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How AI is Changing Case Research for Corporate Restructuring

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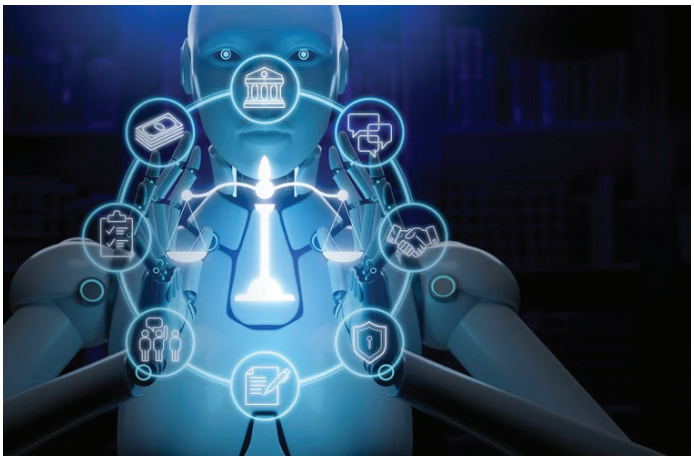
As the pace of corporate restructuring continues to accelerate, getting up to speed quickly is a necessity for providing effective representation. Chapter 11 cases increasingly involve multiple jurisdictions, cross-border creditor disputes, complex capital structures, and compressed timelines due to liquidity constraints. Within the first few hours of a case, the docket may already contain countless filings, including critical declarations and exhibits, such as budgets.

It is difficult enough to jump into that morass when the whistle blows, but now imagine joining a case that has already been underway for a week, with only a few hours to prepare for the next client call. Tools utilizing artificial intelligence (AI) can dramatically shorten that learning curve. While much of the discussion around legal AI has focused on drafting, its sometimes unrealized value begins earlier: helping practitioners quickly understand the case information that informs legal strategy.

AI can help practitioners analyze large volumes of information and identify the issues that should inform their strategy. Large language models (LLMs) serve as AI systems reshaping how legal teams conduct due diligence and precedent research in a wide range of restructuring engagements.



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AI Law.

LLMs are trained to recognize patterns across vast amounts of text and generate responses to questions and instructions in natural language. In a legal research context, they can help practitioners analyze large collections of documents, identify relevant information and synthesize findings in response to specific questions.

AI at Work in Corporate Restructuring Research

Within the bankruptcy process and beyond, AI-powered research tools enable attorneys to surface relevant bankruptcy rulings, identify analogous cramdown or plan confirmation decisions from other cases, and synthesize sprawling

documents in a fraction of the time these tasks previously required. Not that long ago, junior associates routinely monitored case dockets, analyzed new filings, and circulated summaries and analyses of significant filings to the broader case team.

Now, instead of relying solely on the available human resources, a legal team retained in a Chapter 11 matter after the first-day hearing can use AI to quickly understand the case history and key milestones.

AI tools can analyze dozens of pleadings already on the docket, allowing practitioners to focus on the substance most relevant to their role rather than spending valuable time locating information across numerous filings. When time is critical, these tools can significantly shorten the process of getting up to speed. Of course, the human members of the team must still apply their own critical eyes and experience to the AI's output before proceeding.

Consider a legal team that must quickly get up to speed on the history of a single troubled asset that has passed through multiple parties and may have been the subject of numerous legal proceedings. To take but one extreme example, Chapter 11 debtor ABC Corp. may hold an interest in a piece of commercial real property that was the subject of a foreclosure proceeding or its own bankruptcy proceeding.

Restructuring practitioners can upload a library of documents related to that asset into an AI platform and generate a timeline and overview of the asset's history. From there, the team can identify further areas for factual or legal research, more quickly develop a strategy, and only then begin drafting the necessary motions and documents to move the matter forward.

As another example, when restructuring professionals are preparing to file a debtor-in-possession (DIP) financing motion or disclosure statement (or oppose one), they can use an AI-powered research platform to better understand how similar documents have been presented to a particular judge or court in other proceedings.

Practitioners can efficiently analyze documents filed across multiple cases to identify similarities, differences and approaches that encountered resistance in prior proceedings, allowing them to better frame the arguments they put before the court.

AI can also analyze prior hearing transcripts to identify questions a particular judge has raised when confronting similar issues. Counsel can use those insights to anticipate potential questions and prepare more thoroughly for the hearing. Similarly, AI can assist in analyzing transcripts from the current proceeding to ensure that all of the judge's questions are being addressed, and all of an adversary's arguments are being countered in the post-hearing briefing.

Putting Guardrails in Place

One of the highest-profile challenges of using AI in the legal space has been the incidence of AI citing phantom cases and including other hallucinated content. In conducting case research using AI tools, providing context is critical. Incomplete or ambiguous prompts can produce unreliable results, including information that appears plausible but is unsupported by the underlying source material.

Practitioners should provide relevant context, identify the facts that matter, and clearly define the scope of the research. And conversely, it is important to instruct the AI on what to exclude. A useful analogy is to approach AI-generated work as you would work prepared by a junior attorney: provide clear instructions, define the relevant sources, ask the AI to "defend" its work product, and independently review the result.

Purpose-built research tools can reduce risk by limiting the sources available to the model

and restricting analysis to defined legal or case-specific repositories. These controls can also help address confidentiality concerns associated with using general-purpose AI platforms.

Corporate restructuring cases generate a vast number of docket entries, yet much of this data resides behind a paywall in PACER where it is inaccessible to most general-purpose AI tools. Certain AI-enabled research platforms are built upon a dataset of restructuring-specific material with workflows that are designed to enable secure access to that data.

Technology controls are only part of the solution. Reliable AI-assisted research also depends on thoughtful prompting, appropriate source material and careful review by experienced practitioners. If the platform is well-fortified to focus on a specific data set and the practitioner uses thorough prompting, the risk of user error is reduced because the AI tool is designed to only look in a defined universe of bankruptcy or legal documents, or a defined repository of documents.

For example, a practitioner researching how a particular court has addressed a disputed issue could limit an AI tool to a defined set of relevant cases and instruct it to identify the source for each conclusion.

The practitioner can then review the cited materials and validate the analysis before relying on it. This combination of defined source material, precise instructions and professional review helps reduce the risk of unsupported results. Perhaps more importantly, it also keeps the human who will ultimately stand at the lectern better prepared for that moment by continuing to be an active participant in the preparation process.

As restructuring professionals move towards greater adoption of AI, they must also retain their native research skills. While AI can yield significant time-savings and benefits, professionals must continue to maintain basic research capabilities in the event that AI tools become unavailable due to an outage or for other reasons so that they can conduct research on their own if needed.

Just as practitioners of a certain generation were taught to conduct legal research using both physical books and electronic tools, so too must all current practitioners utilize both AI and traditional case preparation methodologies so they can better guide and check the accuracy of the latest technology, which has certainly altered, but will not eliminate, the need for learned counsel at all levels of experience.

Conclusion

AI can accelerate document review, precedent analysis and other research tasks, but it does not replace professional judgment. Used effectively, it gives restructuring professionals more time to apply that judgment where it matters most: developing strategy, advising clients and advocating before the court.

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