

## UTAH SUPREME COURT AD HOC COMMITTEE



### REGULATORY REFORM

Nick Stiles, Co-Chair

Maryt Fredrickson, Co-Chair

Workgroup Meeting: AI/Legal Tech

March 20, 2026

12:00 - 1:00

Virtual & In-person Meeting

In person: Education Room, Matheson

[Public Meeting Link](#)

1. Welcome
2. Approval of January 16 Minutes (Tab 2)
3. Summary of Interim Report Discussion with the Utah Supreme Court (Tab 3)
4. Special Guest: Ransom Wydner, SixFifty
5. FYI: Connor's report of his meeting with Professor Manuel A. Quilichini on his work with Rule 5.4 in Puerto Rico (Tab 4)
6. Conclusion & Action Items



# Tab 1

## Current AI/Legal Tech Scope

Artificial Intelligence and Legal Technology	
<ul style="list-style-type: none"><li>• Identify current and emerging trends in legal technology.</li><li>• Research recommendations from legal regulatory reform experts on how to adapt to advancing technology.</li><li>• Examine other states' approaches to regulating or carving out legal technology, including how they define the practice of law and deal with multijurisdictional issues.</li><li>• Draft proposed rule changes, if any.</li></ul>	<ul style="list-style-type: none"><li>• Develop a recommendation:<ol style="list-style-type: none"><li>1. Delineating between legal technology that should and should not be regulated as the practice of law,</li><li>2. Identifying any additional rules or enforcement mechanisms needed to properly regulate technology-aided legal practice.</li></ol></li><li>• Identify whether collaboration with other branches of government or other stakeholders will be needed to implement recommendations.</li></ul>

# Tab 2

**Meeting Minutes**  
**Utah Supreme Court's Ad Hoc Committee on Regulatory Reform**  
**AI/Legal Tech Meeting Minutes**  
**Friday, January 16, 2026**  
**12:00 – 1:00**  
**Virtual**

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The group approved the minutes from the previous meeting.

The group discussed minor revisions to be made to the draft interim report to the Utah Supreme Court.

- The group also discussed examples in the report involving entities that utilize a compliance attorney subject to OPC oversight and noted the need to clarify that the original Sandbox model did not require compliance attorneys, as this requirement developed later in the program.
- These edits were identified as clarifications to improve accuracy in describing how the Sandbox evolved.

Representatives from the Utah Office of Artificial Intelligence Policy (Zach Boyd, Brady Young, and Cam Bronson) joined the meeting to discuss the Office's work and potential areas of coordination with the Committee

- The Office's role is to help the State of Utah remain nimble in developing policy approaches to artificial intelligence (AI).
- The office operates with two primary statutory mandates:
  1. Serve as a "learning laboratory," collaborating with academics, businesses, and policymakers to evaluate emerging AI technologies and identify areas where policy guidance may benefit Utah residents.
  2. To provide regulatory mitigation or relief to companies deploying AI systems that may otherwise face legal or regulatory barriers. In these situations, the Office may enter into agreements with companies that create limited carve-outs from enforcement, subject to defined safeguards and conditions. These agreements specify what the company is permitted to do and establish guardrails to protect consumers.

- Several key discussion points included:
  - Safeguards and reporting requirements. These requirements are developed on a case-by-case basis depending on the nature of the technology. In the case of Eliza Chat, a mental-health chatbot meant to assist high school students, reporting has focused on evaluating the effectiveness of guardrails and identifying areas where adjustments may be needed. Reporting may include safety, efficacy, and equity metrics.
  - Data protection and privacy. These particular safeguards are important for systems involving medical information. The Office explained that companies operating in healthcare contexts must comply with applicable laws, such as HIPAA. These safeguards are built into agreements where necessary.
  - Consumer complaints and enforcement. The Office explained that agreements include provisions allowing complaints to be directed to the Office and that enforcement may occur through termination of the agreement if safeguards are violated. In some cases, companies may be given a cure period to address compliance issues. The Office noted that it invests significant effort in vetting companies and building working relationships before allowing them to participate.
  - Staff and resources. The office currently operates with five full-time staff members and has been active for approximately one and a half years under an initial three-year authorization. While the Office has statutory authority to collect registration fees, it has not implemented a fee structure at this stage because the cost of building such a system has not yet been justified by the scale of activity.

Following the presentation from the Office of AI Policy, the group discussed potential ways to incorporate insights from the Office and how to collaborate in the future.

- Members also discussed the importance of technical expertise in AI oversight. The group noted that some AI policy work at the state level involves individuals with specialized technical training, and suggested that similar expertise could be valuable in any future regulatory framework involving AI and legal services.

