

STATE OF MINNESOTA
COUNTY OF HENNEPIN

DISTRICT COURT
FOURTH JUDICIAL DISTRICT

Nuvola, LLC,

Court File No.: 27-CV-HC-15-3802

Plaintiff,

vs.

Morgan Wright,

Defendant.

**ORDER ON RULE 11 SANCTIONS
AND REFERRAL TO
LAWYERS PROFESSIONAL
RESPONSIBILITY BOARD**

The above-entitled matter came on for a hearing, held remotely via Zoom video-conference before the Honorable Laurie J. Miller, Judge of District Court, on November 7, 2025, pursuant to the Court's Order to Show Cause.

John Braun, Esq., appeared on behalf of Plaintiff.

Frederic W. Knaak, Esq., appeared on behalf of Defendant.

The Court has reviewed the memoranda of law, the arguments of counsel, and all files, records, and proceedings herein. Being fully informed in the premises, the Court makes the following:

ORDER

1. Pursuant to Rule 8.3 of the Minnesota Rules of Professional Conduct, Attorney Frederic W. Knaak is referred to the Minnesota Lawyers Professional Responsibility Board. The Court will send to the Office of Lawyers Professional Responsibility: (a) a copy of Defendant's Memorandum in Support of Motion to Compel Arbitration, (b) the Court's October 29, 2025 Order to Show Cause, (c) Mr. Knaak's Declaration filed November 7, 2025, and (d) this Order.

2. Pursuant to Minn. R. Civ. P. 11.03, Mr. Knaak is directed to conduct five (5) presentations to lawyers and/or law students on the dangers of using artificial intelligence in the legal profession. These presentations may take the form of a continuing legal education (CLE) course, or a lecture to law students or other legal professionals. Mr. Knaak may also write and publish an article on the same topic in a legal periodical, such as the Bench and Bar of Minnesota magazine or the American Bar Association Journal Magazine, which shall count as one (1) of the five required presentations. Mr. Knaak must complete the five presentations within one year of the date of this Order.

3. Pursuant to Minn. R. Civ. P. 11.03 and Minn. Stat. § 549.211, subd. 5, Mr. Knaak is ORDERED to pay a financial penalty of \$1,000.00. This penalty is imposed on Mr. Knaak and not his client. Payment must be made within 180 days of the date of this Order to the Fourth Judicial District Court Administrator, Hennepin County Government Center, Suite C-300, 300 South Sixth Street, Minneapolis, MN, 55487.

4. The following Memorandum is incorporated as part of this Order.

BY THE COURT

Dated: November 20, 2025

Laurie J. Miller
Judge of District Court

MEMORANDUM

I. FACTUAL BACKGROUND

This matter arises from a long-running tenant holdover dispute, the posture of which the Court summarized in its recent Order filed on October 29, 2025. In short, Plaintiff sought contempt sanctions against Defendant for failure to comply with an Order for

Disclosure. Defendant responded by bringing a motion to compel arbitration, arguing that an arbitration agreement entered into between Defendant and the alleged sole owner of Plaintiff, Mr. Parisi, bound Plaintiff to arbitrate the underlying dispute. In its October 29 Order, the Court found the arbitration agreement did not cover this dispute between Plaintiff and Defendant, and accordingly denied Defendant's motion to compel arbitration. In reviewing the briefs filed regarding the motion to compel arbitration, the Court discovered that Defendant's motion papers cited multiple non-existent cases. (*See* October 29, 2025 Order at 7-10.) That discovery led the Court to set a new hearing date of November 7, 2025, giving Defendant's counsel notice and an opportunity to explain the non-existent caselaw cited in Defendant's brief. The Court also observed that Plaintiff's counsel had not addressed the non-existent caselaw, and asked Plaintiff's counsel to explain why the issue remained undiscovered until the Court conducted its own research on the case citations.

Defendant Morgan Wright filed a Declaration on November 6, 2025, stating that she believed in good faith the arbitration agreement she moved the Court to enforce applied to this dispute, and further stating her intent to satisfy the judgment in this matter by paying the full outstanding balance. Defendant's Declaration removed any dispute as to the enforceability of the underlying judgment, but the issue of the non-existent case citations remained to be addressed.

Defendant's counsel Mr. Knaak filed his own Declaration on November 7, 2025, addressing the case citation issue. Mr. Knaak admitted that he used generative artificial intelligence (AI) to draft his memorandum. He claimed to have provided personally-researched, published case law to the AI program he used, and he expected the AI program to produce a brief citing the cases he had provided. When the AI program generated a brief

in support of the motion to compel arbitration, Mr. Knaak did not check or verify the citations in the AI-generated work product. Mr. Knaak cited recent personal hardship as a cause for his lapse in attention to detail. Mr. Knaak noted that he has practiced law for decades with no ethical violations. He denied any bad faith or intent to mislead the Court, stated that his use of AI was for efficiency only, and requested the Court to consider issuing no formal sanctions.

