

Draft Sandbox Application

1.0 Applicant information

1.1 Applicant Entity (from AZ)

Organization Legal Name:

List name of business to be certified with this application: List ALL assumed, DBA's or trade names:

Business Address:

Business Telephone Number: () Business Fax Number: ()

Business E-Mail Address:

Date business formed:

Federal Tax ID Number:

State Tax ID Number:

Type of organization:

- ☐ Corporation ☐ Limited Liability Co. ☐ Partnership
☐ Sole Proprietorship ☐ 501c3 ☐ Other

Applicant is applying as a:

- ☐ Traditional Law Firm ☐ Large non-law firm ☐ Small non-law firm
☐ Non-profit – California ☐ Non-profit – non-California
☐ International applicant

Applicant is registered with <<APPROPRIATE FOR CA>>:

- ☐ Yes – If registered, applicant must submit copies of Articles of Incorporation/Organization or Partnership Agreements, and a Certificate of Good Standing.
☐ No – If not registered, applicant must submit copies of draft Articles of Incorporation/Organization or Partnership Agreements and explain why entity is not registered. (See instructions for additional information)

Authorized Person's¹ Full Name:

Authorized Person's Business address:

Authorized Person's email address:

Authorized Person's Home address:

Business and Home Telephone Number:

¹ Under Arizona Code of Judicial Administration, § 2-709(A), an "authorized person" possesses:

- a) An economic interest in the entity equal to or more than 10%; or,
- b) The legal right to exercise decision-making authority on behalf of the entity. Examples may include: the sole proprietor of a sole proprietorship, a manager of a limited liability company, an officer of a corporation, a general partner of a general or limited partnership, or a person possessing comparable rights by operation of law or agreement.

Disclosure obligations. The SCOPE Subcommittee is considering limiting which owners, officers and employees may most appropriately be required to make required disclosures as part of the application process.

Also, possibly: Registered Agent
Service of Process

1.2 List and provide full contact information for all persons and entities who wholly or partially direct the management or policies of your proposed entity and/or the direct provision of legal services to consumers, whether through ownership of securities, by contract, or otherwise (“controlling persons”).

1.3 List and provide full contact information for all persons and entities who will wholly or partially (greater than 10%) finance the business of your proposed entity (“financing persons”).

2.0 Description of Proposed Legal Services Offering

2.1 Describe your proposed legal services offering in detail. (1.1 from UT), including

- Who provides the legal services
- How consumers will access/receive these services
- What your service will do for your customers

2.2 Describe your target consumer(s). (UT 1.4)

For example: single parents making <\$50,000 in a custody dispute, first generation college students in a landlord-tenant dispute; renters 40+ years planning for retirement; college educated entrepreneurs seeking legal advice in starting a business.

2.3 What types of legal issues do you propose to serve (e.g., end of life planning, rental housing, health care)? (UT 1.6)

<<PERMITTED CATEGORIES TBD.>>

<< Example from Utah

Accident/injury

Adult care

Business

Criminal – Expungement ONLY

Discrimination

Domestic Violence

Education

Employment

End of Life Planning

Financial Issues

Immigration

Healthcare

Housing -- rental

Marriage and family

Military

Native American + Tribal Issues

Public Benefits

Real Estate

Traffic – civil actions/citations

Workers’ compensation

2.4 Describe the entity business model you want authorized in the Sandbox, including the management structure that will oversee direct service provision. Describe how the governance structures and policies in place ensure that: (UT 1.2, AZ V)

- <<Lawyers, others -- TBD>> providing legal services to consumers act with independence consistent with <<TO BE DETERMINED STANDARD>>;
- The entity provides competent legal services;
- The provider makes decisions in the best interest of clients;
- Confidentiality consistent with <<TO BE DETERMINED STANDARD>> is maintained;
- Any other business policies or procedures do not interfere with a lawyers' duties and responsibilities to clients.²

2.5 Describe how the business will advance one or more of the following regulatory objectives: (AZ IV)

<<TBD from mission statement>>

2.6. Consumer Data

2.6.1 Does your business model include the sharing or selling of consumer data in any form to third parties.

☐ Yes

☐ No

If yes, describe.

2.6.2 Describe your policies and procedures regarding the use of clients' confidential information.

2.6.3 Describe how you will

- protect consumers' privacy and confidentiality, including records and communications with clients
- protect consumer data from unauthorized disclosure.

3.0 Why is your proposal eligible to enter the Sandbox? Identify the specific models, services, or product innovations that are not permitted under the current rules governing the practice of law. Be specific as to which waivable statute/s or rule/s currently prohibits the kind of legal services you propose to provide to residents of California.

² This item comes from the Arizona ABS application. Note that "independence" of attorneys in the Arizona application arises from the specific provisions of the Arizona ABS regulations, which provide that lawyers embedded within an ABS must comply with Arizona ethics rules for lawyers. See AZ Code Jud. Admin § 7-209(G)(3)(b).

