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# IAN C. BALLON AND RAYMOND MATSUMOTO SHARE INSIGHTS ON WHAT BUSINESSES NEED TO KNOW IN THE AGE OF A.I.

This **Conversation with the Experts** section is produced by the LA Times Studios team in conjunction with Axos and Greenberg Traurig, LLP.



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**A**rtificial intelligence is reshaping the way organizations operate, innovate and compete across virtually every industry. From automating routine tasks to unlocking new insights through data, AI is driving a profound shift in how businesses think about productivity and decision-making.

In this conversation, two leading experts on the topic share their perspectives on the current state of AI, emerging trends and practical strategies for successful implementation. They explore how companies can balance innovation with responsibility,

integrate AI tools effectively into their workflows and address workforce concerns as automation accelerates.

Whether you're in finance, healthcare, manufacturing or professional services, their insights shed light on how AI is transforming business models and redefining the skills needed to thrive in a digital-first future. Join us as we unpack the promise, challenges and next frontiers of artificial intelligence in today's dynamic business environment.

## Q: WHAT ARE THE MOST SIGNIFICANT TRENDS IN AI THAT BUSINESSES SHOULD BE PAYING ATTENTION TO AS WE HEAD TOWARDS 2026?

### A: BALLON

AI is widely used in ways that help businesses but also may create problems. AI is incredibly powerful. But some level of human review is critical. AI may generate hallucinations – essentially false facts. In the legal world, there have been more than 50 court opinions where lawyers have been taken to task for submitting AI-generated briefs that include citations to cases that don't exist or don't stand for the propositions

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– RAYMOND MATSUMOTO

cited. AI is a tool. We are not yet at the point where AI tools can operate entirely autonomously. From a legal perspective, the trends to watch involve data privacy and IP rights. As we head into 2026, companies continue to grapple with AI governance – what parameters to set and who within the organization should be responsible for it. Data privacy laws – including laws requiring the disclosure of how AI tools operate or which allow individuals to remove their personal information from training models – potentially impair the accuracy of AI products. In the IP space, there are multiple issues that businesses need to address. Companies that use AI tools may be restricted from claiming patent or copyright protection for inventions and works created using AI. The U.S. Patent and Trademark Office will not award patents to inventions

created by AI. Likewise, the Copyright Office will not issue a registration to a work created solely by AI. Human involvement is essential to creating protectable inventions and works. Businesses that develop software and other products using AI tools need to make sure that the level of human decision-making is such that AI-assisted creations are entitled to protection. On the other hand, businesses potentially face exposure for AI-created works to the extent that they are deemed to infringe third-party rights. Entities also continue to grapple with what works may be used to train LLMs without running afoul of copyright and other laws. Businesses also must be attuned to protecting their trade secrets – both from misuse by competitors and the risk of exposure if confidential information is inputted into public versions of LLMs. Many law firms and companies have proprietary AI tools or closed versions of popular programs so that their confidential information is not used to train the public versions of LLMs and used to help competitors.

### A: MATSUMOTO

The real shift is that AI has become an operational core, not an add-on. For the financial sector, it's changing how we manage scale, risk, service delivery and our people resources. Large Language Models and automation platforms are improving productivity across every line of business and are literally evolving by the day – from customer engagement to risk modeling – by turning complex, unstructured data into usable insights. At Axos, we're focused on disciplined adoption: using AI to significantly enhance efficiency and accuracy while maintaining regulatory integrity. The next frontier isn't about experimenting with AI; it's about integrating it into the financial architecture that drives decision making, growth and a much better way of utilizing and developing our human capital.

