Pieces Technologies hallucination-rate claims

IMPLEMENTED 2024–2025 · HEALTH AND LIFE SCIENCES · US · BAND F · PARTLY PROVED
VERSION 1.0 · PUBLISHED 16 NOVEMBER 2026 · UPDATED 16 NOVEMBER 2026 · FACTS CHECKED 16 NOVEMBER 2026

The Texas Attorney General alleged that a generative AI company used in Texas hospitals advertised hallucination rates that were likely inaccurate. Pieces denied wrongdoing and signed a five-year assurance on how it discloses accuracy, with no financial penalty.

ABOUT THIS SYNOPSIS

This is MarLuc's summary and grading of publicly available sources, for information only. It is not investment, legal, financial or professional advice, and should not be relied on for any decision. Readers must validate it against the original sources and, where appropriate, challenge its conclusions.

Facts and figures are as reported by the sources listed below, which may be incomplete, self-reported or out of date. Check the original source before relying on any figure.

The impact band, proof marker and SEAM view are MarLuc's opinion. The organisation is not a MarLuc client and has not reviewed or endorsed this synopsis. Names and trademarks belong to their owners.

NOTICE WORDING LAST UPDATED 16 NOVEMBER 2026

AT A GLANCE

What went wrong: Misleading AI claims.

AI-native company: built around AI from the start to bring about transformational change. It has folded, so the case is graded F.

AI used: Generative AI that summarises in-patient records and drafts clinical notes.

Implemented: 2024–2025. Grade: band F, Failure, Partly proved.

Headline result, as reported: Texas Attorney General settlement over a claimed 'severe hallucination rate' of under 1 in 100,000; five years of disclosure obligations, September 2024

1 · The case

The facts, as reported by the 4 sources listed at the end. Where a source is silent, the field says "Not reported".

Organisation

Pieces Technologies, Inc.. Generative AI company based in Irving, Texas, selling clinical summarisation and note-drafting tools to in-patient facilities such as hospitals. Acquired in 2025 by Smarter Technologies of Dallas; Pieces is now a New Mountain Capital portfolio company, per Dallas Innovates. Canvas block: 8. Governance and risk. Also 3. Customers and proposition, 6. Data and technology.

Business challenge

The challenge. Pieces sold tools that summarise patient records and draft notes for doctors and nurses. Its website said it summarises, charts and drafts clinical notes in the electronic health record so clinicians do not have to.

How it was addressed. Pieces received real-time patient data from at least four major Texas hospitals to generate summaries for staff. It marketed accuracy metrics including a 'critical hallucination rate' and 'severe hallucination rate' of under 0.001% and under 1 per 100,000. The Texas Attorney General investigated under the state's Deceptive Trade Practices Act and alleged the metrics were likely inaccurate and may have deceived hospitals. Pieces signed an Assurance of Voluntary Compliance in August 2024, denying wrongdoing. [1] [2] [3] [4]

Who implemented it

In-house (In-house): The company's own products.
The underlying model provider is not reported in sources opened.

Technology (SEAM pillar E)

SEAM types: T3 API integrations. Deployment: Not reported. Vendors and products: Pieces Technologies, Pieces clinical summaries and note drafting.

Where it was built in: Hospitals sent patient data in real time to Pieces, whose generative AI summarised patients' condition and treatment and drafted notes in the electronic health record.

What changed

Before: accuracy figures marketed without a published definition or method. After: for five years Pieces must define any accuracy metric it advertises and explain how it is calculated, or use an independent auditor, and must give customers documentation on training data, intended use, limitations and known misuses. [1] [2] [3] [4]

Cost of failure

No financial penalty; each party bears its own costs. Five years of disclosure, customer documentation and compliance monitoring obligations. Cost of compliance: Not reported.

What it saved

Not reported [1] [2] [3] [4]

Governance and control

The Assurance requires clear disclosure of metric definitions and methods, or independent audit, plus customer documentation of risks and limitations, and sworn responses to compliance requests. Pieces said it reviews random summaries with an adversarial AI and refers flagged ones to a physician. The Attorney General said hospitals must consider whether AI products are appropriate and train staff.

S2 · Accountable owner · Not reported
Not reported.

A1 · Safe use · Outside scrutiny (a regulator, court, auditor or similar body acted)
The Assurance requires Pieces to give customers documentation of intended use, limitations, risks and known misuses, and to ensure hospital staff understand how far to rely on the products. [1] [2]

A2 · Human in the loop · Claimed
Pieces said summaries flagged by its system are referred to a physician, who reviews and corrects them. [3]

A3 · Monitoring and assurance · Claimed
Pieces described sampling summaries and using an adversarial AI to flag severe hallucinations; the Attorney General alleged the resulting metrics were likely inaccurate. [1] [3]

A4 · Vendor AI · Not reported
How the hospitals assessed the vendor is not reported; the Attorney General said hospitals must consider whether AI products are appropriate. [1]

A5 · Agent controls · Not reported
No agents described.

