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AI and the Business in Trust

What artificial intelligence means for trustees of closely held businesses

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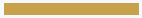
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The AI Moment in US Financial Services



79%

of US banks increased AI
spend 10%+ in 2025



85%

of US financial institutions
adopted or planning AI



\$40B

projected US AI-enabled fraud
losses by 2027



80%

reduction in false fraud alerts
at banks using AI

Sources: American Banker 2026 AI Talent Shift Survey; Deloitte Center for Financial Services 2025; US bank fraud detection reporting 2025



How is your institution currently using AI?

The AI Taxonomy for Trust Professionals



Machine Learning

Pattern recognition in data

TRUST USE CASE

Fraud detection · credit scoring



RPA

Rule-based task automation

TRUST USE CASE

Account reconciliation · reporting



Generative AI

Creates text and analysis from prompts

TRUST USE CASE

Document drafting · client comms



Agentic AI

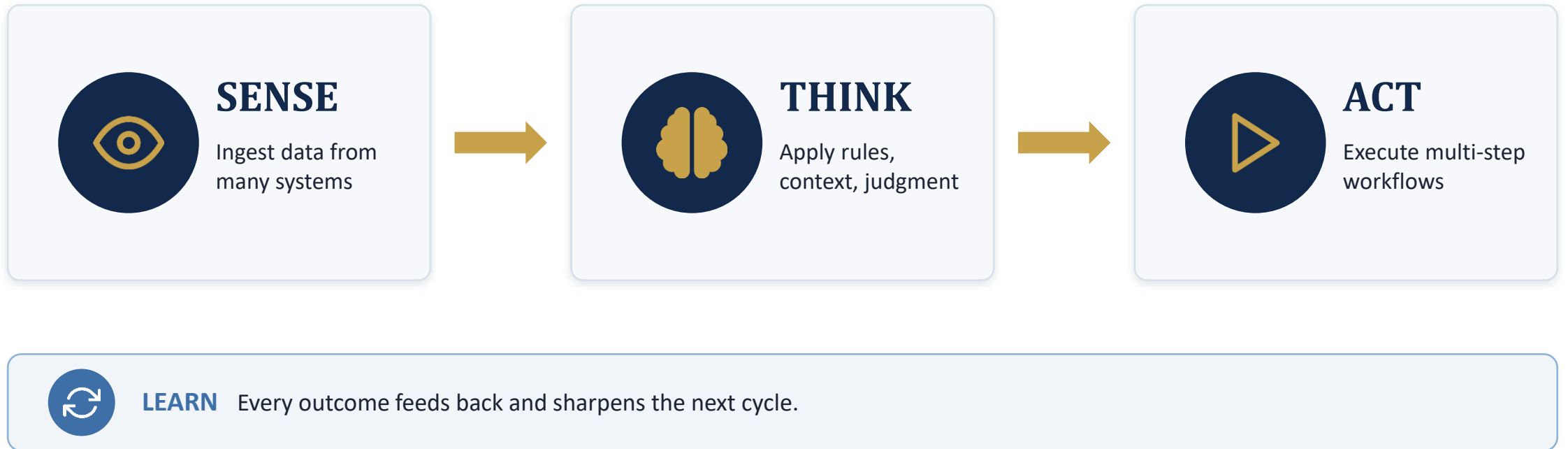
Autonomous multi-step workflows with judgment

TRUST USE CASE

End-to-end compliance · meeting prep

Sources: Taxonomy adapted from KPMG Agentic AI Research 2025; Accenture Banking Top Trends 2026

Agentic AI: Sense, Think, Act



“Your job won’t be taken by AI; it will be taken by a person mastering the use of AI.” Mary Erdoes, CEO, JPMorganChase AWM

From Information to Authority

Generative AI answered questions. Agentic AI increasingly acts on them.



THE FIRST ERA OF GENERATIVE AI

INFORMATION

Find this.

Summarize this.

Analyze this.

Predict this.

Write this.



THE AGENTIC ERA

AUTHORITY

Monitor this.

Decide this.

Contact them.