The workgroup agreed to continue refining the interim report collaboratively. A shared document will be circulated to the workgroup to allow members to suggest revisions and comments. The full workgroup plans to reconvene in approximately three weeks to continue discussion and review the updated draft.

# Tab 3



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**To:** Ad Hoc Committee on Regulatory Reform  
**From:** Connor Dela-Cruz & Breanna Hickerson, Regulatory Reform Fellows  
**Date:** Tuesday, March 10, 2026  
**Subject:** Summary of the Committee’s Interim Report to the Utah Supreme Court

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## Introduction

On February 18, 2026, Nick Stiles, Maryt Fredrickson, Breanna Hickerson, and Connor Dela-Cruz presented an interim update to the Utah Supreme Court regarding the work of the Committee’s four workgroups: Licensed Paralegal Practitioners (LPPs), Community Justice Advocates (CJAs), Rule 5.4, and AI/Legal Technology. The purpose of this presentation was to update the Court on the work the Committee has done thus far and receive feedback on whether the workgroups are moving in directions the Court is interested in pursuing before proposals are further refined.

This memorandum recaps the presentation of each workgroup and directional feedback from the Court.

## Licensed Paralegal Practitioner Workgroup

First, no objections from the Court on rebranding the LPP program as “LPs” to be more consistent with analogous programs around the country.

Second, one member of the court expressed great support in moving LPP practice away from the forms-based practice originally contemplated, and there were no objections to this change from other justices. The Court is also open to a change in the scope of LPP practice, and we explained Colorado’s success in limiting its LP practice to family law while expanding what LPs can do in those cases. It would be helpful for the committee to continue thinking through how to capture the kinds of family law cases that are normally assigned to commissioners in SLC to include the same kinds of cases in state districts without commissioners, as we look to clarify these changes in LPPs’ scope. There was mention of pushback from family law attorneys against the

LPP program and the need to clearly communicate LPP's scope to help offset those concerns and show attorneys how LPPs can add value to this area.

In discussing LPPs' education requirements, the Court noted that the University of Utah is offering a Bachelor's of Law degree now, and it could be worthwhile to consider if those graduates should be able to take the LPP exam if desired, to create an additional LPP pipeline.

Finally, we informed the Court of our intent to confer with the existing LPP committee to review any proposed rule amendments and proposed changes to the program before submitting our final report to the Court, and the Court raised no objections.

The Court appreciated the distinctions being drawn between LPPs and CJAs, primarily: (1) that LPPs can act on behalf of clients, whereas CJAs cannot and instead assist self-represented litigants to represent themselves better, and (2) LPPs can charge clients to provide limited legal services, whereas CJAs cannot, though they may be paid more by an employer for the services they provide as a CJA. LPPs are viewed as alternative legal service providers, whereas CJAs are generally people already in support roles, such as social workers and victim advocates, who would primarily provide legal resources instead of advice.

### **Community Justice Advocate Workgroup**

The Court agreed that CJAs should not be housed at legal services organizations, as we want this program to be widely accessible to anyone interested without the limitations that LSOs can present. The group shared the current regulatory burden on the CJA host organizations. The Court also agreed that either the bar or the Court is the most logical home for CJA regulation and recognized the need for resources for whichever entity ultimately manages the program.

We informed the Court that an extension may be necessary, either for the workgroup or the entities under their current authorizations/standing orders, to allow the group to finalize any recommended rule changes for the CJA program.

### **Rule 5.4 Workgroup**

The presentation on Rule 5.4 indicated that some amendment to Rule 5.4 appears warranted, but the likely path forward is not a wholesale adoption of any of the three existing reform models in Arizona, the District of Columbia, or Puerto Rico. The workgroup's research to date suggests Utah may wish to consider a more limited amendment tailored to Utah's own regulatory experience rather than importing another jurisdiction's framework.

As part of the Rule 5.4 presentation, Connor summarized the Committee's research on those three jurisdictions. As the broadest and most sweeping example of reform, Arizona represents the resource intensive nature of Rule 5.4 reforms. D.C. is the oldest and narrowest case study, but it does not maintain a registration system for non-lawyer owned entities, which makes

data monitoring challenging. Puerto Rico is the newest and least developed case study, but it is explicitly tied to access to justice with its pro bono requirements and nonlawyer ownership capped at 49%.

In response, a member of the court pressed directly on the central question as to whether there is an actual, demonstrable consumer benefit to Rule 5.4 reform. A member of the court expressed skepticism that Utah presently has sufficient evidence linking Rule 5.4 reform to improved access to justice, lower costs, or greater availability of legal services. She also noted that one early premise of the Sandbox was that outside investment and alternative ownership might lead to innovation and lower prices, but that the Sandbox experience did not clearly bear that out. It remains unclear whether Utah currently has sufficient reason to believe Rule 5.4 would materially benefit consumers.

