

# Pioneers and Pathfinders: Taylor Bell

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## **Steve Poor**

Hi, this is Steve Poor, and you're listening to Pioneers and Pathfinders.

This week, on Pioneers and Pathfinders, we're joined by Taylor Bell, founding partner of Arizona ABS Law PLLC. Taylor works at the forefront of one of the most closely watched experiments in legal innovation, Arizona's alternative business structure (ABS) framework. As a fractional general counsel and employment law attorney, Taylor advises law firms, legal tech companies, and investors on every stage of the ABS life cycle, from formation and certification to compliance, governance, and risk management. His work sits at the intersection of regulation, operations, and growth, helping organizations navigate complexity while building sustainable businesses.

In our conversation, Taylor shares what he's seeing on the ground as Arizona lawyers and consumers respond to ABS models, the qualities he looks for when assembling an ABS team, and how he balances the realities of entrepreneurship with family life. It's a practical, candid look at how regulatory change meets real-world legal work. Let's listen in.

It's great to talk today to Taylor Bell, who's one of the most active and knowledgeable practitioners in the US, with regard to Arizona's alternative business structure regime. Taylor, thanks so much for making the time to talk to us today.

## **Taylor Bell**

Yeah, absolutely, Stephen. I'm excited to be here and chat a bit about the future of law and abs in the US.

## **Steve Poor**

Yeah, let's, let's start by giving our listeners a little bit of a primer. I suspect most of them know what's going on in Arizona, but they're not going to know necessarily recent developments. Give us the primer for people just sort of tuning in, what's the simplest way to explain the ABS system down there?

## **Taylor Bell**

Yeah. So as most people know, in basically every state, if you want to offer legal services and practice law it has to be through a law firm, and a law firm needs to be owned by lawyers. But in Arizona now, five years ago, we're entering now. It's been five years, the Supreme Court decided to eliminate ethical rule 5.4 which allows now for through the ABS framework, non lawyers to participate in the ownership of law firms, and so they created a whole licensing regime and compliance program for the ABS framework to function here.

## **Steve Poor**

What's been the market receptivity to that over the five years? You founded ABS law as a consulting operation to help people navigate these waters. What does the current market look like for ABS structures? Have there been a lot of people that have moved into this regime? Have been a few? Give us some sense for what what it looks like?

## **Taylor Bell**

Sure. So as of we just had the December ABS committee meeting. The committee is the group of folks that review all the applications, interview the applicants and vote to recommend or not recommend the

licensure to the Supreme Court justices. We just had the meeting this week. There's at least 150 maybe 155 current active Arizona ABS law firms over the that have been founded over the past five years. There are 40 to 50 pending applications that the ABS committee staff is working their way through. And I get calls every week, probably two to three a week, of folks that are interested in creating their own Arizona ABS law firm. It's definitely picked up over the last 12 to 24 months. I think there was some trepidation early in the program, but over the past 12 to 24 months, it's really started to take off. People are comfortable with it. Investors are understanding it, and tech platforms are seeing it as an opportunity to grow and expand and bring access to justice to more larger groups of people. And so, yeah, I would say it's definitely robust right now.

**Steve Poor**

You hit on something I wanted to sort of talk about, which is we, at least a lot of us, sort of focus on the big law component of the profession and the impact of ABS systems on big law and the Big Four and all that kind of stuff. I suspect, however, that a lot of the 150 companies are not big law companies. They're focused on A2J problems. They're focused on serving small businesses and large am I guessing right?

**Taylor Bell**

Yeah, I would say so. I mean, there's a pretty decent mix on sizes for every KPMG that decided to come into the framework. There are probably 10 to 20 smaller, localized operations that are focused either on just Arizona or trying to bring new platforms outside of the state as well, a lot of really interesting, multi jurisdictional type firms. So an estate planning firm that wants to also offer wealth management or tax advice and kind of bundle it together and have it in a partnership, that's a perfect example of an ABS law firm, and it could be highly localized or expand well outside of the state through the different methods of doing that. And so it kind of runs the gamut on the size, scope, and impact that these firms are able to make.

**Steve Poor**

Success breeds success. Have there been examples you could walk us through without disclosing necessarily names, entries into the ABS market that had been successful, that others might follow in their footsteps?

