

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

ONE HUNDRED AND FOURTH LEGISLATURE

Legislative Document

No. 1288

S. P. 378

In Senate, March 12, 1969

Referred to the Committee on Legal Affairs. Sent down for concurrence and 1,000 copies ordered printed.

JERROLD B. SPEERS, Secretary

Presented by Senator Katz of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-NINE

AN ACT Relating to Creation of Professional Service Corporations.

Be it enacted by the People of the State of Maine, as follows:

R. S., T. 13, c. 22, additional. Title 13 of the Revised Statutes is amended by adding a new chapter 22, to read as follows:

CHAPTER 22

THE PROFESSIONAL SERVICE CORPORATION ACT

§ 701. Short title

This chapter may be cited as "The Professional Service Corporation Act."

§ 702. Intent

It is the legislative intent to provide for the incorporation of an individual or group of individuals to render the same professional service to the public for which such individuals are required by law to be licensed or to obtain other legal authorization.

§ 703. Definitions

As used in this chapter, the following words shall have the meaning indicated:

1. Professional corporation. The term "professional corporation" means a corporation which is organized under this chapter for the sole and specific purpose of rendering professional service and which has as its shareholders only individuals who themselves are duly licensed or otherwise legally authorized within this State to render the same professional service as the corporation.

2. Professional service. The term "professional service" shall mean any type of personal service to the public which requires as a condition precedent to the rendering of such service the obtaining of a license or other legal authorization and which prior to the effective date of this chapter and by reason of law could not be performed by a corporation. By way of example and without limiting the generality thereof, the personal services which come within this chapter are the personal services rendered by certified public accountants, public accountants, chiropractors, dentists, osteopaths, physicians and surgeons, podiatrists, chiropodists, architects, veterinarians, attorneys at law and life insurance agents.

§ 704. Exemptions

This chapter shall not apply to any individuals or groups of individuals within this State who prior to the effective date of this chapter were permitted to organize a corporation and perform personal services to the public by the means of a corporation, and this chapter shall not apply to any corporations organized by such individual or group of individuals prior to the effective date of this chapter. Any such individual or group of individuals or any such corporation may bring themselves and such corporation within this chapter by amending the articles of incorporation in such a manner so as to be consistent with all of this chapter and by affirmatively stating in the amended articles of incorporation that the shareholders have elected to bring the corporation within this chapter.

§ 705. Corporate organization

An individual or group of individuals duly licensed or otherwise legally authorized to render the same professional services within this State may organize and become a shareholder or shareholders of a professional corporation for pecuniary profit under the corporation laws for the sole and specific purpose of rendering the same and specific professional service.

§ 706. Method of organization

Professional corporations shall be organized as set forth in sections 71 to 79, except less than 3 persons may meet to organize and such a corporation may have less than 3 directors.

§ 707. Limitation

No corporation organized and incorporated under this chapter may render professional services except through its officers, employees and agents who are duly licensed or otherwise legally authorized to render such professional services within this State. This provision shall not be interpreted to include in the term "employee" clerks, secretaries, bookkeepers, technicians and other assistants who are not usually and ordinarily considered by custom and practice to be rendering professional services to the public for which a license or other legal authorization is required.

§ 708. Interpretation; liability

Nothing contained in this chapter shall be interpreted to abolish, repeal, modify, restrict or limit the law now in effect in this State applicable to the professional relationship and liabilities between the person furnishing the

professional services and the person receiving such professional service and to the standards for professional conduct. Any officer, shareholder, agent or employee of a corporation organized under this chapter shall remain personally and fully liable and accountable for any negligent or wrongful acts or misconduct committed by him, or by any person under his direct supervision and control, while rendering professional services on behalf of the corporation to the person for whom such professional services were being rendered. The corporation shall be liable up to the full value of its property for any negligent or wrongful acts or misconduct committed by any of its officers, shareholders, agents or employees while they are engaged on behalf of the corporation in the rendering of professional services.

§ 709. Business transactions

No corporation organized under this chapter shall engage in any business other than the rendering of the professional services for which it was specifically incorporated. Nothing in this chapter or in any other provisions of existing law applicable to corporations shall be interpreted to prohibit such corporation from investing its funds in real estate, mortgages, stocks, bonds or any other type of investments, or from owning real or personal property necessary for the rendering of professional services.

§ 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. No shareholder of a corporation organized under this chapter shall enter into a voting trust agreement or any other type agreement vesting another person with the authority to exercise the voting power of any or all of his stock.

§ 711. Disqualifications

If any officer, shareholder, agent or employee of a corporation organized under this chapter who has been rendering professional service to the public becomes legally disqualified to render such professional services within this State or accepts employment that, pursuant to existing law, places restrictions or limitations upon his continued rendering of such professional services, he shall sever all employment with, and financial interests in, such corporation forthwith. A corporation's failure to require compliance with this provision shall constitute a ground for the forfeiture of its articles of incorporation and its dissolution. When a corporation's failure to comply with this provision is brought to the attention of the office of the Secretary of State, the Secretary of State forthwith shall certify that fact to the Attorney General for appropriate action to dissolve the corporation.

§ 712. Alienation of shares

No shareholder of a corporation organized under this chapter may sell or transfer his shares in such corporation, except to another individual who is eligible to be a shareholder of such corporation, and such sale or transfer may be made only after the same shall have been approved, at a stockholders' meeting specially called for such purpose, by such proportion, not less than

a majority, of the outstanding stock as may be provided in the certificate of incorporation or in the bylaws. The articles of incorporation may provide specifically for additional restraints on the alienation of shares and may require the redemption or purchase of such shares by the corporation at prices and in a manner specifically set forth in such articles or the articles may specifically authorize the corporation's board of directors or its shareholders to adopt bylaws restraining the alienation of shares and providing for the purchase of redemption by the corporation of its shares. Such provisions dealing with the purchase or redemption by the corporation of its shares may not be invoked at a time or in a manner that would impair the capital of the corporation.

§ 713. Identification with shareholders

The corporate name of a corporation organized under this chapter shall contain the last names of some or all of the shareholders and shall contain the words "chartered" or "professional association" or the abbreviation "P.A." The use of the word "company," "corporation" or "incorporated" or any other word, abbreviation, affix or prefix indicating that it is a corporation in the corporate name of a corporation organized under this chapter, other than the words "chartered" or "professional association," or the abbreviation "P.A.", is specifically prohibited. It shall be permissible for the corporation to render professional services and to exercise its authorized powers under a name which is identical to its corporate name except that the words "chartered" or "professional association" or the abbreviation "P.A." is omitted, provided that the corporation has first registered the name to be so used in the manner required by Title 31, section 2.

§ 714. Applicability of Title

This Title shall be applicable to a corporation organized pursuant to this chapter except to the extent that any of the provisions of this chapter are interpreted to be in conflict with this Title, and in such event the provisions and sections of this chapter shall take precedence with respect to a corporation organized pursuant to this chapter. A professional corporation organized under this chapter shall consolidate or merge only with another domestic professional corporation organized under this chapter to render the same specific professional service and a merger or consolidation with any foreign corporation is prohibited. Mergers shall be in accordance with sections 241 to 291.

§ 715. Dissolutions

Professional corporations shall be dissolved as provided in sections 541 to 557. The Attorney General may petition for dissolution of such a corporation.

§ 716. Construction of law

This chapter shall not be construed as repealing, modifying or restricting the applicable provisions of law relating to incorporations, sales of securities or regulating the several professions enumerated in this chapter except insofar as such laws conflict with this chapter.