

ALTERNATIVE BUSINESS STRUCTURES COMMITTEE



Location: Conference room 329/Zoom
Date: Tuesday, January 9th, 2024
Time: 10:00 A.M.
 State Courts Building
 1501 West Washington Street
 Phoenix, Arizona 85007

For any item listed on the agenda, the Board may vote to go into Executive Session for advice of counsel (under ACJA Sec. 1-202(C)(5)(c)) or for discussion or consideration of records or matters made confidential or privileged by statute, court rule, or the Arizona Code of Judicial Administration (under ACJA Sec. 1-202(C)(5)(b))

Member Attendance	In Person	Zoom	Absent
Hon. Charles Harrington (Chair) (Retired)	X		
Hon. Anni Hill Foster	X		
Katie Bryant		X	
Steve German	X		
John Hay	X		
Andy Kvesic	X		
Lynda Shely	X		
Martin Shultz			X
Mike Widener		X	
Tracy Ward	X		

Staff	Guest	Guest
Aaron Nash	Thomas Arthur	Stephanie Long
Megan Foster	Paul Burghardt	Lance
Daisy Cambron-Perez	Evan Bortz	Member of the Public
Ali Towey	Don Bivens	Alexa Macias
Tara Fong	Kathy Brody	Richard Nearhood
	Rebekah Browder	Neil Peretz
	Jason Carney	Laura Ruhl
	Brad Denton	Patricia Sallen
	Carl Engstrand	Chris Spillman
	Nic Edgson	Matthew Sherman
	Brendan Franks	Mark Sullivan
	Carolina Johnson	Mark Thomas
	Jared Keating	Richard Traulsen
	Louis Kachulis	
	Catherine Kemnitz	

CALL TO ORDER

1) **REVIEW AND APPROVAL OF MEETING MINUTES** **Hon. Charles Harrington Chair**

1-A: Review, discussion, and possible action regarding approval of the regular session minutes of the meeting of December 12, 2023.

Discussion: John Hay stated there was no motion for 5-D listed on the minutes from the December 12, 2023, meeting, John Hay asked, “Was the motion to amend the timeline to January 2, 2024, regarding the submission of documents?” The Committee agreed to amend the motion.

Motion: Consideration of and motion to add updated information to the regular session minutes of the December 12, 2023, meeting, as amended.

Motion Proposals:	First:	John Hay
	Second:	Steve German
Recused:		Hon. Anni Hill Foster
Pass/Fail: Pass	8-0-2	

2) **RENEWAL LICENSE APPLICATIONS**

Megan Foster

2-A: Review, discussion, and possible action regarding application for renewal as an alternative business structure for the following applicant:

1. Axiom Advice and Counsel, LLC

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Discussion: The Committee had questions regarding the letter submitted with the application from the October 2023 meeting referencing further confidential organization information. There may be other authorized people within the structure unknown to the Committee because the applicant considers the information confidential. Designated Principal Catherine Kemnitz asked the Committee to clarify the 10% economic interest threshold in the code so the ABS can comply with required disclosures. The Committee asked who owns the entity if Axiom is not the 10% owner. Catherine Kemnitz stated Axiom Global is the entity that owns the ABS (authorized person) and is made up of thousands of owners, none of whom own 10% or more of the ABS. The Committee questioned if anyone in Axe Holdings’ leadership has any record that can be disclosed. The Committee stated Axe Holdings should submit its own application as a parent company with 10% or more ownership of the ABS. The Committee requested further interpretation regarding the code from the Committee’s counsel. Director Aaron Nash acknowledged that the Division and the Committee and its workgroups are working to balance the code and application changes with protecting the public and without excessive regulatory burden.

Motion: To consider the applicant’s potentially confidential application information in executive session at the February meeting, and to further consider Axiom Advice and Counsel, LLC’s application for renewal as an Alternative Business Structure at that time.

Motion Proposals:	First:	Mike Widener
	Second:	John Hay
Recused:		Lynda Shely
Pass/Fail: Pass	8-0-2	

Discussion: Mike Widener requested that the Committee’s counsel prepare an advisory letter to interested parties including the Committee, advising how counsel reads the text of regulations regarding individual and entity disclosures and if counsel’s interpretation requires a different review process from staff. Hon. Foster requested that counsel’s advice include whether changes in the review process would be prospective only, or applicable to all prior and pending applications.

Motion: Request the Committee’s counsel to prepare an advisory letter regarding the regulatory code’s requirements for individual and entity disclosures. If counsel’s recommendations include changing staff’s review in processing applications, whether those procedural changes are prospective only, or are applicable to prior and pending applications.

Motion Proposals:	First:	Mike Widener
	Second:	Steve German
Recused:		Lynda Shely
Pass/Fail: Pass	8-0-2	

3) INITIAL LICENSURE AND ELIGIBILITY

Megan Foster

3-A: Review, discussion, and possible action regarding the application for initial licensure as an alternative business structure for the following applicants:

1. Healthcare Law Group, PLLC
2. National Injury Attorneys, LLC
3. Outreach Legal, LLC

1. Healthcare Law Group, PLLC

Discussion: Applicants were not present on behalf of Healthcare Law Group, PLLC to address the Committee. Members asked about the applicant’s application, practices, and answers to questions in the application. The Applicant did not answer some questions, and the application appeared to have missing pages.