**Taylor Bell**

Sure. Well, I mean, a lot of the controversy that started out was that with the ABS framework was that it was all mass tort and personal injury law firms, and frankly, the first few years, it was majority those types of operations that wanted to utilize the framework to grow and expand. But since then, it's really evened out. And I mean, there are a number of really interesting legal tech platforms that have entered the space. Legal Zoom is an ABS. Rocket Lawyer is an ABS. Those are all really big successful groups.

**Steve Poor**

Those are household names.

**Taylor Bell**

Yep. And so I think it's proven that it can be what you want it to be. It can be used for a solo practitioner who wants to bring their paralegal into the equity framework of their little firm, and it can be used by a company like LegalZoom to bring patent law to all 50 states.

**Steve Poor**

Now you founded this year, I think, Arizona ABS Law PLLC. Tell us the origin story for that. What was the impetus to do that?

**Taylor Bell**

Yeah. I mean, I for most of my legal career, I did more employment law and HR. I ran an HR services company, and have been in house at a few different startups, doing mostly that type of work. Lot of that was compliance related, and I've been here in Arizona the whole time, and the more and more I learned about the ABS framework, the more excited I got about how it is changing the way that sort of legal is brought to the regular person, which was who I worked. I worked with mostly small businesses, running my HR practice, and I just decided to dive in. There's not a lot of people doing it exclusively in Arizona, even when I was trying to train myself in it and learn more about it, there just wasn't a lot of content or information that was publicly available. And so I decided that could be a pretty interesting niche for myself, and I could bring value to the marketplace. And so I combined those two things and dove into it head first. And that's exactly what's happened. I mean, I post a blog about ABS content, and I get feedback all the time about people really grateful that that content is out there so they can understand what this is. That type of thing just continues to drive more business to me, which is not a bad thing. I'm an entrepreneur myself. I'm a solo practitioner. It's what, why we do what we do at the end of the day.

**Steve Poor**

Yeah, absolutely. Business is business? Absolutely.

**Taylor Bell**

Yeah, and so and presented other opportunities to keep I love it because I get to work with so many really interesting people, interesting concepts, companies, smart folks, lots of great entrepreneurs that are really trying to do some interesting things, and I get to be a part of that through their journey with the ABS, and also help them do it like my focus is really on the compliance side too, and trying to make sure that they do it in a way that maintains the integrity of the ABS program. You know, that's one of the big key components of it, is the compliance requirements that traditional law firms just don't have. It's, frankly, a safer investment than, I believe, than an MSO, because an MSO doesn't have all these requirements on the compliance side. There's no reporting duties when there's complaints and things like that that ABS has. And so I also, I like to be able to bring that into it and make sure that people are setting these things up in a way that can help us continue to grow the program. Because, as we've seen in other industries, it doesn't take a whole lot for states to get skittish on something like an ABS and a few bad actors doing harm to the public, I think could really cause a problem. So that's a big focus of mine as well.

**Steve Poor**

Sounds like you work with the spectrum: investors and startups and law firms and legal tech companies. As you look across sort of that spectrum, are there common misconceptions or concerns or fears that people have about walking into this space that you need to calm them down about.

**Taylor Bell**

Oftentimes, if they're not coming from the legal framework, they're not a law firm looking to bring in capital or something like that--maybe it's a marketing company that wants to get involved in ABS--there's a lot of education required on those compliance pieces, because they're not used to the ethical rules that lawyers in whatever state we're in are bound by so there's education there, making sure that they understand that while the ABS can be utilized and expanded outside of Arizona, one of the main reasons why it exists is to try to benefit residents in Arizona. And so if you're looking to build something that will primarily benefit others, I strongly suggest they look at the business model and see how they're

going to bring a positive impact to the state of Arizona. Those are probably the two biggest ones. But really it's people, most of the time. Everyone reaching out to me. They're reaching out to me because they want to do it. They want to do it right, and they want to get it set up in a way that is above board.

**Steve Poor**

What does that mean? What are the sort of core ethical guidelines or guardrails that they have to understand and comply with.

