

LegalZoom gets Arizona approval for alternative legal biz structure

By [Sara Merken](#)

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- Arizona's top court approved LegalZoom unit, three other entities to provide some legal services
- License allows for tech innovation, affordable legal services, company says

(Reuters) - LegalZoom will be able to directly offer some legal services in Arizona through a subsidiary after it gained approval to operate as an alternative business structure in the state, the online legal services company said on Friday.

The Arizona Supreme Court has approved a LegalZoom unit, LZ Legal Services LLC, as an alternative business structure (ABS) under the state's recently reformed law firm ownership rules, LegalZoom said. The top court licensed the LegalZoom subsidiary along with three other smaller ABS entities on Thursday, according to a batch of administrative orders posted on the court's website.

LegalZoom said it can now directly provide "limited" legal services to small businesses and individuals in Arizona through the LZ Legal Services license. The company will also be able to "create more opportunities" for lawyers in Arizona, it said. LegalZoom relies on an independent network of lawyers in other parts of the country.

Arizona is on the leading edge of states that have implemented or are considering changes to rules that govern law firm ownership and fee sharing. The state's high court scrapped a rule in August 2020 that barred non-lawyer ownership of law firms, clearing the way for co-ownership of businesses that offer legal services through the ABS arrangement.

"These reform efforts create opportunities to bring innovative new solutions to market that can benefit both small business and consumers as well as lawyers, and we encourage other states to pursue similar reforms," Nicole Miller, LegalZoom's general counsel, said in a statement.

Utah has also made changes, allowing businesses to seek to join a legal "regulatory sandbox" pilot program in which they can experiment with new nontraditional business and service and to provide legal services. The state has approved around 30 entities to participate since creating the sandbox last year. Other states are also weighing reforms to allow for more innovation, aiming to boost access to justice and affordable legal services.

The Arizona license allows LegalZoom "to accelerate its efforts to democratize law by allowing for greater technological innovation in the delivery of legal services," the Glendale, Calif.-based legal documents company said in its announcement of the approval. The new structure also could make legal services more affordable, the company said.

Arizona has now approved at least 12 entities for licensure. The other businesses that got the green light this week include Elias Mendoza Hill Law Group PC, Esquire Law LLC and Wall and Olson LLC. These entities will offer legal services in immigration, personal injury and workers compensation law with the aid of technology

and remote legal services in mass torts and other cases, according to a September court committee meeting agenda posted online.

LegalZoom, which was founded in 2001, became a publicly traded company in July.

With the Arizona approval, LegalZoom CEO Daniel Wernikoff said in a statement the company intends "to continue advancing our mission to democratize law by deeply integrating attorney expertise and support with LegalZoom's technology, process efficiencies, and commitment to providing affordable access to legal services."

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