


TENTH GUAM LEGISLATURE
1970 (SECOND) Regular Session

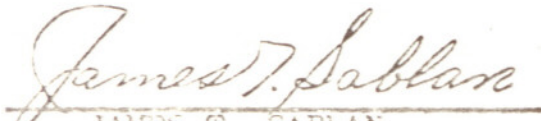
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This certifies that Bill No. 543, "An Act to add Chapter VII to Title I of Part IV, Division First, of the Civil Code of Guam to authorize professional corporations", was on the 7th day of July, 1970, duly and regularly passed.



JOAQUIN C. ARRIOLA
Speaker

ATTESTED:



JAMES T. SABLAN
Legislative Secretary

This Act was received by the Governor this 17th day
of July, 1970 at 4:07 o'clock P..M.

s/ Pedro D. Perez

PEDRO D. PEREZ - Acting
Secretary of Guam

APPROVED:

s/ Carlos G. Camacho
CARLOS G. CAMACHO
Governor of Guam

DATED: AUG 15 1970

3:00 P.M.

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TENTH GUAM LEGISLATURE
1970 (SECOND) Regular Session

Bill No. 543

Introduced by _____
G. M. Bamba

AN ACT TO ADD CHAPTER VII TO TITLE I
OF PART IV, DIVISION FIRST, OF THE CIVIL
CODE OF GUAM TO AUTHORIZE PROFESSIONAL
CORPORATIONS.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. A new Chapter VII is hereby added to Title I
3 of Part IV, Division First, of the Civil Code of Guam to
4 read as follows:

5 "CHAPTER VII

6 PROFESSIONAL CORPORATIONS

7 Section 450. Citation.

8 Section 451. Definitions.

9 Section 452. Application of Chapter.

10 Section 453. Application of General Corporation Law.

11 Section 454. Formation; Purposes; Articles; Necessity of
12 Registration Certificate.

13 Section 455. Rendition of Professional Services.

14 Section 456. Stock; Qualifications of Shareholders; Confi-
15 dential Financial Statements; Voting Trusts;
16 Proxies.

17 Section 457. Transfer of Shares; Purchase by Corporation.

18 Section 458. Suspension or Revocation of Registration Certi-
19 ficate; Grounds.

20 Section 459. Name.

21 Section 460. Rules and Regulations Applicable.

22 Section 450. Citation.

23 This title shall be known and may be cited as the
24 'Professional Corporation Act.'

25 Section 451. Definitions.

26 As used in this part:

1 (a) 'Professional services' means any type of
2 professional services which may be lawfully rendered
3 only pursuant to a license, certification or
4 registration authorized by the Business License Law.

5 (b) 'Professional corporation' means a corporation
6 organized under the General Corporation Law which
7 is engaged in rendering professional services in a
8 single profession pursuant to a certificate of regis-
9 tration issued by the governmental agency regulating
10 such profession as herein provided and which in its
11 practice or business designates itself as a pro-
12 fessional corporation.

13 (c) 'Licensed person' means any natural person who
14 is duly licensed under the provisions of the Business
15 License Law to render the same professional services
16 as are or will be rendered by the professional
17 corporation of which he is, or intends to become,
18 an officer, director, shareholder or employee.

19 (d) 'Disqualified person' means a licensed person
20 who for any reason becomes legally disqualified (tem-
21 porarily or permanently) to render the same professional
22 services which the particular professional corporation
23 of which he is an officer, director, shareholder or
24 employee is or was rendering.

25 Section 452. Application of Chapter.

26 This part shall not apply to any corporation now
27 in existence or hereafter organized which may lawfully
28 render professional services other than pursuant to
29 this Chapter, nor shall anything herein contained alter
30 or affect any right or privilege, whether under any
31 existing or future provision of the Business License Law
32 or otherwise, in terms permitting or not prohibiting

1 performance of professional services through the use
2 of any form of corporation permitted by the General
3 Corporation Law.

4 Section 453. Application of General Corporation Law.

5 The provisions of the General Corporation Law
6 shall apply to professional corporations, except where
7 such provisions are in conflict with or inconsistent
8 with the provisions of this Chapter. A professional
9 corporation which has only one shareholder need have
10 only one director who shall be such shareholder and
11 who shall also serve as the president and treasurer of
12 the corporation. The other officers of the corporation
13 in such situation need not be licensed persons. A pro-
14 fessional corporation which has only two shareholders
15 need have only two directors who shall be such
16 shareholders. The two shareholders between them
17 shall fill the offices of president, vice president,
18 secretary and treasurer.