Motion: Have the applicant complete questions four and seven, complete the missing pages of the application, and have a representative present at the February meeting.

Motion Proposals:	First:	Lynda Shely
	Second:	Steve German
Recused:		
Pass/Fail: Pass	9-0-1	

2. National Injury Attorneys, LLC

Discussion: Carl Engstrand was present on behalf of National Injury Attorneys, LLC to address the Committee. Members asked about the applicant’s business model, practices, and answers to questions in the application.

Motion: To approve the initial application for National Injury Attorneys, LLC with the following condition:

- (i) National Injury Attorneys, LLC’s compliance lawyer shall conduct semi-annual audits to review the firm’s compliance with Arizona Supreme Court Rule 33.1, ACJA § 7-209 and its internal policies and procedures, and at the completion of each audit prepare and retain a written report of the findings.

Motion Proposals:	First:	John Hay
	Second:	Hon. Anni Hill Foster
Recused:		Lynda Shely
Nay:		Andy Kvesic
Pass/Fail: Pass	7-1-2	

3. Outreach Legal, LLC

Discussion: Jason Carney and Paul Burghardt were present on behalf of Outreach Legal, LLC to address the Committee. Members asked about the applicant’s business model, practices, and answers to questions in the application. Questions were asked about operating in Utah. Jason Carney stated he has the time and ability to serve as the compliance lawyer for the Arizona ABS.

Motion: To approve the initial application for Outreach Legal, LLC with the following condition:

- (ii) Outreach Legal, LLC’s compliance lawyer shall conduct semi-annual audits to review the firm’s compliance with Arizona Supreme Court Rule 33.1, ACJA § 7-209 and its internal policies and procedures, and at the completion of each audit prepare and retain a written report of the findings.

Motion Proposals:	First:	Andy Kvesic
	Second:	Lynda Shely
Recused:		
Pass/Fail: Pass	9-0-1	

4) LICENSEE UPDATES

Megan Foster

4-A: Review, discussion, and possible action regarding application for change in Authorized Persons for:

1. Big Auto-Accident Attorneys, PLLC
2. National Mass Tort & Class Action Law Firm, LLC

1. Big Auto-Accident Attorneys, PLLC

Discussion: Laura Ruhl and Nicholas Edgson were present on behalf of Big Auto-Accident Attorneys, PLLC and addressed the Committee, regarding the change in Authorized Person for Big Auto-Accident Attorneys, PLLC Nicholas Edgson.

2. National Mass Tort & Class Action Law Firm, LLC

Discussion: Laura Ruhl was present on behalf of National Mass Tort & Class Action Law Firm, LLC, and addressed the Committee, regarding the change in Authorized Person, Compliance, Lawyer, and Designated Principal for National Mass Tort & Class Action Law Firm, LLC.

5) ADMINISTRATIVE ITEMS

Megan Foster

5-A: Update on the Alternative Business Structure (ABS) program and the Legal Paraprofessional (LP) program.

Discussion: Megan Foster reported program data. The Committee had questions regarding the timeframes from initial application to approval in the ABS program. Division staff stated the timeframe depends on the number of sub-applications and other factors. The members requested the Division to provide information on case-aging tracking.

LP:

- There are currently 54 licensed legal paraprofessionals holding a total of 58 licensed practice areas approved by the Board of Nonlawyer Legal Service Providers and authorized to provide services in the following areas:
 - 45 family law
 - 8 civil
 - 5 criminal

*Applicants may be licensed to provide services in more than one practice area.

ABS:

- Current total of 65 licensed ABSs.
- There are currently 29 pending ABS applications, containing 87 sub-applications requiring background investigation.
- There are currently 25 pending renewal applications.

Megan Foster

5-B: Review, discussion, and possible action regarding working groups to address regulatory tasks, including.

Audits: Andy Kvesic- information gathering stage – February Update

Data Gathering: This workgroup has not met.

ACJA changes: Identified areas for committee input – will have redline soon

Application changes: Crossover with this and code changes – redline draft soon. The Committee may want to schedule a special session to review the redlines.

Training for nonlawyers and other applicants: This workgroup has not met.

Megan Foster

5-C: Review, discussion, and possible action regarding Scout Law Group renewal application:

1. Scout Law Group

Discussion: Scout Law Group was asked to submit its renewal application before January 2, 2024. On January 2, 2024, Scout Law Group submitted its renewal application, payments, and changes, including notification of removal of Steve German as an Authorized Person. That removal was rescinded and Steve German remains an Authorized Person for Scout Law Group. Steve German was removed as Compliance Lawyer and Designated Principal for Scout Law Group. The Committee directed Division staff to present Scout Law Group’s application on the February agenda if possible. Steve German and Lynda Shely recused from this matter.

6) **CALL TO THE PUBLIC**

Hon. Charles Harrington, Chair

No public comments were made.

Hon. Charles Harrington stated Axiom Advice and Counsel, LLC may be on the agenda for the executive session for next month’s ABS meeting on February 13, 2024, and that John Hay will lead the meeting in Judge Harrington’s absence.

ADJOURN

The meeting adjourned at 11:58 A.M