

## UTAH SUPREME COURT AD HOC COMMITTEE



### REGULATORY REFORM

Nick Stiles, Co-Chair

Maryt Fredrickson, Co-Chair

Workgroup Meeting: Rule 5.4

May 1, 2026

12:00 - 1:00

Virtual Meeting Only

[Meeting LINK](#)

1. Welcome
2. Discussion: which recommendation to make on post-Sandbox regulation—key points to consider include:
  - a. Potential outcomes and consequences
    - i. No change—regulation reverts to pre-Sandbox landscape
    - ii. Broad Rule 5.4 change
    - iii. Narrow Rule 5.4 change with a primary focus on access to justice
    - iv. Creation of a Rule 5.8
      1. Conduct-based safe harbors
      2. Tiered authorizations based on risk, innovation, and public benefit
  - b. How to handle current entities in the Sandbox
  - c. Should there be a Post-Sandbox review 3–5 years in the future?
    - i. Establish a data-based review framework
    - ii. State-based and nationwide data
    - iii. Oversight, cost, and resource intensity
    - iv. Consumer harm
3. Action Items

# Tab 1

## Current 5.4 Scope

Rule 5.4 Workgroup	
<ul style="list-style-type: none"><li>• Research pros and cons of allowing lawyers to partner or share fees with nonlawyers, including any multijurisdictional implications.</li><li>• Analyze lessons learned from Sandbox ABS entities as well as Arizona's ABS program.</li><li>• Consider recommendations from experts on legal regulation.</li></ul>	<ul style="list-style-type: none"><li>• Examine rule 5.4 language from other states.</li><li>• Develop a recommendation on whether rule 5.4 should be amended.</li><li>• Draft proposed rule changes, if any.</li></ul>

# Tab 2

**Meeting Minutes**  
**Utah Supreme Court's Ad Hoc Committee on Regulatory Reform**  
**Rule 5.4 Meeting Minutes**  
**Friday, May 1, 2026**  
**12:00 – 1:00**  
**Virtual**

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The Committee accepted the minutes from the previous meeting with minor amendments.

Connor provided a report on his meeting with Mark Ashton of Arete Financial Solutions, an ABS entity operating in Arizona. Arete functions as a multidisciplinary one-stop shop, providing legal, tax, accounting, and financial planning services under one roof. Key observations included:

- Mr. Ashton identified multidisciplinary practice and access to outside capital as the primary benefits of the ABS model, particularly for smaller firms unable to afford the technology and resources available to larger practices.
- He viewed Arizona's compliance structure as more demanding than what applies to traditional law firms, which face no auditing or reporting requirements absent a complaint. ABS entities are subject to semi-annual compliance audits by a designated compliance attorney.
- He expressed greater concern about the ABS model in the personal injury and tort sector, where large marketing budgets and investor pressure create heightened risk in contrast to Arête's transactional, non-litigation practice.
- Mark is a strong proponent of the program and represents a favorable example of the ABS model functioning as intended.

The workgroup welcomed Chase Hertel of Rasa Legal, a public benefit corporation providing record clearing and expungement services in Utah (under its Sandbox authorization), Arizona (under an ABS license), and Pennsylvania (through co-counseling). Mr. Hertel previously drafted Rasa's Sandbox application and has assisted multiple other ABS entities with their applications.

Key points included:

- **Capital and Structure:** Rasa's model depends on outside investment. LLM engineers command salaries of \$300,000–\$400,000 per year. Non-lawyer ownership is essential to

attracting and retaining this talent. Rasa recently raised \$5 million in seed money. Chase also noted that Rasa is a public benefit corporation, which means while it does earn profits it is an entity that can do good and do well at the same time. He noted that without a 5.4 waiver (or rule change) to allow non-lawyer ownership, a managed service organization could be considered, or a dual entity model which is the type of model that pre-dated MSOs. He also noted the co-counseling model is an option and legal access plans, which is the model used by Rocket Lawyer, Legal Zoom, etc.

- **Access to Justice:** Rasa charges \$500 per expungement matter, directing income-qualifying clients to legal aid and offering payment plans when legal aid lacks capacity. Technology-driven workflow automation has allowed Rasa to serve tens of thousands of clients.
- **Compliance:** Rasa has received no complaints in Arizona or Utah. The firm maintains an internal escalation process and a complaint-reporting footer on its Sandbox-authorized website. Mr. Hertel will serve as Rasa's Arizona compliance attorney upon becoming licensed there.
- **Alternative Legal Providers and AI:** Rasa's authorization permits the use of ALPs trained and supervised by attorneys. ALPs must pass a comprehensive exam with an 85% minimum score before serving clients. Rasa also uses an AI eligibility engine, functioning similarly to TurboTax, to assess client eligibility and assist with petition drafting.
- **Key Message:** Mr. Hertel emphasized that capital is the fuel of innovation necessary to close the justice gap, and that public benefit corporations are intentionally structured to align financial and public-interest incentives, and they should not be evaluated as purely profit-seeking entities.

The group then discussed how to address the approximately 19 entities currently holding Rule 5.4 waivers.

- Regarding general rulemaking versus individual determinations, opening a rule broadly invites a wide range of actors, not all of whom will advance the program's stated purposes. The Sandbox's Phase 2 experience, in which roughly 90% of applications were denied, illustrated that individualized screening is highly resource-intensive.
- The presentations from Arete and Rasa prompted some members to revisit the tentative prior consensus against recommending general Rule 5.4 rulemaking, given examples of entities producing genuine A2J benefits.
- There is also a legislative risk to consider. If the Court and bar do not act, entities may seek relief through the legislature (as has occurred in Colorado) resulting in a framework not designed by the bar and Court.

- No formal conclusions were reached. The group agreed that additional input, such as from bar staff on administrative capacity and from the AI/Legal Tech workgroup on overlapping issues, would be valuable before any final recommendations are made.