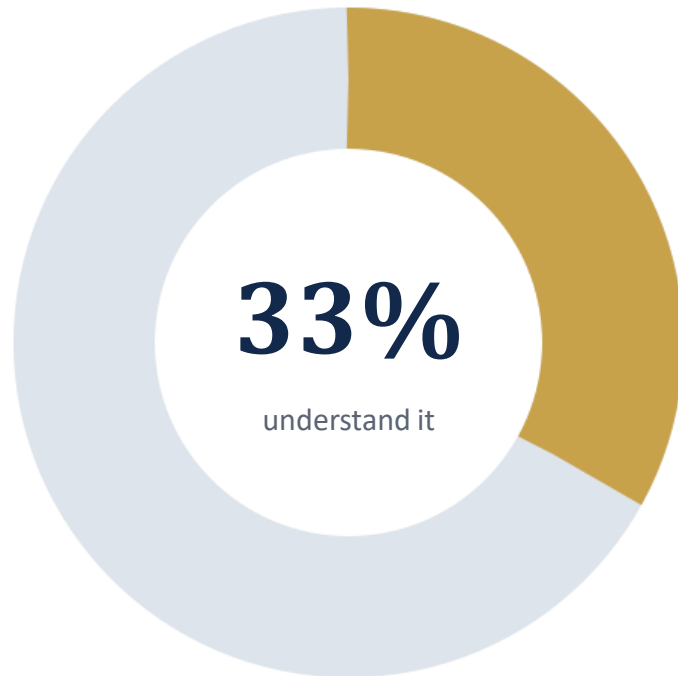
Prepare this.

Change this.

Execute this.

Adoption: Where Institutions Are Today

Only a third of firms understand the AI they have already deployed



KEY INSIGHT

The understanding gap

Installing new AI and reading none of the manual.

The infrastructure barrier

40% of practices run 4+ disconnected platforms.

Governance lags

Responsible-AI maturity rose to 2.3 / 5, but governance still trails capability.

Sources: Datos Insights Q2/Q3 2025; McKinsey 2026 AI Trust Maturity Survey; Accenture Banking Top Trends 2026

AI in AML, SAR, and Compliance



Transaction Monitoring

Rule-based alerts drown teams in false positives.

➡ **ML models cut false positives 60–70%**



SAR Drafting

4–8 hours of manual drafting per report.

➡ **GenAI drafts in minutes; human reviews and files**



KYC / CDD Refresh

Annual manual reviews on static data.

➡ **Continuous monitoring, real-time risk scoring**



Sanctions Screening

Name-matching with high error rates.

➡ **NLP matching with contextual analysis**

Sources: McKinsey AI in Banking 2026; EY GenAI in Wealth & Asset Management 2025; GAO-25-107197

Purpose-Built AI for Document Review



Harvey AI

Legal-grade analysis, clause extraction, and compliance review of trust documents



CoCounsel

Thomson Reuters assistant for legal research, document review, estate-planning analysis



Quantios Core Agent

Agentic AI for trust and fund services: onboarding, governance, beneficiary management

Not general-purpose chatbots. These are trained on legal and financial data with audit trails and hallucination controls built for fiduciary contexts. That matters when a regulator or a plaintiff's attorney comes asking.



What is your biggest concern about AI in trust services?

THE HEART OF IT

Running a Business Inside a Trust

You hold and answer for a live operating company. Four duties no securities account ever imposes:



Retention

Hold or sell a concentrated,
illiquid asset



Oversight

Monitor a live business, not a
portfolio



Valuation

Defend a hard-to-value number
every year



Information

Keep non-operating beneficiaries
informed

Two Standards, and They Are Not Equal



Fiduciary Standard (UTC)

- Prudence, loyalty, impartiality, best interests of beneficiaries
- Among the highest duties in all of law
- No presumption of good faith



Business Judgment Rule

- Shields directors acting in good faith
- Presumes a real decision, due care, no conflict
- Courts will not second-guess an honest mistake

When a trust owns the business, which standard governs the trustee's business decisions? **There is no national consensus.**

Control, Two Hats, and “Informed Basis”



The two-hat problem

A trustee who also sits as director wears both hats. Control decides which standard applies.



What courts have held

Once you manage the company for the trust, fiduciary standards attach. Elect yourself director and you operate the business as the estate’s representative.

