debtor received in exchange. Frame questions to be clear, non-accusatory, and designed to establish elements of a potential fraudulent transfer claim."

Trustee Task: Preparing first-draft correspondence to debtors, counsel, or creditors regarding document requests, continuances, or routine case administration.

AI Prompt: "Draft a professional email to debtor's counsel requesting a continuance of the § 341 meeting scheduled for [date]. The reason is that the debtor has not yet provided requested bank statements for the past two years. The tone should be firm but courteous, referencing the prior request dated [date], and proposing two alternative dates in the following week."

Trustee Task: Creating preliminary checklists and timelines for asset investigations and litigation planning.

AI Prompt: "Create a detailed checklist and timeline for investigating potential preferential transfers to insiders in a Chapter 7 case. Include: key documents to request, information to gather at the 341 meeting, deadline calculations under § 547, steps for demand letters and settlement discussions, and litigation milestones if settlement fails. Assume a 90-day preference period for non-insider transfers."

Trustee Task: Outlining potential claims based on a factual narrative.

AI Prompt: "Review this factual summary [insert anonymized narrative]. Identify and outline all potential causes of action available to a Chapter 7 trustee, including fraudulent transfer claims under §§ 548 and 544, preference actions under § 547, turnover claims under § 542, and any other applicable claims. For each potential claim, list the elements that must be proven and note which facts support or undermine the claim."

Trustee Task: Drafting requests for documents for a corporate entity to determine its financial health.

AI Prompt: "Draft a comprehensive document request to a corporate Chapter 7 debtor (construction industry) to assess the company's financial condition in the year before filing. Include requests for: financial statements, tax returns, bank statements, accounts receivable/payable ledgers, general ledgers, contracts with major customers, payroll records, and corporate governance documents. Organize by category and specify the relevant time periods for each document type."

Optimal prompts for these tasks will vary. The examples above are workable samples and starting points to utilize in early stages of AI skill-building. It is only through intentional prompting, reviewing, and refining that a trustee learns how best to get the output desired.

Another way to use AI is through modern platforms that support voice-to-text dictation. Trustees can dictate emails, notices, or status updates while driving or waiting (at the courthouse or even the grocery store, for example). AI will draft the communications based on specified tone and purpose. This does not produce a finished product, but it replaces the blank page with a coherent first draft.

The most effective uses of AI in the trustee practice aren't necessarily flashy; they're the ones that compound over time. Five minutes saved here, ten minutes there, every day for months. These incremental improvements transform daily workflows in ways that feel almost mundane until you realize how much capacity they've created.

How AI Elevates the Trustee Practice

Imagine having a collaborator who never gets tired or bored, works at 2 a.m. when preparing for tomorrow's 341 meetings, never judges your questions, analyzes financial data in seconds,

never forgets details from previous cases, and can look at a preference action from ten angles instantly. That's not the future; that's AI right now.

For trustees managing dozens or hundreds of cases simultaneously, AI provides leverage. It handles repetitive, time-consuming analytical work. Tasks like searching dockets, cross-referencing schedules, drafting routine correspondence, document requests, and notices can easily be handled by AI so trustees can focus on strategy, negotiation, and relationship management with debtors, creditors, and the court.

Consider a typical week: How much time is spent drafting substantially similar notice language for the fifteenth time this month? How much time is spent searching through ECF dockets for specific filings? Reading operating reports just to find whether the debtor made payroll on time? These tasks don't require years of bankruptcy expertise; they require time and attention. AI can handle them, giving trustees capacity to focus on work that genuinely benefits from human experience and judgment.

The competitive reality is straightforward: trustees who master AI tools can take on more cases, deliver faster analysis, and provide more comprehensive initial assessments than those who don't. For firms with multiple trustees, this translates to practice growth; partners who can efficiently manage larger case volumes generate more revenue without proportional increases in overhead. These advantages compound, efficient case management leads to capacity for higher-value matters, which builds expertise and professional reputation.

Using AI Safely and Securely

Given the reports of AI "hallucinations" and data privacy breaches, it is understandable that trustees may be cautious about adopting these tools in their practices. However, these concerns should not overshadow the opportunity to explore AI thoughtfully and to use it safely and securely to enhance efficiency and effectiveness.

In each instance for tasks discussed above, the trustee must remain the "human in the loop" and independently verify any information generated by AI. It is important to remember that AI is not truly "intelligent." Rather, it relies on advanced pattern recognition to generate predictive outputs that *appear* intelligent. This appearance comes from the massive volumes of data on which these systems are trained, essentially, a compilation of blogs, social media posts, Wikipedia articles, news stories, books, academic and scientific text collections, and other publicly available, human-generated content from across the internet. While the results may seem thoughtful or insightful, AI does not think, reason, or exercise judgment. It has no common sense, no understanding of context, and no ability to evaluate truth.