## Q: HOW CAN COMPANIES ENSURE THAT THEIR USE OF AI IS ETHICAL, AND WHAT FRAMEWORKS EXIST TO GUIDE THIS PROCESS?

### A: BALLON

Most companies that deploy AI have committees or individuals responsible for

implementing ethical principles. External organizations such as NIST (the National Institute of Standards and Technology) have guidelines that emphasize fairness, transparency and accountability, among other things. Larger companies typically have their own guidelines

## Q: ARTIFICIAL INTELLIGENCE IS TRANSFORMING THE WAY BUSINESSES OPERATE BY AUTOMATING PROCESSES, PREDICTING OUTCOMES AND PROVIDING PERSONALIZED EXPERIENCES. WHAT STEPS SHOULD BUSINESSES BE TAKING TO MAKE THE MOST OF AI USE?

### A: MATSUMOTO

Organizations should start by aligning AI with their broader business goals. The focus should be on solving real operational challenges, such as improving accuracy in forecasting or streamlining manual processes. For banks and financial institutions, the opportunity lies in embedding AI into the processes that have the highest impact, such as processing transactions

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straight through, compiling information, developing technology solutions, compliance monitoring, fraud detection and client relationship management. Building internal fluency is also critical. At Axos, we provide employees with access to education and hands-on tools through our AI Center, equipping our teams with the necessary tools, training and governance frameworks. The goal isn't to chase innovation for its own

sake, but to build durable efficiency that compounds over time.

**Q: WHAT ARE THE BIGGEST CHALLENGES BUSINESSES FACE WHEN IT COMES TO ACQUIRING AND MANAGING THE DATA NECESSARY FOR EFFECTIVE AI IMPLEMENTATION?**

**A: BALLON**

Although it is possible to license some content, data and information for training, for many applications, the content, data or information needed to fully train a large language model is proprietary. Hence, it is not always clear what may or may not be used without potential exposure to litigation. District courts in the Northern District of California have ruled that the use of copyrighted material to train algorithms for generative AI generally is a fair use, at least where the copyright owner cannot establish market harm and where the

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material copied is not itself pirated. But appellate courts, and courts in other districts, have yet to rule on these issues. Where the output is substantially similar to the input, the outcome could be different. Database owners potentially have a smorgasbord of remedies available when their content, data or information is used without authorization, although establishing liability may be difficult if the LLM company took care to analyze the applicable laws. On the one hand, there are claims that potentially afford large damage awards but may be difficult to prove, such as copyright infringements or violations of the anti-circumvention provisions of the Digital Millennium Copyright Act. On the other hand, depending on how the content, data or information is accessed, there may be claims that are easier to establish (such as breach of contract if Terms of Use or an EULA were violated) but where damages may be elusive, depending on the facts of a given case. Other potential claims that owners and users of content, data and information must evaluate include causes of action under the Computer Fraud and Abuse Act or BOTS Act or for trespass or unfair competition. As a rule of thumb, I advise companies that whether content, data or information can be used without exposure depends on the nature of the material (Is it in the public domain? Is it purely factual? Is it highly creative?), what it is used for (as a general-purpose tool? Used to help a competitor compete more effectively against the data owner?) and how long it is retained, among other factors. There is no bright line test. A business must closely analyze legal risk and evaluate its business risk tolerance.

**Q: HOW DO YOU SEE AI RESHAPING EXECUTIVE-LEVEL DECISION-MAKING IN BUSINESSES?**

**A: MATSUMOTO**

AI is already elevating executive decision-making by turning vast amounts of unstructured data into actionable insights. Instead of waiting for manual reports, leaders can access real-time information to evaluate risk, forecast trends and allocate resources more effectively. In finance, this agility is

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invaluable. It allows executives to adjust capital strategies and respond to market shifts with speed and precision. However, the human element remains central. AI should inform decisions, not make them. Leadership judgment, experience and ethical oversight are what ultimately convert data into sound strategies.

**Q: HOW ARE CURRENT AND UPCOMING REGULATIONS AFFECTING THE DEVELOPMENT AND DEPLOYMENT OF AI IN BUSINESS?**

**A: BALLON**

There is no single law governing the development and use of AI technologies. Countries and even U.S. states have adopted different regulatory models. The lack of uniformity can present legal and practical obstacles for companies. The European Union has adopted a heavily regulatory framework. By contrast, countries such as Japan encourage the use of data and information to train algorithms on the theory that to be effective, artificial intelligence needs to be well trained. The United States federal government generally encourages the development of AI technologies, although intellectual property and other property laws potentially limit some uses. Some entertainment companies, for example, are reticent about using AI because of the risk of IP infringement.

