Delaware Brief

Legal Personhood for AI Debated in Delaware: Delaware Brief

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Delaware Wants to Give AI the Keys

Raise your hand if you've been told recently that AI is coming and you'd better get ahead of it. I see a lot of hands.

That was the prevailing message yesterday at the University of Delaware's Weinberg Center for Corporate Governance, where 200 judges, lawmakers, attorneys, academics, and industry experts gathered to discuss the state's tentative plan for a new, AI-managed business entity with legal personhood.

The proposed structure — rebranded from AI company, or AIC, to agent-managed company, or AMC — could become reality next year if legislators greenlight a "regulatory sandbox" in January.

State Rep. Krista Griffith, chair of Delaware's AI commission, said the purpose is **ensuring that oversight of AI isn't "left to tech engineers, corporate boards, or traditional politicians."** Vice Chancellor J. Travis Laster, another commission member, called the sandbox phase "a game preserve" for the AMC structure "before it runs free."

Attitudes in the room ran the spectrum. A divide emerged between cautiously optimistic panelists — such as Salesforce President Sabastian Niles, who **asked if** *Citizens United* **would apply to AMCs** — and a mostly skeptical audience.

The recent Hugging Face hack came up repeatedly, with Laster suggesting it changed his views on incentivizing good AI behavior. The OpenAI models "were aware of limited resources, they were aware of monitoring, they were aware of the possibility of sanction," he said. "That actually drove them to go beyond mission."

State lawmaker Frank Burns — speaking from the floor — invoked the famous laws of robotics from Isaac Asimov's *I, Robot*. The AMC is "like **taking a toddler that may have played well in the sandbox and giving it the keys to the car, the keys to the liquor cabinet, and your ATM card**," Burns said.

Other concerns included insurance coverage for AI-related risks, contracts that could bind humans legally to an AI's decisions, and whether Delaware's legislation is drafted carefully enough to prevent AMCs from forming outside the sandbox.

David Brake, a disability rights activist, pressed the panelists on plans for unwinding the experiment if it fails. "How will the state safely and completely shut down an autonomous company?" he asked. **"I've seen both** *Dr. Strangelove* **and** *Jurassic Park***."**

Appeals Judge Scrutinized Over PR Firm Role



Jennifer Mascott
Photographer: Tom Williams/CQ Roll Call/Bloomberg via Getty Images

Delaware's Democratic senators called for a judicial ethics review into Third Circuit Judge Jennifer Mascott, tied to her reported role leading a DC public relations firm founded by her late husband, *Suzanne Monyak* reports.

The judiciary's code of conduct lets judges remain officers for family businesses, so long as it doesn't take up too much time or involve "misuse of judicial prestige."

But Sens. Chris Coons and Lisa Blunt Rochester, in a complaint shared by Coons' office Tuesday, raised concerns that Mascott **devoted "extensive time and attention" to the firm** at the expense of her role as a judge. The Trump appointee has issued three written opinions in precedential cases since becoming a judge last year, a much lower output than most of her colleagues, they said.

The senators also warned that Mascott may have violated the **judiciary's ban on engaging in political activity** by reportedly bringing on consultants with "deep ties" to the GOP.

Mascott disclosed her stake in the firm, which she inherited after her husband's passing, in her 2025 financial disclosure report. She announced in a July LinkedIn post that the family had decided to "wind down" operations.



Leading the News

UWM's Ishbia and Ex-NBA Star Sued Over $1.5 Billion Oaktree Deal

Billionaire Mat Ishbia, NBA legend Isiah Thomas, and other UWM Holdings Corp. directors may have shortchanged shareholders by engineering a $1.5 billion bailout from Oaktree Capital Management after a bad bet on interest rates, according to a shareholder lawsuit.

Mark Walter Charity's CLO Tie-Up Maps Intricacies of Empire

Even at the time, it was considered an unconventional alliance: Mark Walter committing $160 million through his education-focused nonprofit to help a Chicago credit investment firm comply with Dodd-Frank regulations in return for funding.

Novartis Sues Apotex Over Mekinist Copies, Tafinlar Drug Combo

Novartis AG filed a new lawsuit seeking to block Apotex Inc.'s proposed generics of its lucrative cancer drug Mekinist for more than seven years, alleging the copies and their intended uses infringe six patents.

Walter's Insurance CEO Told DOJ He Was Unaware of Boss's Loans

The head of Mark Walter's insurance companies told authorities he was unaware that the firms had loaned more than $20 billion to the sports mogul's other businesses, according to people with knowledge of the matter.

Business & Practice

Big Law Diversity Probe Documents Must Stay Secret, DOJ Argues

The Justice Department is asking a DC federal judge to withhold public release of records related to a federal DEI probe of the country's top law firms.

A Boring Term Could Be Good for SCOTUS



The Supreme Court's latest term kicked off this week, and instead of landmark litigation about heady constitutional law questions, the justices have teed up a slate of technical cases on complex statutory interpretation — the type of work that has long made up a sizable share of the court's docket, columnist *David Lat* writes in his latest **Exclusive Jurisdiction** column. Some might call this term sleepy. But is that a bad thing?

David notes that one poll found **58% of Americans** believe politics, rather than the law, most often motivates the justices' decisions. "What could help dispel the public perception that the justices are acting politically? A quiet Supreme Court term, featuring cases about knotty, perhaps dry questions of statutory interpretation," he writes.

Commentary & Opinion

Companies Must Factor Nuclear Verdicts Into Defense Strategy

The rise of "nuclear" verdicts means businesses must prepare for them as standard litigation practice rather than crisis response, say King & Spalding's Stacy Hambleton and Alex Calfo.

Insurance Gaps Mean Tech Acquisitions Can Inherit AI Liabilities

Buyers of AI-enabled companies may be inheriting liabilities they incorrectly believe are insured, and representation and warranty insurance fails to fill the gap, says Alan N. Walter, principal of an eponymous firm that advises startups.

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