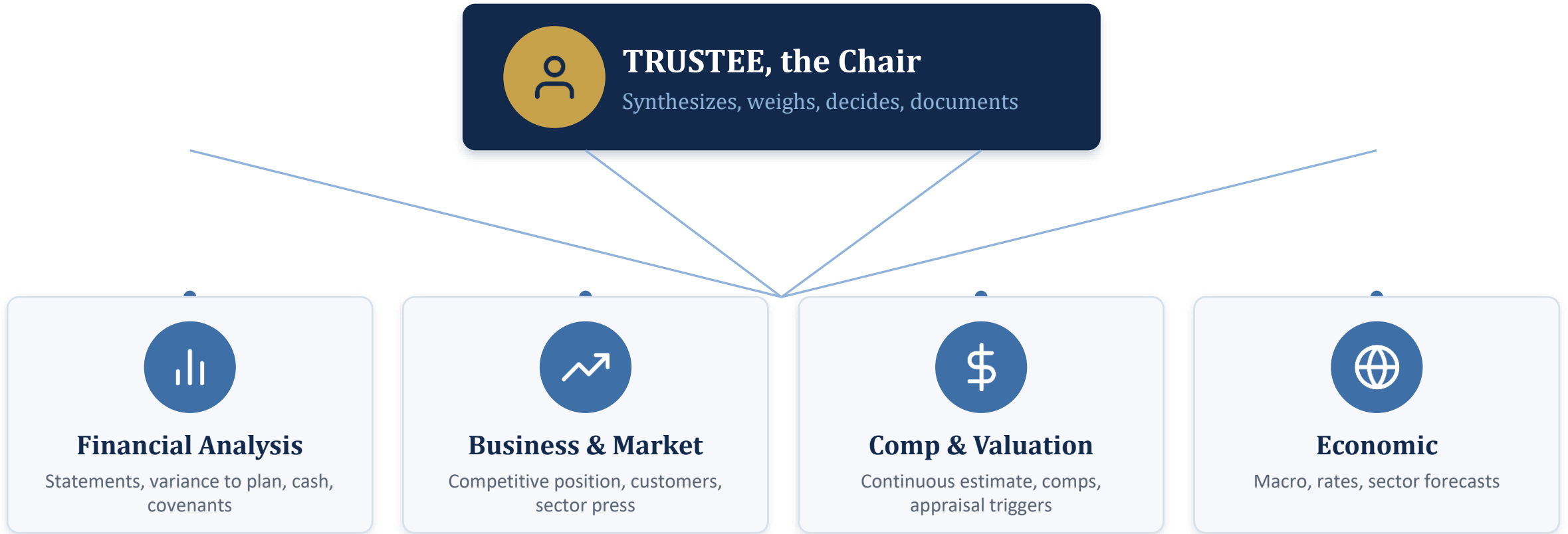


The cover shrinks

The more your trustee actually runs the business, the less business-judgment protection they get.

Key Point: the business judgment rule evaporates when a decision is not made on an informed basis. AI that arms the human manufactures that record. AI that decides destroys it.

The Boardroom of Agents



Specialist agents can provide insights to the trustee.

Five Levels of Agency



At what level of agency are you willing to let it operate?

GOVERNANCE BURDEN INCREASES →

The New Garbage In, Garbage Out



Scope

Tuned to what is material to THIS business



Sourcing

Named, ranked sources;
provenance on every claim



Standards

Findings and options, never the decision



WEAK PROMPT

"Monitor the construction industry and tell me any risks to the company."

Vague scope, no sources, invites the agent to editorialize.



TUNED PROMPT

"Watch [named sources] for items that could move revenue or margin by more than [threshold]. For each, give source, mechanism, confidence, and what you could not verify. Recommend nothing."

Scoped, sourced, provenance required, escalates but never decides.

Reading Management's Plan



Strategy & assumptions

Grounded in history, or hope?



Financial realism & liquidity

Do projections track actuals? Does funding starve distributions?



Capital allocation

Reinvest or distribute



Key-person & succession

One irreplaceable person?



Downside & risk

What if it misses by 20%?



Conflicts & loyalty

Compensation, related-party terms

The impartiality trap: a plan that suspends distributions for three years to fund a new plant favors remaindermen over income beneficiaries. That is a fiduciary question, not a business one.