Although skeptical, the Court did not dismiss Rule 5.4 reform. However, the comments strongly suggest that any recommendation supporting reform might want to consider more than possibilities, theories, or analogies.

That being said, a few narrower potential justifications may warrant further development. For example, one-stop-shop firms that allow some nonlawyer ownership in narrow circumstances (i.e., long-time employees or succession planning) may allow flexibility while preserving lawyer control. We also noted that any change to Rule 5.4 may be accompanied by a separate implementing rule, potentially a new Rule 5.9, to govern the mechanics of nonlawyer ownership and fee sharing in greater detail.

Another key theme was the overlap between the Rule 5.4 and AI/Legal Tech workgroups. Future AI/Legal Tech entities may require some form of Rule 5.4 carve-out if they involve capital or ownership structures that do not fit cleanly within the current rules. Although this did not resolve the court's concern, it highlighted that Rule 5.4 may not be a stand-alone topic. Rather, its strongest justification may emerge only when considered together with legal tech models that do not fit neatly within traditional law firm structures.

### **AI/Legal Tech Workgroup**

The AI/Legal Tech discussion is the most complex of the four workgroups. At least in the interim stage, the group is not leaning toward broad Rule 5.4 reform as the primary solution. Rather, the Committee is considering some form of carve-out or safe harbor under Utah's Unauthorized Practice of Law (UPL) rules.

The Sandbox is ahead of its time, and it has yet to produce strong examples of truly autonomous AI legal service providers. This is likely due to the fact that large-language-model technology did not reach its current capability until the later end of the Sandbox. In that respect, the Sandbox appears to have anticipated a future market that only recently began to materialize.

There has also been a sharp rise in AI-generated filings over the last few months, suggesting that the regulatory question is no longer hypothetical.

The key question here is what exactly Utah would want to regulate. At one end of the spectrum are general tools, such as ChatGPT, which can be useful for obtaining legal-sounding answers or drafting assistance. At the other end of the spectrum, narrower tools with specific purposes may be considered for safe-harbor treatment. With this comes the potential practical issue that if Utah continues to define legal-tech as UPL without clarification, it may create an inconsistency between the law on the books and the reality of widespread public use.

The Court was receptive to a potential carve-out. At the same time, the Court is interested in requiring some form of disclaimer or notice similar to those used by medical-information websites. The disclaimer would ideally clarify that AI-generated information is not a substitute for legal advice and that consumers ordinarily should consult a lawyer when appropriate. A broad prohibition model is likely unrealistic, while a disclosure-based carve-out or safe harbor may be a more workable path.

### **Conclusion**

The Court's feedback indicated that the Committee's work is moving in a positive direction, while also underscoring the need for further refinement before final recommendations are presented. Across all four workgroups, the Court appeared interested in practical reforms grounded in Utah's own experience and needs. The Court's feedback also made clear that future recommendations should demonstrate a clear connection to closing the justice gap.

The Court's comments provided helpful direction on questions of scope, consumer benefit, and regulatory feasibility. This guidance should assist the Committee as it continues developing recommendations for the final report to the Court.

# Tab 4



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**To:** Rule 5.4 Workgroup, Utah Supreme Court's Ad Hoc Committee on Regulatory Reform  
**From:** Connor Dela-Cruz Regulatory Reform Fellow  
**Date:** March 16, 2026  
**Subject:** Meeting with Professor Manuel A. Quilichini—Puerto Rico's Rule 5.4 Reform

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## **Introduction**

As part of the Rule 5.4 workgroup's ongoing review of regulatory reform in other jurisdictions, I met with Professor Manuel A. Quilichini to discuss Puerto Rico's recent changes to its professional conduct rules. Professor Quilichini is a professor of legal ethics and served on the advisory committee that assisted the Puerto Rico Supreme Court in drafting revisions to the territory's rules of professional responsibility. During the revision process, he was responsible for reviewing and recommending changes related to Rules 5, 6, and 8, including Rule 5.4 governing fee sharing and non-lawyer participation in law firms. The following report summarizes our conversation and highlights observations relevant to the work of the Rule 5.4 workgroup.

## **Background: Ethics Reform in Puerto Rico**

Until recently, Puerto Rico's code of professional ethics had remained largely unchanged since its adoption in 1970. Portions of the code were derived from the American Bar Association's 1908 Canons of Ethics. Over time, the rules became widely viewed as outdated and overly conservative relative to modern legal practice.

