

MEMORANDUM

TO: Lauren McCurdy, Randy Difuntorum, Andrew Tuft, Andrew Arruda

FROM: Mark L. Tuft

DATE: April 28, 2019

RE: ATILS ABS Subcommittee –Alternative Practice Models as a Means of Increasing Access to Legal Services

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In an effort to permit a more context-driven discussion of alternative practice models as a way of increasing access to legal services, the following is a summary of six possible law practice formulations based on our discussions and the reading materials. The models are not mutually exclusive.

1. Lawyer owned and operated legal services entities with non-lawyer service providers utilizing artificial intelligence.
  - Alt 1 – The traditional law firm model ( See Rule 1.0.1(c) for definition of a law firm).
  - Alt 2 - Lawyers and law firms as venture capitalists in developing and innovating greater application of artificial intelligence.
2. Lawyer and non-lawyer owned and operative ancillary service entities providing legal and law related services, including greater innovation and use of artificial intelligence.
  - Alt 1 – The ABA Model Rule 5.7 model
  - Alt 2 – A modified Rule 5.7 model that permits the entity to provided limited legal services through the use of artificial intelligence.<sup>1</sup>

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<sup>1</sup> In considering the scope of limited legal services that should be permitted, a legal representation typically involves one or more of the following roles: advisor, negotiator, advocate, drafter.

3. Non-lawyers authorized to offer limited legal services as an exemption to UPL.
  - Alt 1 – Non-lawyers licensed to offer limited legal services through the use of artificial intelligence.
  - Alt 2 - Non-lawyer entity registered to offer limited legal services with lawyer involvement.
  - Alt 3 – Non-lawyer entity registered to offer limited legal services without lawyer involvement.<sup>2</sup>
4. Lawyer and non-lawyer partnerships in the delivery of legal services.
  - Alt 1 – Limited non-lawyer ownership in law firms with a cap on non-lawyer ownership.
  - Alt 2 – Unlimited non-lawyer ownership in law firms.
5. Passive non-lawyer investment in law firms.
  - Alt 1 – Limited to qualified investors or financial institutions.
  - Alt 2 – Public trading of shares in law firms.
6. Lawyer or law firm investment in non-lawyer entities offering services through the use of artificial intelligence.
  - Alt 1.- The entity would be limited to providing law related services.
  - Alt 2 – The entity would be permitted of provide limited legal services.

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<sup>2</sup> Authorization under this model could be achieved by rule of court (see CRC 9.40 – 9.48) or by legislation (see, e.g., Business and Professions Code §6400 et. seq.; §6450).