A FOUNDER'S GUIDE • PAG LAW

Using AI Without **Getting Burned**

Five simple rules for founders who use AI to answer legal and business questions. From a litigator who uses these tools too.

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FIVE RULES

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Rule One

THE WHOLE GUIDE IN ONE LINE

RULE 01

Use it to **get started.** Not to decide.

This is the whole guide in one line. Everything else is just detail.

AI is genuinely useful at the beginning of a problem. It can point you in the right direction, help you understand unfamiliar terminology, and organize your thinking before you talk to a professional. Used that way, it saves real time.

The trouble starts when founders let the tool make the call. AI has no ability to exercise judgment. It compiles information from sources and hands you an answer that sounds finished. Sounding finished and being correct for your situation are two very different things.

So use it to get oriented. Then bring what you learned to someone who can tell you whether it actually applies to you.

The answer AI gives you is only as good as its source, and it cannot tell you when the real answer is **"sometimes this, sometimes that."**

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Rule Two

CURIOSITY, *OR A* **DECISION?**

RULE 02

Ask yourself **one question** first.

Before you rely on anything AI tells you, run it through a single filter: is this curiosity, or is this a decision?

If it is curiosity, enjoy the tool. Ask it anything. The stakes are low and the convenience is real, and no harm comes from an answer that turns out to be incomplete.

If it is a decision, treat the answer as a starting point and nothing more. A decision is anything where money, a contract, or legal exposure rides on being right. Signing an agreement. Choosing a company name. Deciding whether you have a claim against a partner. Those are not moments to trust a clean answer from a tool that cannot weigh your specific facts.

A decision is anything where money, a contract, or legal exposure rides on being right.

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Rule Three

THE LAW IS NOT A STRAIGHT ANSWER

RULE 03

Watch for the **confident oversimplification.**

Here is a pattern I see constantly. You ask a legal question. The model tells you, in effect, "the law is this." It sounds authoritative and complete.

Then you read the actual cases, and the cases say something the model did not: sometimes it is this, and sometimes it is that. The outcome turns on the facts, the jurisdiction, and how courts have actually applied the rule.

The model is designed to give you a straight answer. The law is not a straight answer. That mismatch is exactly where a confident AI response can walk you into a decision you would not have made with the full picture.

The model is designed to give you a straight answer. **The law is not a straight answer.**

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Rule Four

A TRAINED EYE CATCHES WHAT YOU CANNOT

RULE 04

Never rely on a draft **no one has reviewed.**

AI-drafted agreements are becoming common, and a trained eye catches problems in them that a founder never sees. Not because the founder was careless, but because the tool that wrote the document has no judgment about your deal, your counterparty, or your exposure.

Use AI to produce a first draft or to understand what a clause means. Then have a lawyer pressure-test anything you actually plan to sign, send, or rely on. That review is dramatically cheaper than the dispute that follows skipping it.

That review is **dramatically cheaper** than the dispute that follows skipping it.

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Rule Five

INFORMATION IS THE TOOL'S JOB. JUDGMENT IS OURS

RULE 05

Remember what the tool **actually is.**

AI is a good place to get started and a bad place to stop.

Information is what these tools are good at. Judgment is what lawyers are for. Judgment is knowing that the rule the model quoted has an exception that swallows it in your state. It is recognizing that a clause you copied exposes you in a way its original context did not. It is reading a dispute and knowing which facts a court will actually care about.

None of that lives in a model's training data in a form it can apply to you. It lives in experience. That is not a criticism of the technology. It is just an accurate description of what the technology is, and what it is not.

Use AI for what it is. Then have a lawyer **look before you leap.**

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IN SHORT

The five rules, **in one page.**

1. Use it to **get started**, not to decide.
2. Ask whether it is **curiosity or a decision**.
3. Watch for the **confident oversimplification**.
4. Never rely on a draft **no one has reviewed**.
5. Information is the tool's job. **Judgment is ours.**

If money, a contract, or legal exposure rides on getting an answer right, that is the moment to bring in counsel.

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>
> LOOK BEFORE YOU LEAP • PAG.LAW

Educational overview. Not legal advice. Consult counsel for your specific situation.