



# The State Bar of California

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## Special Meeting of the Board of Trustees Teleconference

Open Session Minutes  
Friday, February 25, 2022  
10:02 a.m.–2:58 pm.

**Time meeting Commenced:** The Board meeting commenced in open session at 10:02 a.m.  
**Time meeting Adjourned:** 2:58 p.m.  
**Chair:** Ruben Duran  
**Secretary:** Louisa Ayrapetyan  
**Members Present:** Mark Broughton, Hailyn Chen, José Cisneros, Juan De La Cruz, Christine Gonong, Sean SeLegue, Melanie Shelby, Arnold Sowell, Brandon Stallings, Mark Toney  
**Members Absent:** Sonia Delen

### OPEN SESSION

#### ROLL CALL

The Board of Trustees meeting was called to order by Chair Duran. Roll call was taken and a quorum was established.

#### PUBLIC COMMENT

Chair Duran called for public comment, inquiring as to whether there were person(s) who wished to comment on any agenda item. The following comments were provided to the Board:

#### [Board Response to Communications with Legislature about the Closing the Justice Gap Working Group and Regulatory Reform](#)

1. David Freeman Engstrom, California Attorney and Professor, Stanford Law School:
  - As a member of the Closing the Justice Gap Working Group, sent letter to two judiciary chairs who advised their intent was not to shut down the working group
  - Ready to continue to contribute and generate rigorous recommendations for how the State of California may widen access to legal help
2. Nancy Drabble, CEO, Consumer Attorneys of California:
  - The working group should be excused, as many public comments have been ignored, and the minor modifications suggested do not address the fundamental defect of bias and unfair nature of the group

- As part of any further discussions, there should be a pause to examine the serious corporate abuses that have recently developed in Arizona
3. Squitiero Consulting LLC:
    - There is a need to review the actors, however this isn't the charge of the working group
    - Takes great offense to the accusation that the State Bar and members of the committee have wasted resources, in other words taxpayer dollars on this program which is not the case
  4. Karen Thomas Stefano, Administrative Director, Consumer Protection Policy Center, University of San Diego Law School:
    - Thrilled staff recommends moving forward with the working group
    - Concerned as it relates to altering the composition of the working group and limiting to those with California specific experience, requested reconsideration as to not cut off valuable input from people from other states
  5. Erin Joyce, Attorney, Chair of Paraprofessional Study Working Group for LA County Bar Association:
    - Strongly against the proposals, does not believe the proposal to narrow the working group charge will solve the problem
    - No further resources of the State Bar should be diverted to this working group, it is not time to take on parallel discipline system at incredible costs that will undermine the legal profession entirely by allowing nonattorneys to own law firms and provide legal services without proper oversight
  6. Daniel Forouzan, Attorney:
    - Justice gap is worth investigating, however takes issue in manner being done as ethics of legal practices will be corroded
    - Urge State Bar to focus on what we have already and move forward in ways to close the justice gap, but without allowing profiteering corporations to own law firms
  7. James Heiting, Former Member Board of Governors of the State Bar and Former President of the State Bar:
    - Concerned as to relaxed regulatory prohibitions and standards, no public benefit has been demonstrated in other places where these ideas have been tried
    - Focus of the State Bar would be better served to make practice more attractive for lawyers, and therefore more available to clients to serve client protection
  8. Andie Fields, California Attorney:
    - Regulatory sandbox poses a significant risk to consumers and could be an open invitation to offer legal services without the appropriate legal training and regulatory oversight

- The State Bar is diverting attention and precious resources from improving the attorney discipline system to the benefit of outside corporations. Resources should go to proven programs that are underfunded
9. Tom Gordon, Executive Director, Responsive Law:
- Opposition has come from lawyers or representing organizations, comments from public nonlawyers have overwhelmingly tended to be in favor of proposals of working group
  - Proposed revision to staff recommendation would consolidate power within the working group to representatives of the trial bar at the expense of experience from other important areas
10. Elaine Torres, Attorney:
- Sandbox committee will only further risk of fraud and misrepresentation to individuals in need, risk far exceeds any benefits of access and takes away from already existing programs with adequate safeguards
  - Consider disbanding sandbox committee and explore other proven avenues for closing the justice gap
11. Natalie Knowlton, Director, Special Projects at the Institute for Advancement of the American Legal System, University of Denver:
- Composition of the working group including the diverse experiences and perspectives of those considered to lack California specific experience was intentional to avoid group think of non-diverse expertise
  - Encourages State Bar and members that remain on the reconstituted group that California specific experience also includes Californians that have navigated the legal system without any legal help
12. Susan Swan, California Attorney:
- There could be significant risk for allowing for-profit corporations and other nonattorneys to complete legal work, including lack of oversight, conflict of interest and ethics
  - Concerned that process is diverting precious resources, which should go towards improving the attorney discipline system and proven resources that are underfunded; the sandbox committee should be disbanded
13. Bill Swearinger, California Attorney:
- Nonattorneys handling matters will not catch subtle legal issues which can create significant harm; paralegals complete a lot of work currently at affordable rates overseen by attorneys
  - Availability of legal help is not a matter for the State Bar, but for state legislature to advocate funds for legal aid and non-profit organizations where lawyers are employed