**Taylor Bell**

So, I mean, the biggest one is every ABS law firm has to have a compliance lawyer, designated compliance lawyer as part of the team, ideally, part of the leadership team. They have to have decision making authority to be able to step in and say, Hey, non lawyers, great idea. Can't do it that way because it violates our ethical rules in Arizona. And so it's an active duty of compliance. It's not a passive role. And there are biannual compliance audits you need to be up on if they have an IOLTA account, a trust, trust accounting, that compliance lawyer needs to be involved in that, in marketing, in even engagements, making sure that all new engagements are in compliance with Arizona's ethical rules and the ABS framework. So that's the biggest piece that really no other law firm has to do. There's an active duty to report a complaint. So if the ABS law firm gets a client complaint in to the firm, the compliance lawyer has to notify both the Arizona State Bar and the ABS committee who may conduct an investigation into it if it's not handled appropriately. So that's that's an active duty, and so no other law firm has to do that when they get a complaint in from a client.

**Steve Poor**

There must be an interesting balance you deal with between this push for innovation and doing things differently and getting capital in and the ethical responsibilities. Do you see that push pull dynamic often, or are people pretty good about understanding those trade offs?

**Taylor Bell**

I think that by the time they've gone through the process of putting the application together, going through the committee process, getting interviewed, regardless of who they are, everyone I've worked with has been really interested in doing it the way that it's supposed to be done, whether they're non-lawyers or lawyers, they understand that, you know, lawyers have a high bar, like we all, you know, swore an oath. We all have to abide by the ethical rules. And so I haven't gotten really any pushback you know, when there's been an issue or a potential issue, just saying, Hey, we can't do it that way. And investors, whatever they get it, and part of it is that you have to go back every two years and get your license renewed. And so if you ignore the advice of your compliance lawyer, it's going to be difficult to maintain your status as an ABS law firm. And so I think if you can come at it the right way, and anyone who works in-house, General Counsel understands you don't want to be the Department of No, and so it's I try to come at it from this isn't the best path. Let's try to do it differently, as opposed to No. Don't do that. So it also depends on how you deliver the message. But so far, I haven't really experienced a whole lot of pushback.

**Steve Poor**

You know, I should know the answer to this, and I apologize for asking such a basic question, but I assume there was resistance at the beginning of the program from the bar, from lawyers generally, because that's what lawyers do. So it's pretty safe assumption.

**Taylor Bell**

Lawyers are well known for not liking change.

**Steve Poor**

But it's been a successful program. So how has the attitude of the bar changed? Or has it?

**Taylor Bell**

I think it's changed. I mean, it's not so much pushback. There are individuals certainly that still try to push against it. You know, entrenched bigger firms or just kind of old school mentality don't like the direction that's going and continue to try to push I mean, other states clearly are hesitant to adopt the model or pushing back against it. California, just this fall, passed a law impacting how lawyers can interact with ABS law firms in California. And so I would say, when I walk into a room full of Arizona lawyers, there's always going to be a group of folks that aren't necessarily appreciative of the work that I'm doing. But that's okay, because for every California there's, you know, Tennessee, Washington, and other states that are looking at expanding and bringing abs to their states as well.

**Steve Poor**

Where do you see this going? Utah made some steps, and they've come back. You know, if it's Washington's made some steps, California's, you see a mixed bag all over the all over the map. You must be in this community. You You obviously watch this all the time. Take me out two or three years. Where is this going? Is it always going to be this stop and start piece? Is it going to be incremental?

**Taylor Bell**

I'm sure it'll be incremental, just because bar associations are entrenched in maintaining the so there's another ethics lawyer, Tricia Rich, who is a great person to follow on ethics generally, but she calls it an unearned monopoly that lawyers have over the practice of law.

**Steve Poor**

I like that. I like that phrase.

**Taylor Bell**

And, you know, and bar associations are the impetus of that. They are who maintains it, and so they're going to push back against it, unless you can demonstrate that it brings real value, and just keep pushing. And that's what we've done in Arizona. I mean, I think that's why other states are looking at it, but it'll be incremental. It'll be a state at a time, because that's the framework that we have. I mean, every bar gets to decide how they want to do it. And really, like, the only reason I think it went through in Arizona was that it was pushed by the Chief Justice of our state supreme court because they saw it as a way to increase innovation in the legal field and increase access to justice. And so they pushed for it, and it takes someone like that.

**Steve Poor**

Oh, absolutely. Give us a little bit about your background, Taylor. This is an unusual venture. I'm not sure I've heard of anybody doing it like you're doing it. You started sort of as a traditional lawyer, but you're not a traditional lawyer anymore. Walk us through that. What's the through line there?