The Court held a hearing on November 7, 2025, where counsel for both parties reported that Defendant planned to satisfy the underlying judgment. Defendant carried out that plan, and a satisfaction of judgment has now been filed. As for the AI-generated fictional case citations, Mr. Knaak largely repeated the explanation made in his Declaration. He described himself as mortified by having submitted non-existent case citations, and apologized to the Court. Mr. Braun, counsel for Plaintiff, offered little explanation for his failure to check the citations in Defendant's brief. He maintained that he believed he did not need to do so, because he thought he had the winning argument. Mr. Knaak requested the Court to limit any sanctions to what the Court deemed necessary for deterrence, and to consider his personal circumstances and his pro-bono representation of his client.

The Court took the matter under advisement at the conclusion of the hearing.

II. LEGAL STANDARD

“[B]y presenting to the court . . . a pleading, written motion, or other document,” an attorney certifies “to the best of [their] knowledge, information, and belief, formed after an inquiry reasonable under the circumstances” that “the claims, defenses, and other legal contentions there are warranted by existing law.” Minn. R. Civ. P. 11.02(b). “Thus, Rule 11 prescribes an ‘affirmative duty’ on counsel to ‘investigate the factual and legal

underpinnings of a pleading.’’ *In re Estate of Flatgard*, 14 N.W.3d 305, 313 (Minn. Ct. App. 2024) (quoting *Collins v. Waconia Dodge, Inc.*, 793 N.W.2d 142, 145 (Minn. Ct. App. 2011)).

As an alternative to Rule 11, the Court may impose sanctions under Minn. Stat. § 549.211. Minn. Stat. § 549.211, subd. 6(b). The statute requires attorneys to acknowledge on each pleading filed with the Court that the Court has authority to impose statutory sanctions. Minn. Stat. § 549.211, subd. 1. The statute goes on to require that all pleadings be well-grounded in existing law:

By presenting to the court, whether by signing, filing, submitting, or later advocating, a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances:

* * *

(2) the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law . . .

Minn. Stat. § 549.211, subd. 2.

The Court may, on its own initiative, enter an order describing the conduct that appears to violate § 549.211, subd. 2, and “direct [] an attorney, law firm, or party to show cause why it has not violated subdivision 2 with respect to that conduct.” Minn. Stat. § 549.211, subd. 4(b). “If, after notice and a reasonable opportunity to respond, the court determines that subdivision 2 has been violated, the court may, subject to the conditions in this section, impose an appropriate sanction upon the attorneys, law firms, or parties that have violated subdivision 2 or are responsible for the violation.” Minn. Stat. § 549.211, subd. 3.

If a court determines Rule 11 or Minn. Stat. § 549.211 has been violated, “after notice and a reasonable opportunity to respond, . . . the court may, subject to [certain

conditions], impose an appropriate sanction upon the attorney [], . . . for the violation.” Minn. R. Civ. P. 11.03; Minn. Stat. § 549.211, subd. 4(b). Sanctions “imposed for violation of this rule shall be limited to what is sufficient to deter repetition of such conduct[.]” Minn. R. Civ. P. 11.03(b); Minn. Stat. § 549.211, subd. 5(a). Courts are required to make factual findings as to improper conduct and explain the basis for any sanction. Minn. R. Civ. P. 11.03(c); *In re the Claims for No-Fault Benefits Against Progressive Ins. Co.*, 720 N.W.2d 865, 875 (Minn. Ct. App. 2006); *see also* Minn. Stat. § 549.211, subd. 5(c).

Courts have broad latitude when issuing sanctions under Rule 11, which should be “limited to what is sufficient to deter repetition of such conduct or comparable conduct by others similarly situated.” Minn. R. Civ. P. 11.03(b); *see also* Minn. Stat. § 549.211, subd. 5(a). Sanctions may be appropriate to “deter repetition of such conduct.” Minn. R. Civ. P. 11.03(b); Minn. Stat. § 549.211, subd. 5(b). The sanction may consist of an order to pay a penalty into court. Minn. Stat. § 549.211, subd. 5(b).