14. Molly McKibben, Attorney:

- Allowing nonattorneys to practice and non-lawyer ownership of law firms does nothing to close the justice gap and will lower the quality of legal services for consumers as well as create different priorities, litigants should be represented by professionals who have had legal training
- Better approach would be to fund resources for underserved communities such as court programs and nonprofits, where there are more attorneys available

15. Jennifer Ostertag, California Attorney:

- Proposal to permit individuals and corporations that are not licensed attorneys to participate in the sandbox pose a significant risk to consumers by creating conflict of interests and infringe on core obligation of attorneys to their client
- Resources should go to proven underfunded programs rather than diverting resources for the benefit of big corporations, at minimum the committee should be closed, and an examination should be conducted of Utah where advertising firms have already taken advantage of deregulation efforts

16. Genie Harrison, Immediate Past-President, Consumer Attorneys Association of Los Angeles:

- Working group proposes to create and enshrine a two-tier justice system where the rich and companies have top lawyer representation and poor or middle-income have inferior representation by non-lawyers
- Boston Consulting Group has studied the effects of deregulating legal services and has found prices do not drop for consumers and quality doesn't increase, but more money is made for corporations

17. Mayra, California Attorney:

- The proposal will enhance the problem of notario fraud that affects vulnerable populations
- To increase access to low-cost legal services, need to invest more money in legal aid foundations with adequate safeguards

18. Howard Gould, California Attorney:

- No way to control for ethical problems for nonlawyer ownership of law firms, motivations for profit are not the same
- Consumers will not be protected and people who are not able to get or afford legal assistance now are not going to get the assistance they need

19. Eli Melamed, California Attorney:

- Committee should not be reinstated, only reinstate the committee to the extent there is a much more granular determination of the actual and specific goals to be achieved by program floated
- Need a more specific framework to limit how the implementation of the system or contemplated system would go forward and protect the consumers and lawyers, specifically determining the areas are of justice, costs structures, caps on representation, scopes, and fees and how any sort of sandbox will do this

### **30 CHAIR'S REPORT**

Chair Duran provided an oral report.

### **40 STAFF REPORTS**

#### **41-1 Report from Executive Director**

Executive Director Leah Wilson provided an oral report.

### **50 CONSENT AGENDA**

#### **50-1 Approval of Specified Contracts Pursuant to Business and Professions Code Section 6008.6**

1. For Translation Services, with: Language Line Solutions
2. For Demographic Survey and E-Learning Training Module for Attorneys, with: InfoPro Learning
3. For Desktop/Laptop Refresh, with: Lenovo
4. For Testing Accommodations Consulting Services, with: John Hosterman, PhD

**RESOLVED**, that the Board of Trustees approves execution of the contracts listed herein.

#### **50-2 Adoption of Employee Pay Schedule**

**RESOLVED**, that the Board of Trustees approves the 2022 employee pay schedule included as Attachment A, as described herein.

#### **50-3 Adoption of State Bar Court Judge Pay Schedule**

**RESOLVED**, that the Board of Trustees approves the State Bar Court judge pay schedule included as Attachment A, as described herein.

#### **54-142 Annual Review of Investment Policy**

**RESOLVED**, that the Board of Trustees, upon recommendation of the Finance Committee approves the Investment Policy as proposed by the chief financial officer.

*Moved by Cisneros, seconded by Chen.*

*Ayes – (9) Broughton, Chen, Cisneros, Gonong, SeLegue, Shelby, Sowell, Stallings, Toney*

*Noes – (0)*

*Abstain – (0)*

*Absent – (2) De La Cruz, Delen*

*Motion carries.*

### **700 MISCELLANEOUS**

#### **701 Approval of Amendments to Retiree Health Plan for Retirees of the State Bar**

**Presenters:** Steve Mazer, Chief Administrative Officer

**RESOLVED**, that the Board of Trustees approves amendment and restatement of the State Bar of California Post-Retirement Welfare Benefits Plan as reflected by the redlined revisions in Attachment A hereto.