4.0 Risk assessment

4.1 Fully and candidly discuss the risks your customers might face if they use your proposed model, including

<< SPECIFIC RISKS TO BE CALLED OUT FROM THE WORK OF THE SAGE AND SCOPE SUBCOMMITTEES>> (UT 2.1-2.3)

4.2 Describe the specific ways you will

- **Identify risks to consumers in your proposed model**
- **Track risks to consumers in your proposed model**
- **Mitigate the risks to consumers in your proposed model.**

These efforts could include quality control measures, training, provider testing.

1.3 Describe your consumer complaint process, including how consumers will become aware of it.

5.0 Confirmation of Eligibility

5.1 Does your proposed offering comply with California sandbox rules? (UT 3.2)

5.2 For each controlling person or entity and financing person or entity, answer the following: Has this person or entity: (AZ)

- 1) Committed material misrepresentation, omission, fraud, dishonesty, or corruption in applying for a certificate or on a certificate examination in this state or any other state?
- 2) Committed any act constituting material misrepresentation, omission, fraud, dishonesty or corruption in business or financial matters?
- 3) Had conduct showing incompetence or a source of injury and loss to the public?
- 4) Been convicted by final judgment of a felony, regardless of whether civil rights have been restored?
- 5) Been convicted by final judgment of a misdemeanor, regardless of whether civil rights have been restored?
- 6) Had a professional or occupational license or certificate denied, revoked, suspended or any disciplinary action taken?
- 7) Been terminated, suspended, placed on probation, or other disciplinary action taken in the course of employment since the age of 21?

- 8) Been found civilly liable in an action involving misrepresentation, material omission, fraud, misappropriation theft or conversion?
- 9) Been placed on probation or parole?
- 10) Violated any decision, order or rule issued by a professional regulatory entity?
- 11) Violated any order of a court, judicial officer, administrative tribunal, or <<THIS OFFICE>>?
- 12) Made a false or misleading statement or verification in support of an application for a certificate filed by another person?
- 13) Made a false or misleading oral or written statement to division staff or <<this Office>>?
- 14) Failed to respond or furnish information to the division staff or <<this Office>> when the information was requested and was reasonably available to you and pertains to certification or investigative inquiries?
- 15) Been a party to or claimed an interest in any civil proceedings in the last ten years (including but not limited to orders of protection, dissolution of marriage/family matters, bankruptcy, lawsuits, debt collection, etc.)? If so, provide details, including the case name and number, a copy of the original complaint, and a copy of the final disposition with your application.
- 16) Been contacted by any court, state, or federal administrative or regulatory agency or professional association regarding allegations of adversarial actions or complaints?
- 17) Been the subject of a court sanction/order, a complaint to the State Attorney General, or been contacted by any prosecutorial, judicial, or administrative agency or association regarding business practices?
- 18) Currently on probation or parole?
- 19) Violated any decision, order, or rule issued by a professional regulatory entity?
- 20) Violated any order of a court, judicial officer, administrative tribunal, or the <<OFFICE TO WHICH YOU ARE MAKING THIS APPLICATION>>?
- 21) Made a false or misleading statement or verification in support of an application for a certificate filed by another person?
- 22) Made a false or misleading oral or written statement to <<THE OFFICE TO WHICH YOU ARE MAKING THIS APPLICATION>>?
- 23) Failed to disclose information on the license application subsequently revealed through a background check?

24) Failed to respond or furnish information to <<THE OFFICE TO WHICH YOU ARE MAKING THIS APPLICATION>> when the information is legally requested and is in your control or is reasonably available to you and pertains to certification or investigative inquiries?

Regarding criminal matters, the fact you entered into a plea bargain, or entered a “no contest” plea, or that a conviction has been vacated, pardoned, expunged, dismissed, or appealed does not mean that you can answer the question “No.” You must answer “Yes”.

If you answer “Yes” to any question in this section:

- You must submit a list of all incidents and complete a written explanation of the events for each. This includes incidents which may be pending and/or in litigation, and
- You must submit any, and all documentation which shows where the violation, finding, or conviction occurred, the nature and details of the case, case disposition, court, case number, and any other relevant information.

