

POLICY STATEMENT ON PROFESSIONAL SERVICE CORPORATIONS AND PROFESSIONAL SERVICE LIMITED LIABILITY COMPANIES

The policy adopted September 30, 1996 has been revised.

The Professional Service Corporation Act, 1962, PA 192, provides in section 4(1) that "One or more licensed persons may organize under this act to become a shareholder or shareholders of a professional corporation for pecuniary profit". A similar provision is contained in section 903(1) of the Limited Liability Company Act, 1993 PA 23, which provides "One or more licensed persons may organize and become members of a professional limited liability company".

The references to "licensed persons may organize" indicates that articles must be executed by a person who is eligible to become a shareholder in the professional service corporation or a member of the professional limited liability company. "Licensed person" is defined in section 2(a) of the Professional Service Corporation Act and in section 902(a) of the Limited Liability Company Act.

Articles of incorporation for a professional service corporation and articles of organization for a professional limited liability company may be filed with one incorporator or one organizer, respectively. If anything in the document or the information submitted with the document indicates the person signing the document is not a "licensed person," the submitter will be contacted and an appropriate signature will be required. This policy is consistent with section 4 of the Professional Service Corporation Act, Attorney General Opinion No. 6592, and section 903 of the Limited Liability Company Act.

The above policy shall be adopted immediately and remain in effect unless rescinded or modified by the Bureau Director.

Approved by Julie Croll, Director
Corporation, Securities and Land Development Bureau
On September 17, 1999