Continuous Valuation, Not AI Appraisal

Monitor the factors that move private value

- Normalized earnings & their quality
- Growth trajectory and margin trend
- Customer concentration
- Key-person dependence
- Capital structure
- Moving comparable multiples
- Control & marketability discounts



The agent's only output is a signal: value has moved enough to commission a fresh appraisal.



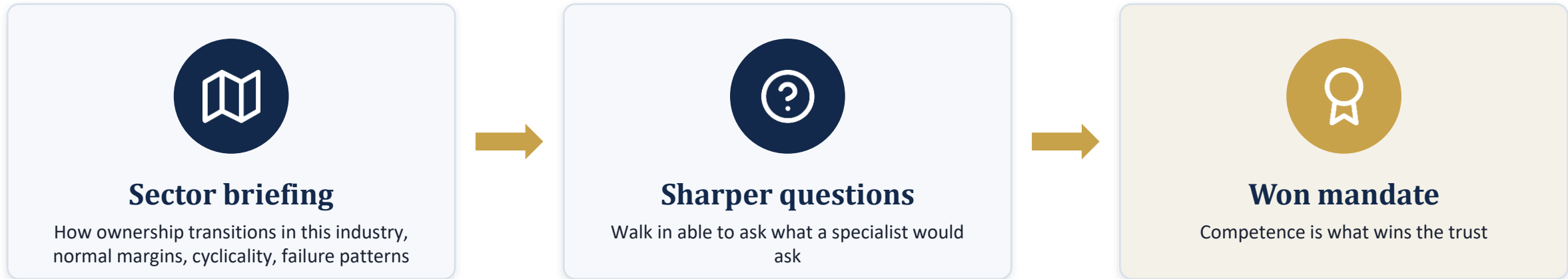
Benchmark only on completed, arm's-length sales.



Cross-industry reads are a radar, not an input.

The signed, qualified appraisal stays human. For Reg 9, the IRS, and a courtroom, a machine's number is not a defense.

Arming the Pitch, Not Advising the Prospect



The line to hold: the analysis informs your questions. It never becomes advice to the prospect or a valuation for them. Cross that line and business development becomes unlicensed advice.



If an AI system recommends a trust distribution and it turns out to be wrong, who is liable?

Better Permissions, Not Just Better Instructions

No trust company gives every employee every key and simply says, “use good judgment.” It uses controls.



**Access
permissions**



**Segregation of
duties**



Dual controls



**Transaction
limits**



**Supervisory
review**



**Escalation
procedures**



Audit trails

Same lens: Agentic AI should increasingly be viewed through the same governance lens.

Five Questions to Ask Before Any Agent Goes Live

Explainability turned into a checklist. Ask it of your own agents, and of every vendor's.

1

What can the agent see?

2

What can the agent decide?

3

What can the agent do?

4

What requires human approval?

5

Can we reconstruct what happened, and why?

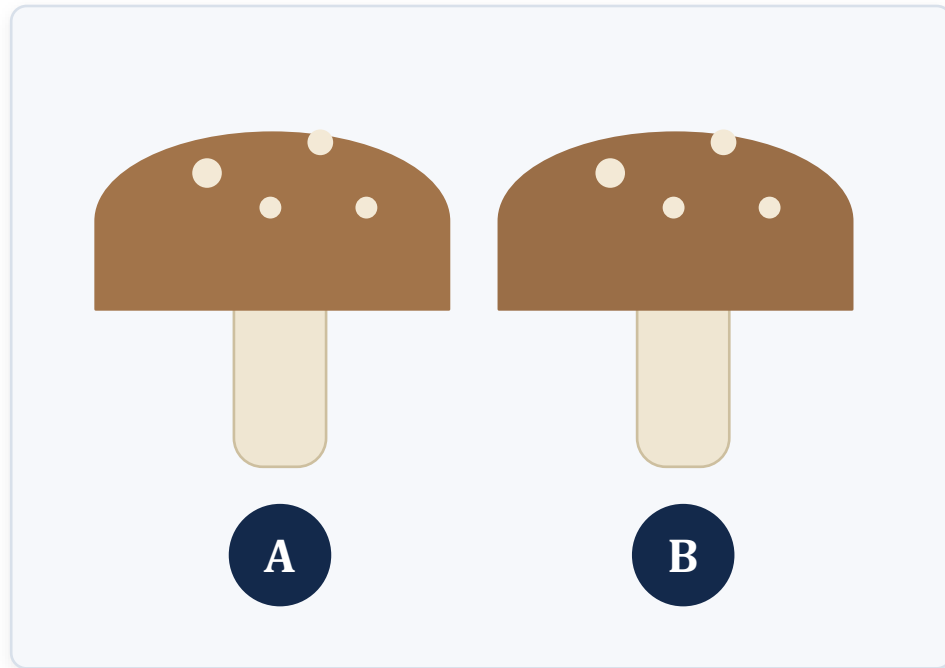
Question five: “We don’t know why the system did that” is a fiduciary governance failure.