5.3 List the states or countries in which your organization operates. Include the following information for each jurisdiction:

- **Whether the jurisdiction requires licensing, certification or registration.**
- **If licensing, certification or registration is required, list the address and telephone number of the relevant regulator**
- **The length of time your organization has been operating in each such jurisdiction**



The State Bar *of California*

CLOSING THE JUSTICE GAP WORKING GROUP

Date: July 12, 2021

To: Scope Subcommittee

From: Marta Alcumbrac and Kevin Mohr

Subject: II.A. Discussion of Sandbox Application

Marta and I were asked to draft a proposed application for discussion at the SCOPE subcommittee meeting this Friday, July 16, 2021. Rather than draft a "finished" application, we thought the working group would be better served if we were to provide a two-column table with a side-by-side comparison of the Utah application and key provisions of the Arizona application that we are recommending be incorporated into the Utah application. In most instances our proposed additions will increase the amount of information about not only the proposed Sandbox services, a focus of the Utah application, but also about the persons (whether individuals or entities) who will be involved in owning or operating the Sandbox entities, which is a particular focus of the Arizona application. We have also included "Drafters' Notes" to explain some of our inclusions in the table.

In addition to increasing the detailed information for Sandbox decision-makers, we believe that the working group should consider a reorganization of the Utah application more along the lines of the Arizona application. Specifically, we believe that the questions about the persons who will own or operate the Sandbox entities might be better placed up front in the application rather than in Part 4, the end of the application, as is true in the Utah approach.

The following documents were provided to staff in word format in order to facilitate copying and pasting during Friday's meeting in the event the discussion advances far enough to warrant drafting on the fly and are available at the CTJG One. Links provided below:

- Utah Application (<https://bit.ly/3hEgl6Y>)
- Arizona ABS Application for Initial License (<https://bit.ly/3ySdEKr>)
- Arizona Authorized Person (Individual) Application (<https://bit.ly/3i4xJqe>)

Other documents related to the Arizona ABS application process can be found at this [link](#).

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application <i>(Application)</i>	Arizona Application <i>(ABS Application) (Authorized Person Application)</i>
<p>1. Proposed Services</p> <p>1.1 Describe your proposed legal services offering in detail. Please include (i) who provides the legal services, (ii) how consumers will access/receive these services, and (iii) what your service will do for your customers.¹</p>	<p>III. Business Description (Arizona ABS Application)</p> <p>Provide a brief description of the general nature of the business.</p> <p>IV. Business Objectives (Arizona ABS Application)</p> <p>Describe how the business will advance one or more² of the following regulatory objectives:</p> <ul style="list-style-type: none"> • Protecting and promoting the public interest • Promoting access to legal services [include CTJG Purpose Statement, i.e., underserved & small businesses] • Advancing the administration of justice and rule of law • Encouraging an independent, strong, diverse, and effective legal profession • Promoting and maintaining adherence to professional principles <p>Anything else?</p> <p>VI. Non-legal Services Related Activities of the business if not listed in the Business Description.</p>

¹ **Drafters' Note:** We recommend that application include the five bullet points in the Arizona application and that the applicant should address each of those bullet points.

² **Drafters' Note:** We recommend that instead of requesting “one or more” of the questions be addressed, applicant should be directed to respond to “each” of the bullet points in Part IV of the Arizona application.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
1.2 Describe the entity business model you want authorized in the Sandbox, including the management structure which will oversee direct legal service providers.³	V. Governance Structures and Policies (Arizona ABS Application) Describe how the governance structures and policies in place ensure: <ul style="list-style-type: none"> • Lawyers providing legal services to consumers act with independence consistent with the lawyers' professional responsibilities; • The alternative business structure maintains proper standards of work; • The lawyer makes decisions in the best interest of clients; • Confidentiality consistent with Arizona Rule of Supreme Court 42 is maintained; and • Any other business policies or procedures that do not interfere with a lawyers' duties and responsibilities to clients. (Submit additional sheets or supporting documents if necessary.)
1.3. Why is your proposal eligible to enter the Sandbox? Identify the specific model, service or product innovations that are not permitted under the traditional rules governing the practice of law. ⁴	No corresponding question in Arizona application. <u>Possible Additional Language:</u> Be specific as to which statute or rule of professional conduct currently prohibits the kind of legal services you propose to provide to residents of California.

³ **Drafters' Note:** In our previous memo dated June 4, 2021 titled "Application Process, Section 1 (Proposed Services, Rules Changes, etc.),", we noted that this question is not sufficiently detailed. We suggest that this question include the five bullet points in the Arizona application, Part V.