In 2013, the Puerto Rico Supreme Court initiated a comprehensive review of the ethics code and convened an advisory committee composed of legal professionals and academics to evaluate the existing rules and recommend updates. The committee divided its work among several subgroups tasked with reviewing specific sections of the rules. Professor Quilichini served on the subgroup responsible for Rules 5, 6, and 8.

Following several years of review, the Puerto Rico Supreme Court adopted a revised Rules of Professional Conduct of Puerto Rico in December 2025. Notably, the advisory committee itself did not recommend changes to Rule 5.4 allowing non-lawyer ownership—the provision was added by the Court’s majority without a formal committee recommendation and without a published rationale. The revised rules include provisions allowing certain forms of fee sharing and non-lawyer participation in law firm ownership under Rule 5.4.

### **Structure of Puerto Rico’s Rule 5.4 Reform**

Puerto Rico’s revised Rule 5.4 permits non-lawyer ownership or participation in law firms under specific conditions. The full text of Rule 5.4(b), the operative provision permitting non-lawyer ownership is reproduced below (translated from Spanish):

Rule 5.4(b) — A person authorized to practice law may share legal fees or maintain an ownership or managerial interest in a legal services entity with a person not authorized to practice law only if the entity meets all the following requirements:

1. The law office provides for the collective fulfillment of the responsibility to provide free legal services to indigent persons;
2. Persons who are not authorized to practice law do not interfere, directly or indirectly, in the lawyer’s professional judgment or the attorney-client relationship;
3. The entity does not represent or imply that persons who are not authorized to practice law are permitted to provide or supervise legal services;
4. The persons authorized to practice law in the entity are not required to share legal fees with persons not authorized to practice law, except as provided in this Rule;
5. All persons who provide legal services through the entity must be authorized to practice law in Puerto Rico or in another jurisdiction;
6. The persons authorized to practice law are subject to the same responsibilities and ethical standards, including supervision, applicable under these Rules;
7. The entity discloses in writing to its clients, before or at the time of engagement, the name and status of any person with an ownership interest or who exercises managerial authority in the entity and who is not authorized to practice law;
8. Non-lawyer ownership may not exceed 49% of the firm’s ownership interests.

Rule 5.4(b) also requires that any non-lawyer owner ensure the firm is operated solely by an attorney licensed in Puerto Rico, who must represent the non-lawyer owner in exercising all voting rights and other firm matters, ensure compliance with the Rules of Professional Conduct, notify the Supreme Court upon entering any such agreement, and file an annual sworn statement by January 15 of each year detailing the number of attorneys in the firm, the dates and amounts of all investments made by the non-lawyer owner, and the earnings received by that person during the previous calendar year.

Despite these structural requirements, the regulatory framework surrounding this reform is relatively limited compared to systems adopted in other jurisdictions. Puerto Rico does not currently employ a comprehensive compliance structure comparable to Arizona's ABS model or Utah's Sandbox. There is no formal system designed to track consumer outcomes or monitor potential harm associated with non-lawyer ownership. As a result, much of the rule's practical effect may not become clear until the profession begins submitting mandatory disclosures and additional information becomes available through the regulatory process.

It is also worth noting that Rule 5.4(d) of Puerto Rico's revised rules includes language directing the Supreme Court to evaluate the effectiveness of Rule 5.4(b) within three years of its taking effect.

### **Observations from Professor Quilichini**

#### *Political Context of the Reform*

Professor Quilichini noted that the adoption of Rule 5.4 was influenced in part by political and external pressures. According to him, two former governors advocated for the adoption of the rule, reportedly on behalf of clients interested in expanding the structure of legal service business in Puerto Rico. This suggests that the reform was driven not only by access-to-justice considerations but also by market interests seeking greater flexibility in law firm ownership structures. As noted above, the rule was ultimately adopted by the Court's majority over the objection of its own advisory committee.

#### *Market Structure of the Puerto Rican Legal Profession*

Professor Quilichini emphasized that Puerto Rico's legal market is dominated by small practices. He estimated that approximately seventy-five percent of attorneys in Puerto Rico operate as solo practitioners or in very small firms of four attorneys or fewer. Because of this structure, he expressed skepticism that non-lawyer ownership would meaningfully benefit the majority of practicing attorneys in the jurisdiction.

Instead, he suggested that the rule may primarily benefit mid-sized firms—those consisting of five to twenty attorneys—that could become attractive partners for larger mainland firms seeking to expand services into Puerto Rico. Larger firms within Puerto Rico, those with forty to eighty attorneys, are less likely to seek non-lawyer ownership because they already possess sufficient resources to operate without outside investment.