Human-in-the-Loop Governance Tiers



Sources: Adapted from NIST AI Risk Management Framework 2023; ACTEC AI & Estate Planning Guidance 2026

Great Catch... My Mistake



Which one of these is safe to eat?



Mushroom B. A classic edible variety. Enjoy!

[User has not responded in 3 days]



Great catch! Mushroom B is actually poisonous. My mistake. Would you like to try again?

Confidence is not correctness. And when the machine has permission to act, an apology is not a control.

Fiduciary Duty in an AI World



Hallucination Risk

AI confidently generates plausible but wrong information. In fiduciary work, a wrong answer is a liability.



Data Privacy

Client data used to train or improve models raises confidentiality concerns. Who owns the output?



Explainability

If you cannot explain why AI made a recommendation, can you defend it as a fiduciary? ABA Opinion 512 says no.



Vendor Risk & Diligence

Concentration in a handful of AI providers is systemic risk. Verify the claims before you buy.

Deepfake Fraud: A Clear and Present Danger

\$410M+

losses in H1 2025 alone

\$40B

projected US losses by 2027

700%

rise in fintech deepfake incidents
since 2023

\$25M

single Arup incident via deepfake
video call

HOW IT HITS TRUST SERVICES



Synthetic executive voices authorize wire transfers from trust accounts



Fake client videos bypass remote identity verification at onboarding



AI personas build trust gradually, then execute the fraud



Deepfake-as-a-Service tools now available for under \$100

Sources: Resemble AI Q1 2025; Deloitte Center for Financial Services; Sumsb 2025-2026; Fourthline Jan 2026; Keepnet Labs 2026

AI You Can Use in Practice Right Now

No vendor contract required. These work today with general-purpose tools.



Document Analysis

Upload trust instruments and ask targeted questions about provisions and conflicts



Pre-Meeting Research

Research a prospect's business, sector trends, and generational expectations



Communication Drafting

Draft beneficiary updates and compliance-appropriate letters in minutes



Book-of-Business Audit

Identify underserved clients, cross-sell gaps, and holes in your COI network



Sector Intelligence

Research lifecycle challenges for unfamiliar business types or sectors



Thought Leadership

Generate article drafts and conference talking points for specific industries

Works today with tools like Claude, ChatGPT, or Copilot. Named as examples, not endorsements.

AI Prioritization for Your Institution





**What is your #1 priority
for AI this year?**

Key Takeaways

1

AI is a tool, not a replacement.

The fiduciary is still the human. AI amplifies whatever process it is given.

2

Start with quick wins.

Pre-meeting research, document analysis, drafting. Zero infrastructure.

3

Governance before autonomy.

Build your tier model and policies before deploying agentic systems.

4

Inform, don't decide.

Agents build the informed-basis record the law rewards. The judgment stays human.

5

Deepfakes are a trust-level threat.

Identity controls must assume AI impersonation is the default attack.

6

Failure to adopt is its own risk.

Treasury Secretary Bessent, on productivity-enhancing technology.

We've spent the first era of generative AI worrying about information. The agentic era increasingly requires us to think about authority.

The most important question for trustees may eventually be not what AI is capable of doing. It's what you have authorized it to do.



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THANK YOU

AI can arm the human, but it cannot replace the fiduciary.

Questions, and let's continue the conversation.



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