⁴ **Drafters' Note:** As we noted in our previous memo, we recommend that this part of the application should be revised to direct the applicant to identify with specificity which rules and/or statutes they believe prohibit the kinds of legal services that the applicant is seeking to provide.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application <i>(Application)</i>	Arizona Application <i>(ABS Application) (Authorized Person Application)</i>
<p>1.4. Describe your target consumer(s). For example: single parents making <\$50,000 in a custody dispute, first generation college students in a landlord-tenant dispute; renters 40+ years planning for retirement; college educated entrepreneurs seeking legal advice in starting a business.⁵</p>	<p>No corresponding question in Arizona application.</p>
<p>1.5. Which service models are you seeking to use? Select all that apply.⁶</p> <p><input type="checkbox"/> Lawyers employed or managed by a nonlawyer</p> <p><input type="checkbox"/> Less than 50% nonlawyer ownership</p> <p><input type="checkbox"/> More than 50% nonlawyer ownership</p> <p><input type="checkbox"/> Lawyers sharing fees with nonlawyers</p> <p><input type="checkbox"/> Nonlawyer provider⁷ with lawyer involvement⁸</p> <p><input type="checkbox"/> Nonlawyer provider without lawyer involvement⁹</p> <p><input type="checkbox"/> Software provider with lawyer involvement</p> <p><input type="checkbox"/> Software provider without lawyer involvement</p> <p><input type="checkbox"/> Other:</p>	<p>No corresponding question in Arizona application.</p> <p>However, the Arizona application seeks specific information about the persons who are involved in ownership and management of the proposed entity.</p> <p><i>See recommendations for additional questions below under 4.3.</i></p>

⁵ **Drafters' Note:** We noted in our previous memo the following:

This section of the application is straightforward. However, until we decide how or whether the Sandbox should be limited to certain areas of law (see Part 1.6, below), we cannot make recommendations regarding the parenthetical guidance provided for this part.

⁶ **Drafters' Note:** In our previous memo we noted:

“We do not believe that any changes need be made to this part of the application, though we question whether overlap between this part and Part 1.2, above, might cause confusion for applicants. If Parts 1.2 and 1.5 are viewed as related, then perhaps they should be located in proximity to each other in the application.”

⁷ Provider means legal practitioner: a provider who or which is practicing law, including offering legal advice.

⁸ Involvement denotes a range of activities, including guidance on initial development of forms, scripts, processes, software. It could mean a lawyer does sample reviews of product/service performance. It could mean a lawyer is available to advise the nonlawyer provider as needed - including via red flag trap doors in software.

⁹ -“Without lawyer involvement” means either (1) a Utah-licensed lawyer provides guidance and oversight at the front end of the development of the service model only but has no ongoing oversight, or (2) no Utah-licensed lawyer is involved in the development or provision of legal service at all.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
<p>1.6 Which legal service categories are you seeking to offer?¹⁰</p> <ul style="list-style-type: none"> • Accident/Injury • Adult Care • Business • Criminal¹¹ - Expungement ONLY • Discrimination • Domestic Violence • Education • Employment • End of Life Planning • Financial Issues • Immigration • Healthcare • Housing - Rental • Marriage and Family • Military • Native American + Tribal Issues • Public Benefits • Real Estate • Traffic - civil actions / citations 	<p>No corresponding question in Arizona application.</p>

¹⁰ **Drafters' Note:** In our previous memo we stated:

“We have no specific recommendation at this time. We note, however, that the working group has discussed recommending that the approved Sandbox legal services categories be identified to maximize the benefits to be provided to those persons who have been identified in the California Closing the Gap as unserved or underserved, or at least to be those persons whom we’ve discussed as being consumers we wish to see benefited by Sandbox proposals. The categories listed in this part of the application should reflect the final decision of the working group.”

¹¹ ****Please note**** At this time nontraditional service providers (nonlawyers or software providers) will only be authorized to provide expungement-related services. Lawyer employees can provide general criminal legal services.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
<p>2. Risk Assessment¹²</p> <p>The Innovation Office must assess whether new legal service models cause consumers to get inappropriate or otherwise flawed legal results, fail to exercise legal rights through ignorance or bad advice, or purchase an unnecessary or inappropriate legal service.</p>	
	<p>I. Applicant Information (Arizona ABS Application)¹³</p> <p>II: Business Entity Authorized Person(s) Information (Arizona ABS Application)¹⁴</p> <p>VIII. Business Information (Arizona ABS Application)¹⁵</p> <p>Please answer all questions. Submit additional sheets if necessary.</p> <p>1. List (a) the states or countries in which your organization operates including whether the jurisdiction requires licensing, certification or registration and (b) for all jurisdictions requiring licensing, certification or registration list the address and telephone number of each entity.</p> <p>2. How long has your organization been operating in these states or countries?</p>

¹² **Drafters’ Note:** The Utah risk assessment looks forward in an attempt to identify risks that might arise during the operation of the entity that is seeking entry to the Sandbox. Arizona inquires primarily into past conduct of entities and persons that are applying to operate as ABS for the delivery of legal services. We do not believe that one approach should necessarily exclude the other, i.e., both approaches can and should be utilized to reduce the risk of harm to consumers.

¹³ **Drafters’ Note:** See “4. Confirmation of Eligibility,” below, where this section is considered in more detail.

¹⁴ **Drafters’ Note:** See “4. Confirmation of Eligibility,” below, where this section is considered in more detail.