*Moved by Cisneros, seconded by Shelby.*

*Ayes – (9) Broughton, Chen, Cisneros, Gonong, SeLegue, Shelby, Sowell, Stallings, Toney*

*Noes – (0)*

*Absent – (2) De La Cruz, Delen SeLegue*

*Motion carries.*

**702 Approval of State Bar Final 2022 Budget Pursuant to Business and Professions Code Section 6140.1**

**Presenters:** Aracely Montoya-Chico, Chief Financial Officer

**RESOLVED**, that the Board of Trustees, upon recommendation of the Finance Committee, adopts the 2022 Final Budget; and it is

**FUTHER RESOLVED**, that the Board of Trustees, upon recommendation of the Finance Committee hereby authorize staff to make technical adjustments and corrections to the 2022 Final Budget prior to submitting to the Legislature by February 28, 2022.

*Moved by Sowell, seconded by Gonong.*

*Ayes – (9) Broughton, Chen, Cisneros, Gonong, SeLegue, Shelby, Sowell, Stallings, Toney*

*Noes – (0)*

*Abstain – (0)*

*Absent – (2) De La Cruz, Delen*

*Motion carries.*

**703 Board Response to Communications with Legislature about the Closing the Justice Gap Working Group and Regulatory Reform**

**RESOLVED**, that the Board of Trustees revises the membership of the Closing the Justice Gap Working Group so as to limit it to those with California-specific experience, and discharges the members of the working group without California-specific experience with the Board's appreciation for their work; and it is

**FURTHER RESOLVED**, that the Board of Trustees directs staff to work with the chair of the Closing the Justice Gap Working Group to recommend amendments to the charter to, at a minimum, do the following:

1. Direct CTJG to specify the roles that they seek the Legislature and the Supreme Court to fulfill in setting the parameters for and/or approving the types of entities that would be permitted to operate in the sandbox, and the application (or exemption) of existing statutes and rules as they relate to sandbox participants;
2. Direct CTJG to adopt screening and monitoring procedures for the regulator to reduce the risk that corporate interests will unduly influence or compromise professional judgment and objectivity in the delivery of legal services;
3. Relieve the working group from its additional rule revision assignments to permit them to focus on the sandbox recommendation only;
4. Extend the deadline for CTJG's report to the Board of Trustees; and
5. Make any other revisions that are necessary to be responsive to the concerns raised.

*Moved by Stallings, seconded by De La Cruz.*

*Ayes – (8) Broughton, Chen, Cisneros, De La Cruz, Gonong, SeLegue, Sowell, Stallings*

*Noes – (2) Shelby, Toney*

*Abstain – (0)*

*Absent – (1) Delen*

*Motion carries.*

### **703 Board Response to Communications with Legislature about the Closing the Justice Gap Working Group and Regulatory Reform**

Chair Duran presented the following a separate motion regarding agenda item 703.

**RESOLVED**, that the Board of Trustees delegate to Chair Duran the authority to appoint one attorney member and one nonattorney member of the Board of Trustees to the Closing the Justice Gap Working Group.

*Moved by Stallings, seconded by Cisneros.*

*Ayes – (10) Broughton, Chen, Cisneros, De La Cruz, Gonong, SeLegue, Shelby, Sowell, Stallings, Toney*

*Noes – (0)*

*Abstain – (0)*

*Absent – (1) Delen*

*Motion carries.*

### **704 Proposed New Rules of Procedure Regarding Provisional Licensure Program: Request to Circulate for Public Comment**

**RESOLVED**, that the Board of Trustees authorizes staff to make available for public comment, for a period of 45 days, proposed rules 5.480–5.486 of the Rules of Procedure of the State Bar of California; and it is

**FURTHER RESOLVED**, that this authorization for release of public comment is not, and shall not be construed as, a statement or recommendation of approval of the proposed new Rules of Procedure.

*Moved by Cisneros, seconded by Chen.*

*Ayes – (9) Broughton, Chen, Cisneros, De La Cruz, Gonong, Shelby, Sowell, Stallings, Toney*

*Noes – (0)*

*Abstain – (0)*

*Absent – (2) Delen, SeLegue*

*Motion carries.*

**705 Strategic Planning Session**  
Discussion only.

**ADJOURN**