



# The State Bar of California

CLOSING

II.B. Risk-based Regulation  
08-25-21 SAGE Meeting  
Open Session

WORKING GROUP

**DATE:** August 4, 2021

**TO:** Closing the Justice Gap Working Group

**FROM:** SAGE Subcommittee

**SUBJECT:** II.B. Discussion and Possible Action on a Subcommittee Recommendation for a Risk-Based Approach to Regulation for a Sandbox

For Closing the Justice Gap Working Group August 11, 2021 meeting agenda item II.B. – Discussion and Possible Action on a Subcommittee Recommendation for a Risk-Based Approach to Regulation for a Sandbox, the SAGE Subcommittee will present the potential recommendations set forth below for consideration by the Working Group.

## Potential Recommendations:

1. Sandbox regulation should assess the risk of the following harms to consumers:
  - a. The consumer receives inaccurate or inappropriate legal services.
  - b. The consumer fails to exercise legal rights through bad advice or incomplete information within the scope of the agreed-upon services.
  - c. The consumer receives an unnecessary legal service or pays an inappropriate amount for legal services.
  - d. The consumer experiences fraud, theft, or abuse of trust by the service provider.
2. The risk of harm to consumers should be measured relative to the experience the consumer would have had absent the legal services provided. [ATILS Report.]
3. Lawyers participating in sandbox entities should remain subject to the same rules governing other members of the Bar except to the extent that the regulator waives compliance with specified rules.
4. Entities participating in the sandbox should be subject to the rules governing members of the Bar except to the extent that the regulator waives compliance with specified rules.
5. The regulator shall have the authority to waive any rule governing members of the Bar as applied to any lawyer or entity participating in an approved sandbox activity.