“Competent representation requires the legal knowledge, skill, thoroughness, and preparation reasonably necessary for the representation.” Minn. R. Prof. Conduct 1.1. A lawyer “shall not knowingly . . . make a false statement of fact or law to a tribunal . . .”). Minn. R. Prof. Conduct 3.3(a)(1). When a judge has knowledge that “a lawyer has committed a violation of the Rules of Professional Conduct that raises a substantial question regarding the lawyer’s honesty, trustworthiness, or fitness as a lawyer in other respects [the judge] shall inform the appropriate authority.” Minn. Code of Jud. Conduct R. 2.15(B); *see also* *Bevins v. Colgate-Palmolive Co.*, No. 25-576, 2025 WL 1085695, at *7 (E.D. Pa. Apr. 10, 2025) (ordering the clerk of court to send a copy to the state bar when sanctioned party filed pleadings with fake caselaw).

III. LEGAL ANALYSIS

This case presents three questions: (1) whether Mr. Knaak's conduct violated Rule 11 or Minn. Stat. § 549.211; (2) if so, what sanctions should be imposed; and (3) whether Mr. Knaak's conduct raises a question as to his honesty, trustworthiness, or fitness as a lawyer. The Court will address each question in turn, but in sum, the Court finds Mr. Knaak's conduct is both sanctionable and raises a question as to his fitness to provide competent representation.

A. Rule 11 and Minn. Stat. § 549.211

Mr. Knaak, by presenting Defendant's motion to compel arbitration and memorandum to the Court and relying on the same in his advocacy, certified that his legal contentions were warranted by existing law, and that the citations he presented referenced existing cases. The subsequent submissions after the Court identified the non-existent caselaw in its October 29 Order, as well as Mr. Knaak's explanation at the November 7 hearing, all lead the Court to conclude that Mr. Knaak failed in his affirmative duty under Rule 11 to 'investigate the factual and legal underpinnings of a pleading.'" *In re Estate of Flatgard*, 14 N.W.3d at 313 (citations omitted).

Mr. Knaak, after providing to the AI program he was using citations to what he believed were existing Minnesota cases about arbitration, should have taken the time to ensure the work product generated by the AI program cited the authority he researched. He admittedly did not check his citations before filing his brief with the Court. Long before AI became available for lawyers to use, legal databases such as Westlaw and LexisNexis¹ have

¹ The process of checking case citations, commonly known in the legal profession as "Shepardizing," is named after an Illinois lawyer who began a legal citation service in 1873. *Shepard's Citation Guide Part I: The History*, <https://www.lexisnexis.com/community/insights/legal/b/product-features/posts/shepards-citation-guide-part-1-history> (last accessed November 11, 2025.)

provided services for checking the accuracy of caselaw citations and whether those citations remain good law. A key part of introductory legal research courses in law school familiarizes law students with these citation tools to ensure that as newly minted lawyers, they do not inadvertently cite outdated or inaccurate authority. Westlaw now provides a tool called “Quick Check” that allows a user to upload a lawyer’s own work or the work of an adverse party and quickly identify a list of authorities cited. The Court did not use this tool to discover the non-existent citations, and does not endorse it as a substitute for traditional citation checks. The Court followed the old-fashioned process of looking up the key cases cited by the lawyers, to read them and decide whether it agreed with the parties’ reading of pertinent caselaw. However, to the extent a lawyer may wish to conduct a faster citation-check process, the availability of the “Quick Check” tool demonstrates that the investigation required of a lawyer by Rule 11 can be accomplished efficiently through readily available methods. The Court concludes Mr. Knaak violated Rule 11 and Minn. Stat. § 549.211 by failing to check that the AI-generated citations included in Defendant’s motion papers were good law, before submitted them in his briefing to the Court. That failure is properly subject to sanctions.

What type of sanctions should be imposed and their scope presents another question. Rule 11.03(b)(1) provides that sanctions may be either monetary or non-monetary, and “shall be limited to what is sufficient to deter repetition of such conduct or comparable conduct by others similarly situated.” The rule thus directs the Court to consider the value of deterrence not just for the individual lawyer who commits a Rule 11 violation, but for the legal community at large, and how the Court’s sanction may operate to deter others from engaging in the same kind of violation. The Court is mindful that the underlying amount in

controversy in this matter is relatively low. But at the same time, lawyers' uncritical reliance on generative AI in the work product they submit to the Court is proliferating,² and it poses a high risk of eroding public trust in the legal profession and the judiciary. This is not the first instance of AI-created "hallucinations" cropping up in Minnesota courts. Another judicial officer of this Court recently levied a \$5,000 sanction against an attorney who failed to correct citations to fake law in both a moving brief and a reply brief. *See Rayandre C Brooks and Brooks Inc., v. Akshay (Roger) Patel, et. al.*, No. 27-CV-24-11194 (Trial Court Order filed September 8, 2025).

