

# MAINE STATE LEGISLATURE

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# ACTS AND RESOLVES

AS PASSED BY THE

## One Hundred and Fourth Legislature

OF THE

# STATE OF MAINE

Published by the Director of Legislative Research in accordance with  
the Revised Statutes of 1964, Title 3, Section 164, Subsection 6.

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THE KNOWLTON AND MCLEARY COMPANY  
FARMINGTON, MAINE  
1969

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PUBLIC LAWS  
OF THE  
STATE OF MAINE  
AS PASSED BY THE  
ONE HUNDRED AND FOURTH LEGISLATURE  
1969

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Any pilot heretofore licensed by the board whose license shall lapse for any reason may be reinstated upon compliance with sections 91 and 93.

§ 104. Appeals from commission

Any person aggrieved by any order or decision of said commission with respect to any disciplinary action or any application for, or denial of, a pilot's license may, within 30 days after the notice of the filing of such order or decision, appeal therefrom to the Administrative Hearing Commissioner as designated by Title 5, chapters 301 to 307 by presenting a copy of such order or decision, certified by the secretary of said commission, to said Administrative Hearing Commissioner. The Administrative Hearing Commissioner shall fix a time and place for hearing thereon.

The commission shall submit to the Administrative Hearing Commissioner the printed record of the hearing, certified by the secretary of the commission. The Administrative Hearing Commissioner shall enter his findings and decree sustaining, revising or modifying such order or decision of said commission in such manner and to such extent as he determines.

All appeals from the decision of the Hearing Commissioner shall be in accordance with Title 5, chapter 307.

§ 105. Pilots currently serving

All pilots serving as of the effective date of sections 85 to 105 shall be entitled to continue to serve as long as they comply with the rules and regulations as previously set forth in sections 85 to 105.

Sec. 2. R. S., T. 5, § 2301, sub-§ 1, amended. Subsection 1 of section 2301 of Title 5 of the Revised Statutes, as amended, is further amended by inserting before the 5th paragraph from the end, the following paragraph:

Penobscot Bay and River Pilotage Commission.

Effective October 1, 1969

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## Chapter 411

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 professional 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 render professional 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 service within this State may organize and become a shareholder or shareholders of a professional corporation 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

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.

§ 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 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. 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 and any shares issued in violation of this restriction shall be void. 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.

#### § 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, and any sale or transfer in violation of this restriction shall be void. 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 or 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. 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.

§ 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.