

Meeting Minutes
Utah Supreme Court's Ad Hoc Committee on Regulatory
Reform Rule 5.4 Meeting Minutes
Friday, January 5, 2026
12:00 – 1:00
Virtual

The workgroup accepted the minutes from the previous meeting with minor revisions.

The workgroup held a drafting workshop for the interim report to the Utah Supreme Court. Some of the discussions and notes for the report included:

1. Ownership and Entity Structure.
 - a. The group considered different types of entities that may be affected by Rule 5.4, including mixed-ownership entities (lawyer and nonlawyer ownership) and nonprofit models focused on providing services to underserved populations.
 - b. Members noted that no nonprofit entities have been authorized under Rule 5.4; ABSs have been for-profit entities.
 - c. The group also discussed the possibility of distinguishing between for-profit mixed-ownership entities and nonprofit service providers in future recommendations.
2. Alternative Business Structures (ABS).
 - a. The group noted that recent communications from the Court suggest a movement away from ABS models in the Sandbox.
 - b. Members discussed whether the report should reflect this shift and identify potential concerns associated with ABSs, while also considering how to address entities that do not involve nonlawyer ownership.
3. Purpose of Rule 5.4.
 - a. The group discussed whether Rule 5.4 should be understood primarily as a fee-sharing rule or as a rule designed to protect the independence of the legal profession.

4. Comparative Jurisdictions and Existing Systems.
 - a. The group referenced other jurisdictions, including Washington, D.C., and noted the importance of gathering additional information before drawing conclusions.
 - b. Members emphasized the need to avoid reinventing existing regulatory systems, particularly with respect to complaint and disciplinary processes.
 - c. There was general agreement that maintaining accountability through existing structures may be preferable to creating entirely new systems.

5. Ownership Limits
 - a. The workgroup discussed potential limits on nonlawyer ownership, including the commonly referenced 49% threshold.
 - b. Members noted that no consensus has been reached on a specific percentage and agreed that any reference to ownership caps should reflect that the appropriate level remains an open question.
 - c. It was suggested that any proposed cap could be lower than 49%, and that the report should avoid implying that a specific figure has been finalized.

The workgroup held a drafting workshop for Rule 5.4.

The group noted that Rule 5.4 had recently been released for public comment with amendments, and that the Rules Committee was scheduled to continue discussion shortly thereafter. The workgroup confirmed that it will not submit a redline draft as part of the February report, and will instead focus on high-level recommendations.