¹⁵ **Drafters’ Note:** In addition to requesting information about the business/entity that will provide the services, the Arizona application also seeks information about the specific individuals who will be involved in owning or managing the entity. See Arizona Application, sections I, II and VII. The latter section set out in 4.3, below.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<p>3. List parent corporations, branch offices, or other entities that will perform, or assist in performing the work of the organization associated with legal services including addresses, contacts, and the functions to be performed:</p> <p>4. If applicable, submit a list of any individuals who may derive a profit (other than rental income at fair and reasonable market rates) from the operation of this business. <input type="checkbox"/> See Submitted list <input type="checkbox"/> None</p> <p>5. Will the Alternative Business Structure have professional liability insurance? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>6. Are there any shareholder agreements, voting agreements or restrictions or other agreements that restrict or affect decision making? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>7. Does the applicant use or intend to use sources of finance? If yes, provide type, name of the provider, amount of financing, and interest rate. <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>8. Has applicant or any Authorized Person¹⁶ been involved in a business that has declared bankruptcy? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>9. Will applicant share premises, staff or data with any other person or entity? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>

¹⁶ **Drafters’ Note:** See note 23, below, for definition of “authorized person.”

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<p>10. Describe collection and disbursement of fees and the reports generated for compliance with Arizona Trust Account Rules.</p> <p>11. Describe how your business will comply with Arizona’s Rules of Professional Conduct for lawyers, Code of Conduct for Entities and for Owners and Managers. Submit additional sheets if necessary.</p> <p>12. Describe your policies and procedures for protecting client information and confidentiality.</p> <p>13. Describe policies and procedures for checking for conflicts of interest.</p> <p>14. Explain procedures developed to ensure confidentiality of client records.</p> <p>15. Describe your policies and procedures to ensure no inducements are offered to clients or potential clients for choosing the business’s course other than for the best interest of the client.</p> <p>If you answer “Yes” to any question in this section:</p> <ul style="list-style-type: none"> • You must submit a list of all incidents and complete a written explanation of the events for each. This includes incidents which may be pending and/or in litigation, and • You must submit any and all documentation which shows where the violation, finding, or conviction occurred, the nature and details of the case, case disposition, court, case number, and any other relevant information. <p>Submit additional sheets, if necessary.</p>

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
2.1. Fully and candidly discuss the risks your customers might face if they use your proposed model, including each of the risks described above. ¹⁷	No corresponding question in Arizona application.
2.2. Describe the specific ways you will identify, track, and mitigate the risks to consumers in your proposed model. These efforts could include quality control measures, training, provider testing. ¹⁸	No corresponding question in Arizona application.
2.3. Please describe your consumer complaint process. ¹⁹	No corresponding question in Arizona application.

¹⁷ See note 12.

¹⁸ See note 12.

¹⁹ See note 12.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application <i>(Application)</i>	Arizona Application <i>(ABS Application) (Authorized Person Application)</i>
3. Benefits to Utah Customers	
3.1. Describe how your model will provide higher quality, more cost effective, and more accessible legal services for your target consumers.²⁰	<p>III. Business Description (Arizona ABS Application)</p> <p>Provide a brief description of the general nature of the business.</p> <p>IV. Business Objectives (Arizona ABS Application)</p> <p>Describe how the business will advance one or more of the following regulatory objectives:</p> <ul style="list-style-type: none"> • Protecting and promoting the public interest • Promoting access to legal services [include CTJG Purpose Statement, i.e., underserved & small businesses] • Advancing the administration of justice and rule of law • Encouraging an independent, strong, diverse, and effective legal profession • Promoting and maintaining adherence to professional principles <p>Anything else?</p> <p>VI. Non-legal Services Related Activities of the business if not listed in the Business Description.</p>
3.2. Does your proposal comply with applicable Utah legal requirements?²¹ For example: staffed by UT licensed attorneys, built to complete state legal forms.	No corresponding question in Arizona application.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
3.3. Identify which of your service models are ready to immediately implement. The Office of Innovation is only authorized to consider proposals which are ready to begin offering legal services not currently authorized in Utah at the time of authorization.	No corresponding question in Arizona application.
4. Confirmation of Eligibility²²	
	I. Applicant Information (Arizona ABS Application) Organization Legal Name: List name of business to be certified with this application: List ALL assumed, DBA's or trade names: Business Address: Business Telephone Number: () Business Fax Number: () Business E-Mail Address: Date business formed: Federal Tax ID Number: State Tax ID Number:

²⁰ **Drafters' Note:** As we observed in note 1 in relation to Question 1.1, we believe that this question can also be improved by including the five bullet points in the Arizona application, Part IV

²¹ **Drafters' Note:** Unless we have misinterpreted the information that Utah Question 1.3 is seeking, this question appears redundant.

