



# The State Bar of California

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## **CLOSING THE JUSTICE GAP WORKING GROUP - SUBCOMMITTEE ON THE STRUCTURE AND GOVERNANCE, EVALUATION/ENFORCEMENT FOR A REGULATORY SANDBOX ACTION SUMMARY**

**Monday, July 19, 2021  
1:00 p.m. – 3:00 p.m.**

**Teleconference**

**The State Bar of California**

Questions regarding any agenda item should be directed to the Committee Coordinator, Lauren McCurdy at 415-538-2107, 180 Howard Street, San Francisco, CA 94105, or Co-Chairs Merri Baldwin or John Lund at 415-538-2116. Working Group members are requested to notify the Committee Coordinator as early as possible in advance of the meeting if they wish to remove any item/s from any consent agenda.

**Subcommittee Members:** Merri Baldwin (Co-Chair); Judge Wendy Chang; Bridget Gramme; Daniel Grunfeld; Eric Helland; John Lund (Co-Chair); and James Sandman.

**Subcommittee Members Not Present:** Andrew Arruda

**Others Present:** Hildy Aguinaldo, Anna, James Chang, Brady Dewar, Randall Difuntorum, Mia Ellis, Greg Fortescue, Charlie Gillig, Genie Harrison, Donna Hershkowitz, Mimi Lee, Lauren McCurdy, Zach Newman, Jacquie Serna, Andrew Tuft, and Justice Tucher.

*The order of business is approximate and subject to change.*

### **Members of the public may access this meeting as follows:**

Zoom Link: <https://calbar.zoom.us/j/99431826367>

Call-In Number: 669-900-9128

Webinar ID: 994 3182 6367

## **OPEN SESSION**

### **I. CO-CHAIRS' REPORT**

- A. Roll Call
- B. Public Comment  
*None.*

- C. Announcements
- D. Staff Report  
*Mr. Difuntorum reported that staff has started polling leadership for potential 2022 meeting dates.*
- E. Approval of Open Session Action Summary from the May 19, 2021 Meeting  
*The open session action summary from the May 19, 2021 meeting was approved unanimously (7-0-0).*

## II. DISCUSSION

- A. Discussion and Possible Action on a Subcommittee Recommendation for the Structure and Governance of a Regulatory Sandbox  
*Mr. Lund led a discussion on the proposed recommendation for the structure and governance of a regulatory sandbox. Following the discussion, the subcommittee voted to approve six proposed resolutions to be recommended to the working group subject to revisions to be made on recommendations #2 and #5 by Ms. Gramme and Mr. Helland (6 yes – 0 no – 0 abstain).*

*RESOLVED, that the structure of the Sandbox Regulator will have the following features:*

- 1. The Sandbox Regulator will be established by the Legislature as a [public corporation] within the judicial branch of government, serving as an arm of the California Supreme Court.*
- 2. The Sandbox Regulator will eventually be funded primarily by applicant fees. Start-up funding will be necessary be initially funded by the Legislature with the possibility of appropriate grants and other such funding as supplementation.*
- 3. The Sandbox Regulator is subject to active supervision by the Supreme Court and must act pursuant to clearly articulated state policy. The Sandbox Regulator should make recommendations to the Supreme Court concerning the licensing and discipline of sandbox participants. However, as with attorneys, the Court should reserve to itself the authority over licensure of sandbox participants and approval of any governing principles it employs. The Supreme Court shall exercise that authority as it deems most efficient and appropriate.*
- 4. The Sandbox Regulator should have a volunteer board with responsibility for all operations of the office, including licensing and discipline recommendations made to the Supreme Court. The Sandbox Regulator should also have a staff which handles routine operations, makes assessments, and monitors sandbox participants under the Board's supervision.*
- 5. The Sandbox Regulator board should consist of [seven nonlawyers and six lawyers], with the Senate and Assembly each nominating one of each category, the Governor nominating the remaining nonlawyers, and the Supreme Court nominating the remaining lawyers. The Governor's nominees must include an economist, a technologist, and a nonlawyer provider of services to communities with significant*

*unmet legal needs. The Supreme Court's nominees must include at least one each of lawyers with legal ethics, legal services, and court self-help experience.*

6. *The Sandbox Regulator should be established for an initial period of seven years. If the Legislature does not approve a continuation of the office at that time, then the Supreme Court should make provision for active sandbox participants that seek to continue providing their authorized service to do so under such terms and conditions as the Supreme Court deems appropriate.*

- B. Discussion and Possible Action on a Subcommittee Recommendation for a Risk Based Approach to Regulation for a Sandbox  
*This item was carried over.*

### **CLOSED SESSION**

**NONE**

### **ADJOURN**

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