

April 24, 2025

Honorable Debra Stephens, Chief Justice
Washington Supreme Court
Temple of Justice
P.O. Box 40929
Olympia, WA 98504-0929

Re: Entity Regulation Pilot Project

Dear Chief Justice Stephens:

On December 5, 2024, the Court ordered the Washington State Bar Association (WSBA) and the Practice of Law Board (Board) to collaborate to implement and oversee a pilot to test entity regulation. On behalf of the Washington State Bar Association (WSBA) and the Practice of Law Board (Board), we write to update the Court regarding the WSBA and Board's work to that end.

The WSBA and the Board are in the early stages of implementation. The WSBA has convened a pilot administration team made up of staff representatives from almost all WSBA departments. Board member Craig Shank has been an active participant of this team, and further Board involvement is anticipated as this team continues its work. Most recently, the team has been reviewing a draft project plan and scope document for the project that lays out the different phases of the project, important milestones within each phase, anticipated deliverables, and tentative timelines. The draft project plan was informed by two working sessions with Board member Craig Shank and the project leadership team to discuss what the Court's Order requires, what processes need development, what deliverables are required, among other important topics necessary for implementation planning.

The draft project plan anticipates the creation of subcommittees focused on various subparts of the project. Each subcommittee will be populated by different members of the pilot administration team and others when additional expertise is needed. The Board will also assist in populating these subcommittees as needed. Subcommittee examples include an application subcommittee, policy development subcommittee, data collection subcommittee, a monitoring and oversight subcommittee, a communications and stakeholder engagement subcommittee, and more.

Currently, the project is in Phase I relating to developing the application and monitoring and oversight processes. While the project plan is being finalized, Phase I work has begun. Specifically, the application subcommittee, which is focused on developing the application, related procedures, and an application tool, has met several times to begin discussions, has a



draft application in development, and has identified the likely application tool. While the timeline is still tentative, the team has proposed that the application launch in October 2025.

Additionally, a handful of important early policy decisions have been raised, so it is expected that the policy subcommittee will begin its work this month. This subcommittee will be focused on identifying and addressing important policy issues. Topics for discussion include whether certain innovative business models should be given priority over others in the application review process, what information received from applicants and participants will be, or should be made, confidential, and how should risk and benefit levels be defined.

While the project plan is in development, representatives from the WSBA and Board have also held several meetings with individuals involved in the implementation of similar regulatory reforms in Utah, Arizona, and Ontario. The team sought to glean any lessons learned from them. The jurisdictions provided interesting insights for consideration. Comments included streamlining data collection systems using technological tools to ensure consistency in the reporting of data; thinking creatively about ways to measure consumer harm which can be challenging, including implementing a proactive complaint process, conducting client surveys, conducting audits, and having secret shopper audits; and setting reasonable expectations and achievable goals for the first year of the pilot.

We thank the Court for its engagement and time. The WSBA and the Board anticipate providing ongoing updates to the Court during implementation, and we welcome any questions that the Court may have.

Sincerely,



Terra Nevitt
WSBA Executive Director



Lesli Ashley
Chair, Practice of Law Board