AI can produce impressive results, but it can also generate outputs that appear authoritative while containing inaccuracies. It is important to recognize that AI excels at certain tasks: drafting routine notices, brainstorming settlement strategies, summarizing lengthy documents, and generating initial analysis. It's less reliable for tasks requiring precise legal citations, calculations that affect distributions, or compliance with specific UST guidelines.

As such, the trustee retains full responsibility for reviewing, refining, and validating the output before relying on it in any

case. Trustees must verify and "supervise" AI output the same way they would review output from a paralegal, case administrator or junior associate: carefully and with professional skepticism.

Recent news highlighted attorneys who were sanctioned for using AI, failing to review and verify the AI generated written materials and even made-up cases.² Again, AI is excellent for *generating* content, but its output should not be used as a final product without human verification. Case law, statute and even a summary of data still need to be verified by a professional. As a result of improper use of AI, it is not surprising that several bankruptcy courts, including the Western District of Oklahoma, the Northern District of Texas, and the Southern District of California, have issued general orders requiring filers to attest that generative AI is being used, and that they have reviewed and verified any materials generated using artificial intelligence.³

Accuracy is not the only concern when using AI in a legal practice. Confidentiality and data security present equally important considerations. While reputable AI platforms employ strong privacy protections and safeguards, particularly the enterprise subscription version, it's wise to avoid putting anything into an AI platform that wouldn't go into a non-confidential email without anonymizing it. Debtor names, creditor information, personally identifiable information and sensitive case details should never be put into an AI platform (including an enterprise subscription). However, this content can be generalized by asking conceptual questions and replacing real names with "Debtor A" or "ABC Corporation." One can use generic examples such as "a chapter 7 debtor in the construction industry" instead of a specific case name.

Trustee offices that may already have staff using AI should consider developing and implementing an internal policy to regulate its use. Such a policy should:

1. Prohibit entering confidential or personal information into public systems;
2. Require verification and correction of AI-generated errors;
3. Disclose when a document or activity relies on AI, identifying the system used; and
4. Comply with all applicable laws, policies, and ethical standards.

Just as in the past, with every innovative technology comes new ethical and professional responsibilities. These responsibilities can be managed by putting guardrails in place for the use of AI and by following best practices to minimize risk and maximize value.

Conclusion

Trustees who thoughtfully integrate AI into their practices aren't just saving time; they're expanding their capacity to serve estates and creditors more effectively. They're able to manage more cases without sacrificing quality, identify issues and opportunities faster, and spend their professional energy on work that genuinely requires human judgment.

The question isn't whether AI will transform bankruptcy practice. It's whether you'll shape that transformation in your own practice or let it happen to you. Start small, stay curious,

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verify everything, and focus on use cases that remove friction from your existing workflow. The trustees who do this consistently, deliberately, and thoughtfully will find themselves with more time, better insights, and greater capacity to fulfill their fiduciary duties than ever before. AI won't make you a better trustee by itself, but used well, it can give you the time, clarity and capacity to do what you already do best. 🏠

medium=email&utm_campaign=special&utm_content=37727&read_main=1&nlsidx=0&nlaidx=9

² https://news.bloomberglaw.com/litigation/fake-ai-citations-produce-fines-for-california-alabama-lawyers?utm_source=chatgpt.com

³ *In re Filings Using Generative Artificial Intelligence*, Bankr. Gen. Order No. 210 (Bankr. S.D. Cal. Nov. 18, 2025); *In re Pleadings Using Generative Artificial Intelligence*, Gen. Order No. 2023-03 (Bankr. N.D. Tex. June 21, 2023); *In re Pleadings Using Generative Artificial Intelligence*, Gen. Order (Bankr. W.D. Okla. July 25, 2023).

ENDNOTES:

¹ https://www.law360.com/articles/2299612?nl_pk=1118dda0-f6a8-4428-9815-98888fd82b6b&utm_source=newsletter&utm_

NABT ASKED, AND YOU ANSWERED, THE AI SURVEY RESULTS

As a Trustee, what AI tools do you use in evaluating a bankruptcy estate?

Answer Choices	Percentage
● ChatGPT	9.09%
● Microsoft Co-Pilot	1.82%
● Claude	3.64%
● Google Gemini	9.09%
● A combination of the above	3.64%
● I have not tried using any AI tools	52.73%
● Other (please specify)	20.00%

If you are using AI tools, which specific tasks do you use them for?

Answer Choices	Percentage
● Document review and/or summary	25.00%
● Financial analysis	1.82%
● Communications	3.64%
● Research	9.09%
● Other (please specify)	3.64%

If you are not using AI tools, what is preventing you?

Answer Choices	Percentage
● Cost	4.84%
● Data security concerns	20.97%
● Lack of training	27.42%
● Regulatory uncertainty	14.52%
● Other (please specify)	32.26%

What type of AI training or guidance would be most valuable to you as a bankruptcy trustee?

Answer Choices	Percentage
● Tool-specific tutorials	48.08%
● Ethical guidelines	11.54%
● Best practices for verification	17.31%
● Other (please specify)	23.08%