**Taylor Bell**

I mean, I guess I've always kind of considered myself an entrepreneur first, and so I started out at a traditional law firm at a law school, and then I got my MBA while I was there in the evenings, and really wanted to transition out of traditional law firm life and build something on my own. When I was at the law practice, I had just had a baby, and I was leaving in the morning before she was up and back in the evening after she was in bed, and Saturdays and Sundays. And so I thought, you know, that's not exactly why I went to law school. I wanted to be part of my family, and so thought entrepreneurship would allow me that type of flexibility. So I left the legal practice and started that HR services company,

where we provided in sourced HR to small and midsize businesses, and I did a bit of employment law through that. And then that journey just took me to a bunch of other opportunities in house, through HR and compliance and General Counsel type roles, till I kind of found my way back to working on my own again, which I really enjoy HR over the past few years, and employment law generally over the past few years, especially with Covid, was draining. And also I'm forward thinking. I think that employment law and HR are definitely going to be dramatically impacted by AI as it continues to improve and require less and less people for certain things. I used to write dozens of handbooks as a service, you know, prior to jumping into this compliance stuff. But then now anyone can put a handbook together pretty quickly with, you know, the right prompts in in ChatGPT. And I wouldn't necessarily have all the compliance pieces you need in it, but you don't need a lawyer spending 12 hours on it. And so I was also looking for something to move out of employment law and HR into something more forward thinking and still utilize the skill set that I built over time. And ABS ended up being a perfect fit for me. The compliance pieces are pretty similar. There's a lot of training components on the compliance lawyer side, you have to train the staff on compliance. You have to have to have a compliance handbook that's all pseudo employment law, and so it's been a pretty natural transition for me.

**Steve Poor**

Yeah, I was gonna say you made the point. As I was listening to you, was thinking, your HR employment background really perfectly dovetails into your work on ABS stuff.

**Taylor Bell**

Yes.

**Steve Poor**

Does the ABS structure change the talent model for practitioners. And I use that term, not necessarily lawyers, but practitioners. I assume the fundamental point is lawyers partnering with people who are other professionals. You're hiring different skill sets. You're hiring different kinds of people.

**Taylor Bell**

Yeah, I would say so. I think that, you know, an ABS law firm can be a lot more dynamic. It's another one of the reasons why it exists is to be able to bring in, even as partners, experts in other areas. You can bring in a fantastic Chief Technology Officer or software engineer and give them equity in the law firm and develop an amazing tool that can streamline your intake or streamline delivery of legal services, marketing CFOs, all those folks can be equity partners in the law firm and so and you can offer different services than just legal. So, yeah, it definitely changes the talent structure and pool and challenges for firms looking to bring in that type of talent.

**Steve Poor**

I assume you've stayed close to your clients. You just don't get them approved and then wave goodbye. I presume you've built relationships and friendships, and you sort of consult with them as they go along. What are the biggest challenges and the biggest benefits to operating an ABS enabled practice?

**Taylor Bell**

I'd say biggest challenges are probably the same as growing any business. It's getting your name out there, getting the clients in, and then operationalizing how you do it. A lot of them aren't coming in starting with a big venture backing. They're bootstrapping it. They already have a lot of them are lawyers that have their own practice, and they're looking to do something interesting and different. So they're balancing those two things. And so I'd say that's that's the general challenge. It's any any business looking to get set up and kick off. Just because you're certified as an ABS doesn't mean

automatically you're going to be successful. You're going to have to grind it out and build that business. But the folks that have decided to dive into this framework are already, I think they're self selected, as you know, entrepreneurs. They're people that are ready to roll their sleeves up and build something cool. And so I think I haven't seen any that have really failed yet. Their various levels of success and various levels of growth, and trajectory for their growth, some faster than others, but they're off and running.

**Steve Poor**

That's fabulous. So as people come to you, what are the variables that they should be looking at in terms of moving into the ABS market? I presume it's like, as you said, like any other business. So what's the nature of their business? What's their idea? What's the market receptivity? It's not so much the compliance structure is being either an impediment or an accelerant.

**Taylor Bell**

Yeah, I'd say it's the traditional you know, you got to have a really good plan, business model, and team. The compliance piece is the compliance piece like that. That's a given. You have to do it. So I don't think it stops anybody. It's that and then I'd say it's if you're looking to expand outside of Arizona, you know you need to have an understanding of the ethical framework of the states you're looking to expand into, and keep your kind of an eye on the pulse of if there are other ethics opinions that might come out to make it more challenging to operate there, that's unique and not an issue that most law firms have to have to focus on.

