

September 26, 2025

The Honorable Debra L. Stephens  
Chief Justice  
Washington Supreme Court

Via Email Only

Re: Entity Regulation Pilot Project Update

Dear Chief Justice Stephens:

We write to thank the Court for taking the time to meet with representatives from the Washington State Bar Association (WSBA) and the Practice of Law Board (POLB) regarding the Pilot Project for Entity Regulation on September 4, 2025. We would like to take this opportunity to address questions raised by the justices, share our next steps, and provide additional materials for the Court's information. We also want to remind the Court of one action item.

### Background

On December 5, 2024, the Court approved the Pilot Project for Entity Regulation (Pilot Project). The Pilot Project is a process and framework to test regulatory reform. Applicants will propose a novel approach to delivering legal and law-related services designed to increase the public's access to legal services, as well as a business model to test the proposed innovation and regulatory reform. If approved by the Court, an authorized entity would be required to submit periodic reports to the WSBA detailing the impact of their business model. Specifically, each entity will propose:

- a legal services delivery model or new business model for providing legal services;
- a fee structure, fee-sharing model, or investment model;
- which laws, rules, and regulations governing the practice of law to be exempted from or which need to be modified so the delivery model can operate as designed;
- possible risks to consumers and the public;
- appropriate measures and safeguards to mitigate those risks; and
- the impact its "test" will have on the accessibility of legal services in Washington.

The WSBA and the POLB will evaluate applications and will recommend Court approval of proposals that appear to adequately safeguard against any potential risks to consumers or clients and have the potential of increasing accessibility of quality legal services to all persons, including low- and moderate-income Washingtonians, and others who experience barriers in accessing



legal services. The Court will make the final determination. For each authorized entity, a specific order will identify which rules are being tested, that is, which rules the entity is exempted from or which are modified for the entity's purposes. Entities must continue to comply with all other rules and laws regarding the practice of law.

### The 'Bad Actor' Problem

One concern we heard when we met in September was whether bad actors could enter the Pilot Project by deceit and whether the contemplated review process was sufficient to prevent this kind of harm. The Pilot Project is structured with public protection as the paramount concern. Innovation will only be recommended for testing within clearly defined safeguards and under robust oversight. Additionally, the application process requires each individual with decision-making authority for the entity, as well as all persons or companies with a financial interest in the entity of ten percent or more, to file a character and fitness application. Those applications will be reviewed and investigated using the same factors and in a similar manner as individual applications for the practice of law.

### Criteria for Reviewing Applications

We also heard curiosity about how we will determine which entities should be authorized to participate in the Pilot Project. First, and similar to the lawyer admissions process, each and every entity that applies will go through a thorough background investigation. This includes, but is broader than, a character and fitness review of key personnel and those with a financial interest as described above. Next, the WSBA will evaluate the proposed regulatory reform, the proposed business model, and balance the risk of harm compared to the consumer protection measures the entity proposes to have in place. Innovations that appear to have a low risk of consumer harm and a potentially significant impact to the public's access to legal services will be recommended to the Practice of Law Board for additional evaluation and consideration. The POLB will have the opportunity to further refine each recommendation before delivering its recommendation to the Court. If approved, the Court will issue an authorizing order for each entity. The order will identify how particular rules or laws are modified for the duration of the test. In addition, all orders will have standard boiler-plate language regarding key duties and obligations for participation in the Pilot Project. In short, the governing standard is whether the entity's model both protects the public from harm and advances the Court's objective of expanding access to justice.

### The Rules to be Tested

A final and important question we heard related to which rules entities are going to be required to adhere to in the Pilot Project. As stated in the Court's order adopting the Pilot Project, each participating entity must comply with all rules and laws governing the practice of law in Washington, except for those rules specifically identified in the entity's authorizing order from

this Court. Because this is a fundamentally important requirement for the entity in the Pilot Project, we suggest that all authorizing orders restate this obligation.

#### Tentative Timeline and Additional Materials

We have an aggressive but viable target date of October 21, 2025, for the launch of the Pilot Project. If the Court does not object, we would like to maintain that target date. To that end, we are attaching additional materials for the Court's information. These do not require Court approval, however we welcome feedback and would like to know as soon as possible if we need to pause and modify our timeline. These materials include the:

- Participation Manual
- Enforcement procedures
- Draft template for a proposed authorizing order, which will accompany each recommendation from the Practice of Law Board


#### Action Item

Finally, we want to remind the Court about our request to approve the application fees and annual fees for the Pilot Project. For the Court's convenience we are attaching the materials to this letter. The application fee amounts are necessary to meet our target launch date.

We thank the Court for its engagement and time. We remain grateful for the Court's leadership in authorizing this Pilot Project and recognize the Court's ultimate authority in guiding its direction. The WSBA and the POLB will continue regular updates to the Court during implementation and launch of the Pilot Project. We welcome any questions the Court may have.

Sincerely,

Terra Nevitt  
WSBA Executive Director

  
Lesli Ashley  
Chair, Practice of Law Board