

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 8 PROFESSIONAL CORPORATIONS

CHAPTER 8
PROFESSIONAL CORPORATIONS

NOTE: This Chapter was added by P.L. 10-174 (8/15/70). All source references are to this Public Law unless otherwise stated.

- § 8101. Citation.
- § 8102. Definitions.
- § 8103. Application of Chapter.
- § 8104. Application of General Corporation Law.
- § 8105. Formation; Purposes; Procedures; Certificate Required.
- § 8106. Rendition of Professional Services.
- § 8107. Stock: Qualification of Shareholders: Confidential Financial Statements: Voting Trusts: Proxies.
- § 8108. Transfer of Shares: Purchase by Corporation.
- § 8109. Suspension or Revocation of Registration Certificate.
- § 8110. Name.
- § 8111. Rules and Regulations Applicable.

§ 8101. Citation.

This Chapter shall be known and may be cited as the *Professional Corporation Act*.

SOURCE: CC § 450.

§ 8102. Definitions.

As used in this Chapter:

(a) *Professional services* means any type of professional services which may be lawfully rendered only pursuant to a license, certification or registration authorized by the Business License Law (11 GCA Chapter 26).

(b) *Professional corporation* means a corporation organized under the General Corporation Law (this Part) which is engaged in rendering professional services in a single profession pursuant to a certificate of registration issued by the governmental agency regulating such profession as herein provided and which in its practice or business designates itself as a professional corporation.

(c) *Licensed person* means any natural person who is licensed under the provisions of the Business License Law to render the same professional

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 8 PROFESSIONAL CORPORATIONS

services as are or will be rendered by the professional corporation of which he is, or intends to become, an officer, director, shareholder, or employee.

(d) *Disqualified person* means a licensed person who for any reason becomes legally disqualified (temporarily or permanently) to render the same professional services which the particular professional corporation of which he is an officer, director, shareholder or employee is or was rendering.

SOURCE: CC § 451.

§ 8103. Application of Chapter.

This chapter shall not apply to any corporation now in existence or hereafter organized which may lawfully render professional services other than pursuant to this Chapter, nor shall anything herein contained alter or affect any right or privilege, whether under any existing or future provision of the Business License Law or otherwise, in terms permitting or not prohibiting performance of professional services through the use of any form of corporation permitted by the General Corporation Law.

SOURCE: CC § 452.

§ 8104. Application of General Corporation Law.

The provisions of the General Corporation Law [Chapters 1 through 7 of this Part] shall apply to professional corporations, except where such provisions are in conflict with or inconsistent with the provisions of this Chapter. 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 licensed persons. A professional corporation which has only two shareholders need only have two directors who shall be such shareholders. The two shareholders between them shall fill the offices of president, vice president, secretary and treasurer.

SOURCE: CC § 453.

§ 8105. Formation; Purposes; Procedures; Certificate Required.

A corporation may be formed under the General Corporation Law for the purposes of qualifying as a professional corporation in the manner provided in this Chapter and rendering professional services. The articles of incorporation of a professional corporation shall contain a specific

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 8 PROFESSIONAL CORPORATIONS

statement that the corporation is a professional corporation within the meaning of this Chapter. No professional corporation shall render professional services in Guam without a currently effective certificate of registration issued by the governmental agency regulating the profession in which such corporation is or proposes to be engaged, pursuant to the applicable provisions of the Business License Law.

SOURCE: CC § 454.

§ 8106. Rendition of Professional Services.

Subject to the provisions of §13404, a professional corporation may lawfully render professional services, but only through employees who are licensed persons. The corporation may employ persons not so licensed, but such persons shall not render any professional services rendered or to be rendered by said corporation.

SOURCE: CC § 455.

NOTE: A mistake exists in the original enactment of this Chapter. No code is identified as being the place where "§ 13404" is to be found. It could only be found in the former Government Code, as no other code has its numerical sequence going that high. However, this section in the Government Code established the Agat-Sumay Memorial Park, and land for recreational purposes (two laws were passed, each with the same section number). There is no relation between §13404 and the topic of this section and the Compiler is at a loss to know what was intended by this reference.

§ 8107. Stock: Qualification of Shareholders: Confidential Financial Statements: Voting Trusts: Proxies.

Shares of capital stock in a professional corporation may be issued only to a licensed person, and any shares issued in violation of this restriction shall be void. Unless there is a public offering of securities by a professional corporation, its financial statements shall be confidential, except to the extent that such statements shall be subject to subpoena in connection with any judicial or administrative proceeding, and may be admissible in evidence therein. No shareholder of a professional corporation shall enter into a voting trust, proxy, or any other arrangement vesting another person (other than another licensed person who is a shareholder of the same corporation) with the authority to exercise the voting power of any or all of his shares, and any such purported voting trust, proxy, or other arrangement shall be void.

SOURCE: CC § 456.

§ 8108. Transfer of Shares: Purchase by Corporation.

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 8 PROFESSIONAL CORPORATIONS

Shares in a professional corporation may be transferred only to a licensed person or to such professional corporation, and any transfer in violation of this restriction shall be void.

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.

If the corporation should fail to acquire all of the shares of a disqualified or deceased shareholder, or if the disqualified shareholder or the representative of a deceased shareholder shall fail to transfer said shares to the corporation or to a licensed person, within ninety (90) days following the date of disqualification, or within six months following the date of death of such shareholder, as the case may be, then the certificate of registration of such corporation may be suspended or revoked by the governmental agency regulating the profession in which such corporation is engaged. In the event of such suspension or revocation such corporation shall cease forthwith to render professional services.

SOURCE: CC § 457.

§ 8109. Suspension or Revocation of Registration Certificate.

The following shall be grounds for the suspension or revocation of the certificate of registration of a professional corporation:

- (a) if all shareholders of such corporation shall at any one time become disqualified persons, or
- (b) if the sole shareholder shall become a disqualified person, or
- (c) if such corporation shall knowingly employ or retain in its employment a disqualified person, or
- (d) if such corporation shall violate any applicable rule or regulation adopted by the governmental agency regulating the profession in which such corporation is engaged, or
- (e) if such corporation shall violate any statute applicable to a professional corporation, or
- (f) any ground for such suspension or revocation specified in the Business License Law relating to the profession in which such corporation is engaged. In the event of such suspension or revocation of its certificate of registration such corporation shall cease forthwith to render professional

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 8 PROFESSIONAL CORPORATIONS

services.

SOURCE: CC § 458.

§ 8110. Name.

A professional corporation may adopt any name permitted by law expressly applicable to the profession in which such corporation is engaged or by a rule or regulation of the governmental agency regulating such profession; provided, however, that such name shall not be substantially the same as the name of a domestic corporation, the name of a foreign corporation which is authorized to transact business in Guam, or a name which is under reservation for another corporation.

SOURCE: CC § 459.

§ 8111. Rules and Regulations Applicable.

A professional corporation shall be subject to the applicable rules and regulations adopted by, and all the disciplinary powers of, the governmental agency regulating the profession in which such corporation is engaged. Nothing in this Chapter shall affect or impair the disciplinary powers of any such agency over licensed persons or any law, rule of regulation pertaining to the standards for professional conduct.

SOURCE: CC § 460.

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 8 PROFESSIONAL CORPORATIONS