²² **Drafters' Note:** Utah application, section 4, is the section that seeks specific information about the persons, whether individuals or entities, who will be involved in the Sandbox entity. Our preference is to use questions that are more similar to the more detailed questions in the Arizona application, which we've included below.

Specifically, we are referring to Sections I, II and VII of the Arizona application.

Further, as set forth below, the working group might consider whether to require each individual who is proposed to be involved separately submit an application. See note 25, which identifies separate Arizona applications for "Authorized Persons" (whether individual or entity) involved in operating the Sandbox entity. For a definition of "authorized person," see note 23.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<p>Check appropriate business organization:</p> <p><input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Co. <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship</p> <p>Applicant is applying as a:</p> <p><input type="checkbox"/> Traditional Law Firm <input type="checkbox"/> Large non-law firm <input type="checkbox"/> Small non-law firm <input type="checkbox"/> Non-profit – Arizona <input type="checkbox"/> Non-profit – non-Arizona <input type="checkbox"/> International applicant</p> <p>Applicant is registered with the Arizona Corporate Commission or Secretary of State:</p> <p><input type="checkbox"/> Yes – If registered, applicant must submit copies of Articles of Incorporation/Organization or Partnership Agreements, and a Certificate of Good Standing. <input type="checkbox"/> No – If not registered, applicant must submit copies of draft Articles of Incorporation/Organization or Partnership Agreements and explain why entity is not registered. (See instructions for additional information)</p> <p>Statutory Agent’s Name: Statutory Agent’s Address (not a P.O. Box): Statutory Agent’s email address: Business and Home Telephone Number:</p> <p>Designated Principal’s Full Name: Designated Principal’s Business address: Designated Principal’s email address: Designated Principal’s Home address: Business and Home Telephone Number: Social Security Number:</p>

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	Compliance Lawyer’s Full Name: Compliance Lawyer’s Business address: Compliance Lawyer’s email address: Compliance Lawyer’s Home address: Business, and Home Telephone Number: Social Security Number:
4.1. List all persons and entities who wholly or partially direct the management or policies of your proposed entity and/or the direct provision of legal services to consumers, whether through ownership of securities, by contract, or otherwise (“controlling persons”).	II: Business Entity Authorized Person(s) Information. List ALL Authorized Persons (add additional pages, if necessary). Each person listed below must complete and sign the Authorized Person ²³ Application. ²⁴ Authorized Person’s Full Name: Corporate Title/Position: Social Security Number: Email address: Does person have contract, voting, business operation negotiation authority? <input type="checkbox"/> Yes <input type="checkbox"/> No Does person have an economic interest in the alternative business structure equal to or more than 10 percent of all economic interests of the alternative business structure? <input type="checkbox"/> Yes <input type="checkbox"/> No

²³ **Drafters’ Note:** Under Ariz. Code of Jud. Admin. § 2-709(A), an “authorized person” means a person possessing:

1. An economic interest in the alternative business structure equal to or more than 10 percent of all economic interests in the alternative business structure; or
2. The legal right to exercise decision-making authority on behalf of the alternative business structure. Examples may include: a sole proprietor of a sole proprietorship, a manager of a limited liability company, an officer of a corporation, a general partner of a general or limited partnership, or a person possessing comparable rights by operation of law or by agreement.

²⁴ **Drafters’ Note:** A copy of the Authorized Person Application (Individual) is provided with the meeting materials.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<p>In the Authorized Person Application for an individual,²⁵ in addition to providing contact information, each person must answer the following questions:</p> <ol style="list-style-type: none"> 1. Committed material misrepresentation, omission, fraud, dishonesty, or corruption in applying for a certificate or on a certificate examination in this state or any other state? 2. Committed any act constituting material misrepresentation, omission, fraud, dishonesty or corruption in business or financial matters? 3. Had conduct showing incompetence or a source of injury and loss to the public? 4. Been convicted by final judgment of a felony, regardless of whether civil rights have been restored? 5. Been convicted by final judgment of a misdemeanor, regardless of whether civil rights have been restored? 6. Had a professional or occupational license or certificate denied, revoked, suspended or any disciplinary action taken? 7. Been terminated, suspended, placed on probation, or other disciplinary action taken in the course of employment since the age of 21? 8. Been found civilly liable in an action involving misrepresentation, material omission, fraud, misappropriation theft or conversion? 9. Been placed on probation or parole? 10. Violated any decision, order or rule issued by a professional regulatory entity? 11. Violated any order of a court, judicial officer, administrative tribunal, or the Board?