### *Oversight and Monitoring Limitations*

Professor Quilichini expressed concern about the limited oversight mechanisms accompanying the reform. Unlike Arizona’s ABS framework, which requires compliance reporting, Puerto Rico does not currently require any registration or immediate reporting from firms utilizing non-lawyer ownership structures. The only reporting obligation under the revised rule is an annual sworn statement, due each January, detailing the number of attorneys in the firm, investment amounts, and earnings paid to non-lawyer owners. Because no registration or real-time reporting requirement exists, Puerto Rico will not know which firms have non-lawyer owners, whether consumer harm has occurred, or how the rule is being followed until that first annual disclosure is submitted—meaning regulators may have no meaningful data on the rule’s implementation for a full year following its adoption.

Similarly, there is no dedicated regulatory program designed to track consumer harm or measure whether the rule improves access to legal services. As a result, regulators may lack reliable data to evaluate the rule’s effectiveness in the near term. In reality, we will not know the full impact—for the benefit or harm of Puerto Rican consumers—at least five to ten years from now.

### *Consumer Protection Concerns*

Professor Quilichini raised concerns about potential consumer protection issues associated with non-lawyer ownership. Although firms must disclose the presence of non-lawyer owners to clients, he questioned whether most members of the public will fully understand the significance of such disclosures. Disclosure alone, he suggested, may not adequately ensure that clients appreciate the potential implications of non-lawyer involvement in the governance or financial interests of a law firm.

Additionally, non-lawyer owners cannot be directly disciplined by the Puerto Rico Supreme Court’s attorney disciplinary system. This limitation could create accountability challenges if non-lawyer participants influence firm conduct in ways that raise ethical concerns.

### *Access to Justice Outcomes*

Professor Quilichini stated plainly that he does not believe Rule 5.4 reform leads to improved access to justice. After his review of the reform process, he concluded that while non-lawyer

ownership may produce certain benefits, such as facilitating multidisciplinary practices or attracting outside investment, improved access to justice is not among them. This assessment is particularly notable given that access-to-justice considerations have been a primary stated rationale for Rule 5.4 reform in Utah, Arizona, and Puerto Rico.

#### *Ownership Thresholds and Control*

Professor Quilichini expressed skepticism regarding ownership percentage limits as an effective regulatory tool. He specifically questioned the 49% ownership threshold, which is adopted under Rule 5.4(b)(8) under Puerto Rico's current framework, noting that numerical ownership limits do not necessarily correspond to actual control over a firm's operations. In some governance structures, relatively small ownership stakes can still confer significant influence. Professor Quilichini suggested that regulatory frameworks should consider issues of control and governance rather than relying solely on fixed ownership percentages.

#### *Potential for Multidisciplinary Practice*

One benefit of Rule 5.4 reform that Professor Quilichini identified was the potential for non-lawyer ownership to facilitate multidisciplinary practices. For example, a law firm could partner with an accountant, consultant, or other professional service provider, allowing integrated service offerings within a single firm structure. Professor Quilichini suggested that this development could significantly reshape the structure of legal practice but noted that it may warrant additional regulatory consideration.

### **Evaluation of Utah's Regulatory Approach**

Professor Quilichini expressed generally favorable views regarding Utah's regulatory approach, specifically highlighting the advantages of the Sandbox. He noted that Utah's ability to monitor participating entities, require reporting, and revoke authorizations when firms fail to comply with program requirements provides regulators with significantly more oversight than Puerto Rico's current system. In his view, this experimental model allows jurisdictions to evaluate the impact of regulatory changes based on real-world evidence rather than theoretical predictions.

### **Conclusion**

Puerto Rico's experience with Rule 5.4 reform offers the workgroup a timely and instructive case study, though perhaps not in the way its proponents intended. The reform was adopted over the objection of the Court's own advisory committee, was shaped in part by political and market pressures rather than access-to-justice goals, and will not meaningfully improve access to legal services regardless of how it is implemented. Compounding these concerns, Puerto Rico launched the rule without the oversight infrastructure needed to evaluate its effects, and regulators will have

no meaningful data on who is using the rule, whether consumers are being harmed, or whether the rule is being followed at all until the first annual disclosures are submitted in January 2027.

That said, Professor Quilichini did identify one genuine potential benefit: the possibility that non-lawyer ownership could facilitate multidisciplinary practices, allowing law firms to integrate services with accountants, consultants, and other professionals in ways that could meaningfully reshape legal practice. Whether that benefit materializes, and whether it justifies the regulatory risks, remains to be seen.