A6 · Standards and regulation · Outside scrutiny (a regulator, court, auditor or similar body acted)
The Texas Attorney General's Consumer Protection Division obtained a five-year Assurance of Voluntary Compliance under the Deceptive Trade Practices Act, filed in Dallas County district court. [2]

What worked, what did not, what is unproven

WORKED

– Not reported

DID NOT

– The Attorney General alleged the advertised hallucination metrics were likely inaccurate and may have deceived hospitals about accuracy and safety.

– Pieces said there is no industry-wide standard for classifying hallucination risk in clinical AI summaries, and that it took several years to build its own system.

UNPROVEN

– Whether the advertised hallucination rates were accurate: Pieces maintains they were, and the Assurance is not an admission.

– Any harm to patients: none is reported in sources opened.

– Whether the obligations carried over to the products after the 2025 acquisition: Not reported.

Timeline

Aug 2024 Assurance of Voluntary Compliance signed and filed in Dallas County district court [2]

Sept 2024 Texas Attorney General announces the settlement [1]

Sept 2024 Pieces denies wrongdoing and says the release misrepresented the settlement [3]

Sept 2025 Smarter Technologies acquires Pieces and launches SmarterNotes [4]

2 · Grade and SEAM assessment

MarLuc's opinion, made on the evidence above. How cases are graded: marluc.co.uk/case-studies/how-we-rate

Level of change and impact

Claimed: Not applicable. Grade: F, Failure. Proof: Partly proved. Level of change: Not graded.

No level assessed: band F, a regulator settlement over accuracy claims for a clinical generative AI product. It shows a state regulator treating AI accuracy metrics as advertising claims that must be defined and substantiated.

Band F: a state regulator acted over accuracy claims for a clinical AI product and imposed five

The SEAM view and lessons learnt

The regulator's concern was the claim: a single headline accuracy figure for a generative tool in a high-risk setting, without a public definition. For mid-sized and larger buyers of clinical AI, ask how any accuracy figure is defined and measured, and test it on your own records.

1. Publish the definition and method behind any AI accuracy figure you market.
2. As a buyer, test vendor accuracy claims on your own data before relying on them.
3. Give users written limits on how far they should rely on AI output.

Evidence

Score 3 of 4. Independent: a state Attorney General's settlement filed in district court; the allegations were denied and not admitted.

Evaluation method. Regulator action: Assurance of Voluntary Compliance under the Texas Deceptive Trade Practices Act, filed in Dallas County district court.

Sources disagree. The Attorney General's release says the claims put the public interest at risk; Pieces said the release misrepresented the settlement and that the order does not mention the safety of its products.

Status. Closed with ongoing obligations: the Assurance runs for five years from August 2024; Pieces may ask to rescind it after one year. Pieces was acquired by Smarter Technologies in 2025.

3 · Original sources

Read these in full. To challenge a fact or a grade, use the contact form at marluc.co.uk or the link on https://marluc.co.uk/case-studies/pieces-technologies-texas-hallucination-rate-claims

[1] Texas Attorney General: Attorney General Ken Paxton reaches settlement in first-of-its-kind healthcare generative AI investigation (September 2024)
https://www.texasattorneygeneral.gov/news/releases/attorney-general-ken-paxton-reaches-settlement-first-its-kind-healthcare-generative-ai-investigation

[2] Texas Attorney General: Petition and Assurance of Voluntary Compliance, State of Texas and Pieces Technologies, Dallas County, DC-24-13476 (August 2024)
https://www.texasattorneygeneral.gov/sites/default/files/images/press/Petition%20for%20Approval%20of%20AVC%20Pieces%20File%20Stamped.pdf

[3] Healthcare Dive: Texas attorney general, generative AI company settle over accuracy allegations (September 2024)
https://www.healthcaredive.com/news/texas-attorney-general-ken-paxton-settles-pieces-technologies-generative-ai-accuracy/727699/

[4] Dallas Innovates: Smarter Technologies acquires Irving-based Pieces, launches SmarterNotes (September 2025)
https://dallasinnovates.com/dallas-smarter-technologies-acquires-irving-based-pieces-launches-smarternotes-clinical-ai-solution/

Version 1.0 · Published 16 November 2026 · Updated 16 November 2026 · Facts checked against sources 16 November 2026 · Downloaded 26 November 2026. This PDF may be out of date: the latest version, and a way to report an error or a

VERSION HISTORY

v1.0 16 November 2026 First published