

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
104th LEGISLATURE

COMMITTEE AMENDMENT "A" to S.P. 378, L.D. 1288, Bill, "AN ACT Relating to Creation of Professional Service Corporations."

Amend said Bill in that part designated "§ 703" by striking out in the 7th line of subsection 2 (same in L.D.) the underlined word "personal" and inserting in place thereof the underlined word 'professional'

Further amend said Bill in that part designated "§ 704" by striking out in the 4th line (same in L.D.) the underlined words "perform personal" and inserting in place thereof the underlined words 'render professional'

Further amend said Bill in that part designated "§ 705" by striking out in the 3rd line (same in L.D.) the underlined word "services" and inserting in place thereof the underlined word 'service'; and by striking out in the 4th and 5th lines (5th line in L.D.) the underlined words "for pecuniary profit"

Further amend said Bill by striking out all of that part designated "§ 708" (same in L.D.) and inserting in place thereof the following:

'§ 708. Interpretation; liability

This chapter does not modify the relationship between a person rendering and a person receiving professional service. The liability of shareholders for the debts of and claims against a professional corporation shall be the same as that of shareholders of a business corporation; except that, in the case of liability arising out of the rendering of professional service:

1. Liability not modified. This chapter does not modify the liability of the person rendering to the person receiving the service; and

2. Liability extended. That liability shall extend, jointly and severally, and regardless of fault, to those shareholders participating in a professional capacity in such rendering.'

Further amend said Bill in that part designated "§ 709" by striking out all of the first underlined sentence (same in L.D.) and inserting in place thereof the following:

'No corporation organized under this chapter shall engage in any business other than the rendering of the professional services for which it was incorporated and services reasonably related thereto; provided that such corporation shall not, by reason of incorporation alone, be prohibited from rendering related services otherwise permitted by the laws of this State.'

(Filing No. S-226)

Further amend said Bill by striking out all of that part designated "§ 710" (same in L.D.) and inserting in place thereof the following:

'§ 710. Capital stock

No corporation organized under this chapter may issue any of its capital stock to anyone other than an individual who is duly licensed or otherwise legally authorized to render the same specific professional services as those for which the corporation was incorporated and any shares issued in violation of this restriction. No shareholder of a corporation organized under this chapter shall enter into a voting trust agreement, proxy or any other type agreement or arrangement vesting another person with the authority to exercise the voting power of any or all of his stock, and any such purported voting trust, proxy or other agreement or arrangement shall be void.

A professional corporation which has only one shareholder need have only one director who shall be such shareholder and who shall also serve as the president and treasurer of the corporation. The other officers of the corporation in such situation need not be persons who render professional services. A professional corporation which has only 2 shareholders need have only 2 directors who shall be such shareholders. The 2 shareholders between them shall fill the offices of president, vice president and treasurer. Subject to the foregoing, no person who is not a shareholder may be an officer, other than clerk, or a director of a corporation organized under this chapter.

This section shall not prevent a fiduciary from temporarily holding shares for the benefit of the estate of a deceased shareholder for the purpose of performing his fiduciary duties, provided that such fiduciary shall not be entitled to vote said shares.'

Further amend said Bill in that part designated "§ 712" by adding at the end of the first underlined sentence before the period (same in L.D.) the following underlined punctuation and words ' , and any sale or transfer in violation of this restriction shall be void'; and by adding at the end of said section the following underlined sentence: 'A professional corporation may purchase its own shares without regard to any restrictions provided by law upon the repurchase of shares, if at least one share remains issued and outstanding.'

Reported by the Committee on LEGAL AFFAIRS.

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