**Steve Poor**

I'm curious. You mentioned this before, as they come up for renewal, talking about operating outside the state of Arizona, do you look at how much work they do inside Arizona versus outside Arizona? Is it money? How do you how do you assess the value they're bringing to Arizona residents?

**Taylor Bell**

Yeah, so they're asked at every renewal hearing how many clients they have, how many of those are in Arizona? How many attorneys are in Arizona? And I believe there's been a change in the form that will go live in January, where it's actually going to be captured data, mostly because the committee would like to start being able to share. Success stories that are data backed, as opposed to just sort of anecdotal, but yeah, those are directly asked for every applicant coming in for renewal.

**Steve Poor**

I asked about the receptivity of the of the bar. I guess I should ask about the receptivity of the consumers of the services. Has this been positively received by the general public in Arizona?

**Taylor Bell**

I believe so. One area that is public is you can see how many complaints are filed against ABS law firms, and it is very, very low. I think there have been maybe two that required investigation this year. Whereas that data is not public for traditional law firms, so it's hidden behind an opaque wall. But I would assume it's more than that. So at the end of the day, if you're looking for legal services, as long as you're being able to connect with someone who knows what they're doing and in the area that you're looking for help, I don't think regular people care very much who owns the law firm, whether it's venture backed or it's a bunch of lawyers who are partners of the firm. They just want their needs met, and ABS firms have been able to show that they can do that really well, and in a lot of instances, for lower fees than traditional law firms, because they're able to bring in other types of tech and that sort of thing that drive the cost down.

**Steve Poor**

Put your operator's head on, because you've been an operator various places over over the years. Is there something that surprised you about the way ABS is operate as you look at it from an Operational Viewpoint?

**Taylor Bell**

I think that they're just generally, the ones that I've worked with are compared to other law firms are more streamlined. They're run more like a business. I think a lot of law firms are run like law firms. Lawyers think that they're good at business because they're good at law, and they're not usually actually all that great at it. But an ABS firm that has non lawyers as part of the ownership group are just they seem to have things dialed up. They know their numbers, they know their metrics. They have their SOPs written down, as opposed to just in a lawyer's head, things like that that are you don't see in a lot of law firms.

**Steve Poor**

I'm struck by all the different ventures you've been involved in and have going. You know, you've got your own consulting business now. You've been an operator, you've got a family. How do you find balance? You talked a little bit about moving out of the traditional law firm setting, because it's difficult to find family balance. Do you have any tips for people on how they can find balance in their own life? What's worked for you?

**Taylor Bell**

I think it's intentionality. I decide what is important to me. I don't take on every client that reaches out to me because I'm intentionally a one man shop. I may at some point add a little bit of admin support just to keep me organized, but I don't have any intention of building a 30 person law firm that's not for me. I'm very happy with what I have right now, and so I'm intentional about my time. My kids come first for me, my kids, my wife. And so when they have something, I block it off on the calendar and I'm going to be there. And if you need me to be doing something else, it's going to have to happen some other time. I do work, you know, after they go to bed a decent amount of time, but those hours from early evening to bedtime are I cherish those. There's a time that I spend with the family, and I don't really let things get in the way of that. And so that's what I try to tell other folks that seem to be kind of stuck in the hamster wheels, that whatever you intentionally decide to focus on, you'll make it happen. It's when you decide not to have an intentionality behind it and you just kind of let things happen that it spirals out of control.

**Steve Poor**

We do sometimes get stuck on the hamster wheel, don't we?

**Taylor Bell**

Yeah, it sneaks up on you.

**Steve Poor**

Yeah, it does, yeah, it does. Taylor, thanks so much for the conversation. You're doing some interesting stuff out there, and for the listeners, if you look in the show notes, we'll have links to Taylor and some ABS related materials for you to follow up on. Taylor. Thanks for joining us. I appreciate it.

**Taylor Bell**

Yeah, thanks for having me. It was a great conversation.

**Steve Poor**

Thanks for listening to Pioneers and Pathfinders. Be sure to visit [thepioneerpodcast.com](http://thepioneerpodcast.com) for show notes and more episodes, and don't forget to subscribe to our podcast on your favorite platform.