The Court finds Mr. Knaak's contrition genuine and does not believe a large monetary sanction would go much further in deterring him or others from making the same mistake. Still, the Court finds that imposing no monetary sanction at all would minimize the serious nature of the violation inherent in the citation of non-existent legal authority to the Court. The Court finds that a sanction of \$1,000, to be paid into court, is appropriate, considering the modest amount of the unpaid judgment in this matter, but finds that it should be accompanied by a non-monetary sanction to heighten awareness of the issue.

As the Court stated at the hearing, the Court believes it is critical for the legal profession to take steps to make clear that it is completely unacceptable for lawyers to take shortcuts by using generative AI, without carefully checking the AI's work product for accuracy. At a minimum lawyers must check their briefs to eliminate all non-existent case citations. They should also ensure that their citations to existing cases are accurate, and that they do not misstate the facts or holdings of the cases. Generative AI has been known not

² See Evan Gorelick, *Vigilante Lawyers Expose the Rising Tide of A.I. Slop in Court Filings*, N.Y. Times (Nov. 7, 2025) https://www.nytimes.com/2025/11/07/business/lawyers-ai-vigilantes.html?unlocked_article_code=1.2k8.tVP-.pww8VXvgY0AC&smid=em-share (reporting that 509 cases so far have been documented of fake citations found in court filings).

only to make up case citations, but to misrepresent what existing cases say. To assist in communicating the need to deter the improper use of AI within the legal community at large, the Court will order Mr. Knaak to spend time educating other lawyers and law students about how to avoid the error he made in this case. At the hearing, Mr. Knaak expressed his willingness to spread the word on this concerning topic. The prevalence of AI as a discussion topic in the legal community leads the Court to conclude that Mr. Knaak will have no shortage of opportunities to do so.³

B. Duty to Report Potential Breaches of Ethics Rules

Separately, but no less important, the Court has an obligation to report members of the bar for conduct the Court believes raises questions as to an attorney's fitness to practice law. Minn. Code of Jud. Conduct R. 2.15(B). Rule 1.1 of the Rules of Professional Responsibility concerns competence: "A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness, and preparation reasonably necessary for the representation." "[A] lawyer should keep abreast of changes in the law and its practice, *including the benefits and risks associated with relevant technology*, engage in continuing study and education and comply with all continuing legal education requirements to which the lawyer is subject." *Id.*, cmt. 8 (italics added).

For the reasons the Court has outlined above, the Court finds Mr. Knaak's failure to check the legal authority cited in his brief and his reliance on non-existent case law in his advocacy before this Court raises a question as to whether he breached his duty of competence to Ms. Wright. The Court will refer Mr. Knaak to the Office of Lawyer's Professional Responsibility (OLPR) for appropriate action. Any mitigating factors proffered

³ See, e.g., Susan M. Humiston, Ethics Guidance for Generative AI Use, BENCH & BAR MINN., Sept. 2024, at 6–7.

by Mr. Knaak, including his compliance with his obligation to educate other lawyers about this issue under this Order, may be relevant to a future ethics investigation and any subsequent recommendations by the OLPR, but the Court will not analyze them here as the Court does not make explicit findings on or enforce ethics rules.

The Court also finds troubling Mr. Braun's failure to identify or bring the non-existent case citations to the Court's attention before the hearing on the motion to compel arbitration. The Court should not be left as the last line of defense against citations to fictional cases in briefs filed with the court. While Mr. Braun did not create or rely on the fake citations, he also did not detect them. Instead, he admitted he did not review the cases cited by his opponent. If he had checked out the citations in the brief to which he was responding, he no doubt would have brought the issue to the Court's attention by the time of the motion hearing, and that would have allowed the Court to take the non-existence of the cited cases into consideration as it heard the argument on the merits of Defendant's motion to compel arbitration, instead of leaving the Court to discover that issue on its own, after the hearing was concluded. The Court does not find Mr. Braun's conduct to be sanctionable, as he did not cite any non-existent cases to the Court. Nonetheless, the Court reminds counsel that it is the obligation of counsel on both sides to respond to each other's arguments, including completing a basic cite-check of the cases cited by the other side.

The Court urges all lawyers to take seriously their obligation to ensure that the legal arguments being made and considered by the Court rest upon good law, not fictional cases dreamed up by a computer. The development of the common law relies upon the accurate citation of existing caselaw, as lawyers and courts analyze new disputes. Infection of the body of caselaw by fake AI-generated citations threatens the integrity of the common law.

IV. CONCLUSION

Mr. Knaak's conduct in this matter is found to have violated Rule 11 and Minn. Stat. § 549.211. His citation of non-existent cases also raises questions as to his fitness as an attorney. The Court concludes that imposition of both monetary and non-monetary sanctions, and referral to the OLPR, are appropriate.

L.J.M.



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