²⁵ **Drafters' Note:** There is a separate application for an authorized person that is an entity.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<p>12. Made a false or misleading statement or verification in support of an application for a certificate filed by another person?</p> <p>13. Made a false or misleading oral or written statement to division staff or the Board?</p> <p>14. Failed to respond or furnish information to the division staff or the Board when the information was requested and was reasonably available to you and pertains to certification or investigative inquiries?</p> <p>15. Been a party to or claimed an interest in any civil proceedings in the last ten years (including but not limited to orders of protection, dissolution of marriage/family matters, bankruptcy, law suits, debt collection, etc.)? If so, provide details, including the case name and number, a copy of the original complaint, and a copy of the final disposition with your application?</p> <p>Regarding criminal matters, the fact you entered into a plea bargain, or entered a “no contest” plea, or that a conviction has been vacated, pardoned, expunged, dismissed, or appealed does not mean that you can answer the question “No.” You must answer “Yes”.</p> <p>If you answer “Yes” to any question in this section:</p> <ul style="list-style-type: none"> • You must submit a list of all incidents and complete a written explanation of the events for each. This includes incidents which may be pending and/or in litigation, and • You must submit any and all documentation which shows where the violation, finding, or conviction occurred, the nature and details of the case, case disposition, court, case number, and any other relevant information.

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
4.2. List all persons and entities who will wholly or partially (greater than 10%) finance the business of your proposed entity (“financing persons”).	See Sections I and II of Arizona Application, above.
4.3. Please note that no financing person may be a disbarred or suspended lawyer. List all controlling persons who are disbarred or suspended lawyers.	<p>For items 4.3 to 4.9, consider Arizona ABS Application, Section VII, and the separate applications required for each “authorized person,” whether an individual or an entity.²⁶</p> <p>VII: Applicant Background Information Note: Starting with this page, do not include personal identifying information (social security number, date of birth, home address, etc.) in the application or in any response to questions from this point forward</p> <p>Has the business entity, designated principal, compliance lawyer, or ANY authorized person:</p> <ol style="list-style-type: none"> 1. Ever been found guilty of any felony or misdemeanor? (The fact that the designated principal, compliance lawyer, or authorized person entered into a plea bargain or entered a “no contest” plea, or that the conviction has been vacated, pardoned, expunged, dismissed, or appealed, or that the civil rights have been restored does not mean that the question can be answered no. If the answer is yes, give details of the offense, and explain. Do not answer yes or give details if the offenses are minor civil traffic violations.) 2. Committed material misrepresentation, omission, fraud, dishonesty, or corruption in applying for a certificate or on a certificate examination in this state or any other state?

²⁶ **Drafters’ Note:** See note 23, above, for a definition of “authorized person.”

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<ol style="list-style-type: none"> 3. Committed any act constituting material misrepresentation, omission, fraud, dishonesty or corruption in business or financial matters? 4. Had conduct showing incompetence or a source of injury and loss to the public? 5. Had a professional or occupational license or certificate denied revoked, suspended or any disciplinary action taken? 6. Had a professional or occupational license or certificate censured, placed on probation, or any disciplinary action taken? 7. Been terminated, suspended, placed on probation, or other disciplinary action taken in the course of employment since the age of 21 relating to dishonesty, misrepresentation, misappropriation, fraud, theft, moral turpitude, or the commission of a crime? 8. Been found civilly liable in an action involving misrepresentation, material omission, fraud, misappropriation, theft or conversion? 9. Had a record of conduct constituting or investigative inquiries regarding fraud on the part of an employee, board member, or the business? 10. Been a party to or claimed an interest in any civil proceedings in the last ten years (including but not limited to orders of protection, dissolution of marriage/family matters, bankruptcy, lawsuits, debt collection, etc.)? If so, provide details, including the case name and number, a copy of the original complaint, and a copy of the final disposition. 11. Been a party to any civil, criminal, administrative, judicial, or professional authority actions alleging fraud, deceit, misrepresentation, forgery or legal malpractice? 12. Been contacted by any court, state, or federal administrative or regulatory agency or professional association or the Better Business bureau regarding allegations of adversarial actions or complaints?

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<p>13. Been the subject of a court sanction/order, a complaint to the State Attorney General or the Better Business Bureau, or been contacted by any prosecutorial, judicial, or administrative agency or association regarding business practices?</p> <p>14. Currently on probation or parole?</p> <p>15. Violated any decision, order, or rule issued by a professional regulatory entity?</p> <p>16. Violated any order of a court, judicial officer, administrative tribunal, or the Committee?</p> <p>17. Made a false or misleading statement or verification in support of an application for a certificate filed by another person?</p> <p>18. Made a false or misleading oral or written statement to division staff or the Committee?</p> <p>19. Failed to disclose information on the license application subsequently revealed through a background check?</p> <p>20. Failed to respond or furnish information to division staff or the Committee when the information is legally requested and is in your control or is reasonably available to you and pertains to certification or investigative inquiries?</p>
<p>4.4. List all controlling persons or financing persons of your proposed entity who have a felony criminal history.</p>	<p>See 4.3, above.</p>
<p>4.5. List all persons who will be in a managerial role over the direct provision of legal services to consumers who are disbarred lawyers.</p>	<p>See 4.3, above.</p>