**Q: WHICH AREAS OF OPERATIONS (FINANCE, HR, MARKETING, SUPPLY CHAIN) ARE MOST RIPE FOR AI ADOPTION RIGHT NOW?**

**A: MATSUMOTO**

There are no areas that are not ripe for AI adoption. AI is improving forecasting, automating reconciliations, developing technical applications and helping teams operate with greater velocity and precision. As an example, HR is also evolving with smarter tools for identifying talent and improving employee engagement. In client-facing areas like marketing and customer service, AI supports more personalized experiences and faster response times. In the area of technology, AI is being leveraged to help develop and/or enhance applications with greater velocity and efficiency. Across all these areas, the most effective approach is one that uses AI to complement human expertise and enhance efficiency, accuracy and decision quality.

**Q: WHAT ROLE DOES AI PLAY IN ENHANCING CYBERSECURITY, AND WHAT CYBER RISKS DOES AI ITSELF PRESENT?**

**A: BALLON**

AI can be used both to more effectively secure data, systems and network access and to find and exploit vulnerabilities in third-party systems.

**Q: WHAT ARE THE BIGGEST MISCONCEPTIONS EXECUTIVES HAVE ABOUT IMPLEMENTING AI IN THEIR ORGANIZATIONS?**

**A: MATSUMOTO**

One common misconception is that AI is a plug-and-play solution. In reality, successful adoption requires clean data, structured governance and a workforce prepared to adapt. Another misconception is that AI replaces human expertise, when its real strength lies in enhancing it. The most effective organizations use AI to streamline operations and eliminate inefficiencies,

allowing people to focus on strategy, innovation and relationship-driven work. At Axos, we view AI as a catalyst for performance, productivity and career paths for our valued human capital – one that strengthens decision-making when paired with human insight and disciplined execution.

**Q: WHAT LEGAL RISKS ARE MOST OVERLOOKED WHEN COMPANIES START EXPERIMENTING WITH AI TOOLS?**

**A: BALLON**

The primary legal risks, as I mentioned earlier, arise under privacy and intellectual property laws. Companies need to establish AI governance principles and identify those responsible for implementing those principles. They also need to understand the IP risks associated with training LLMs and/or using AI tools to create works that could be infringing or expose confidential company information and trade secrets.

**Q: HOW CAN BUSINESSES EFFECTIVELY MEASURE THE ROI OF AI INITIATIVES, ESPECIALLY WHEN RESULTS MIGHT BE LONG-TERM?**

**A: MATSUMOTO**

Measuring the return on AI investments begins with defining clear, measurable objectives from the start. While immediate results may appear in areas like cost reduction or process efficiency, the deeper value often emerges over time through improved accuracy, scalability and decision-making. For financial institutions, ROI should also reflect long-term benefits such as reduced operational risk, stronger compliance, increased scalability and

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enhanced client experience. The most effective organizations approach AI as a continuous investment in performance, measuring success through sustained productivity gains and strategic advantage rather than only short-term metrics.

**Q: HOW CAN SMALLER BUSINESSES COMPETE WITH LARGE ENTERPRISES THAT HAVE MORE RESOURCES TO INVEST IN AI?**

**A: BALLON**

Smaller companies can use off-the-shelf products to improve efficiency even if they cannot afford to develop or customize their own tools. As with bigger companies, even small organizations need to establish and implement AI governance principles and ensure that their use of AI does not infringe third-party rights or expose their confidential information and trade secrets. There are many useful resources for lawyers and privacy professionals seeking to deploy AI in smaller organizations. Among other things, the International Association of Privacy Professionals (IAPP) has an excellent AI governance course and offers certifications in AI governance.