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
4.6. List all persons who will be in a managerial role over the direct provision of legal services to consumers who have a felony criminal history.	See 4.3, above.
4.7. Please select the most accurate description: My proposed entity has a material corporate relationship and/or business partnership with: <input type="checkbox"/> A disbarred or suspended lawyer <input type="checkbox"/> An individual with a felony criminal history <input type="checkbox"/> Neither a disbarred / suspended lawyer nor an individual with a felony criminal history	See 4.3, above.
4.8. Disclose any history of state or federal criminal (misdemeanor or felony) conviction, state or federal consent decree, or state or federal enforcement action resulting in sanctions (disgorgement, civil penalties, and/or injunction) for the entity and, if applicable, its parent and other affiliated companies.	See 4.3, above.
4.9. Disclose whether the entity, parent, and other affiliated companies are, to their knowledge, currently subject to a state or federal criminal investigation or state or federal enforcement action.	See 4.3, above.
I confirm that no financing persons listed in this application are disbarred or suspended lawyers.	

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application <i>(Application)</i>	Arizona Application <i>(ABS Application) (Authorized Person Application)</i>
<p align="center">SELLING OF CONSUMER DATA DISCLOSURE</p> <p>Please indicate whether your business model includes the sharing or selling of consumer data in any form to third parties.</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
<p align="center">PUBLIC APPLICATION</p> <p>Your application will be made publicly available. You will have the opportunity to make a claim of business confidentiality for specific information that would qualify for protection under GRAMA Section 63G-2-305. Making false or materially misleading statements in this application is a basis for loss of authorization to practice within the Sandbox. Other criminal and civil sanctions may also apply.</p> <p><input type="checkbox"/> I understand.</p>	
	<p>IX: ACKNOWLEDGMENT</p> <p>IX-a: Conflict of Interest Statement</p> <p>Pursuant to Arizona Code of Judicial Administration (ACJA) § 7-209(K)(1), I certify that the business entity named in this application and seeking a license to operate as an Alternative Business Structure in the state of Arizona, shall not take any action or engage in any activity that interferes with the professional independence of lawyers or others authorized to provide legal services, or allow the legal representation of clients, if the representation involves a conflict of interest as governed by Supreme Court Rule 42, ERs 1.7, 1.8, 1.9, 1.10, 1.11, 1.13 and 1.18.</p>

**CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application**

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<p>IX-b: Indemnification Statement</p> <p>Pursuant to ACJA § 7-209 (G), I certify that the business entity named in this application agrees to indemnify, defend, and hold harmless the Arizona Supreme Court, its Committees, Committee members, and employees from any and all claims, demands, suits, actions, proceedings, loss, cost and damages of every kind and description. This includes any reasonable attorney's fees and litigation expenses which may be brought or made against or incurred by the court, its Committees, Committee members, and employees on account of loss or damage arising out of, or contributed to, in whole or in part, by reason of the operation of the business entity.</p>
	<p>IX-c: Submission to Jurisdiction, Authorization, and Release</p> <p>I certify that the business entity named in this application submits to the exclusive jurisdiction of the Arizona Supreme Court and is subject to the regulatory and disciplinary authority of the Supreme Court and the State Bar of Arizona.</p> <p>I consent to having an investigation made of the businesses character, professional reputation, and fitness for Alternative Business Structure license. I agree to give any further information which may be required in reference to the past record of the business.</p> <p>I also authorize and request every person, firm, company, corporation, governmental agency, court, association, or institution having control of any documents, records, and other information including documents, records, charges or complaints filed against the business, formal or informal, pending or closed, or any other pertinent data, and to permit the Arizona Supreme Court, or any of its agents or representatives to inspect and make copies of such documents, records, and other information.</p> <p>I release, discharge, and exonerate the Arizona Supreme Court, its agents and representatives, the State of Arizona, and any person</p>

CTJG – SCOPE – Table Comparing Utah & Arizona Application Provisions
& Suggested Modifications to Utah Application

Utah Application (Application)	Arizona Application (ABS Application) (Authorized Person Application)
	<p>furnishing information pursuant to this Authorization and Release from all liability which may arise from the investigation made by the Arizona Supreme Court.</p> <p>I acknowledge that I have read this application form and that all statements are true and complete to the best of my knowledge and belief and that this Authorization and Release is freely given.</p> <p>I understand willful omission or misrepresentation of any fact required to be disclosed in this application, or any accompanying statement, is grounds for refusing to issue or renew a license or for revoking or suspending a license.</p> <p>I also declare under penalty of perjury under the laws of the State of Arizona that the foregoing is true and correct.</p>