19 Section 454. Formation; Purposes; Articles; Necessity
20 of Registration Certificate.

21 A corporation may be formed under the General
22 Corporation Law for the purposes of qualifying as a
23 professional corporation in the manner provided in this
24 Chapter and rendering professional services. The
25 articles of incorporation of a professional corporation
26 shall contain a specific statement that the corporation
27 is a professional corporation within the meaning of this
28 Chapter. No professional corporation shall render pro-
29 fessional services in Guam without a currently effective
30 certificate of registration issued by the governmental
31 agency regulating the profession in which such corpora-
32 tion is or proposes to be engaged, pursuant to the

1 applicable provisions of the Business License Law.

2 Section 455. Rendition of Professional Services.

3 Subject to the provisions of Section 13404, a pro-
4 fessional corporation may lawfully render professional
5 services, but only through employees who are licensed
6 persons. The corporation may employ persons not so li-
7 censed, but such persons shall not render any profession-
8 al services rendered or to be rendered by said corpora-
9 tion.

10 Section 456. Stock; Qualifications of Shareholders;
11 Confidential Financial Statements; Voting Trusts; Proxies.

12 Shares of capital stock in a professional corpora-
13 tion may be issued only to a licensed person, and any
14 shares issued in violation of this restriction shall be
15 void. Unless there is a public offering of securities
16 by a professional corporation, its financial statements
17 shall be confidential, except to the extent that such
18 statements shall be subject to subpoena in connection
19 with any judicial or administrative proceeding, and may
20 be admissible in evidence therein. No shareholder of a
21 professional corporation shall enter into a voting
22 trust, proxy, or any other arrangement vesting another
23 person (other than another licensed person who is a
24 shareholder of the same corporation) with the authority
25 to exercise the voting power of any or all of his shares,
26 and any such purported voting trust, proxy or other
27 arrangement shall be void.

28 Section 457. Transfer of Shares; Purchase by Corporation.

29 Shares in a professional corporation may be trans-
30 ferred only to a licensed person or to such professional
31 corporation, and any transfer in violation of this res-
32 triction shall be void.

1 A professional corporation may purchase its own
2 shares without regard to any restrictions provided
3 by law upon the repurchase of shares, if at least one
4 share remains issued and outstanding.

5 If the corporation shall fail to acquire all of the
6 shares of a disqualified or deceased shareholder, or if
7 the disqualified shareholder or the representative of
8 a deceased shareholder shall fail to transfer said
9 shares to the corporation or to a licensed person, within
10 ninety (90) days following the date of disqualification,
11 or within six (6) months following the date of death
12 of such shareholder, as the case may be, then the
13 certificate of registration of such corporation may be
14 suspended or revoked by the governmental agency regulat-
15 ing the profession in which such corporation is engaged.
16 In the event of such suspension or revocation such
17 corporation shall cease forthwith to render professional
18 services.

19 Section 458. Suspension or Revocation of Registration
20 Certificate; Grounds.

21 The following shall be grounds for the suspension
22 or revocation of the certificate of registration of a
23 professional corporation: (a) if all shareholders of
24 such corporation shall at any one time become disquali-
25 fied persons, or (b) if the sole shareholder shall
26 become a disqualified person, or (c) if such corporation
27 shall knowingly employ or retain in its employment
28 a disqualified person, or (d) if such corporation
29 shall violate any applicable rule or regulation adopted
30 by the governmental agency regulating the profession
31 in which such corporation is engaged, or (e) if such
32 corporation shall violate any statute applicable to a

1 professional corporation, or (f) any ground for such
2 suspension or revocation specified in the Business
3 License Law relating to the profession in which
4 such corporation is engaged. In the event of such
5 suspension or revocation of its certificate of
6 registration such corporation shall cease forthwith
7 to render professional services.

8 Section 459. Name.

9 A professional corporation may adopt any name
10 permitted by a law expressly applicable to the profes-
11 sion in which such corporation is engaged or by a rule
12 or regulation of the governmental agency regulating
13 such profession; provided, however, that such name
14 shall not be substantially the same as the name
15 of a domestic corporation, the name of a foreign cor-
16 poration which is authorized to transact business in
17 this state, or a name which is under reservation for
18 another corporation.

19 Section 460. Rules and Regulations Applicable.

20 A professional corporation shall be subject to the
21 applicable rules and regulations adopted by, and all
22 the disciplinary powers of, the governmental agency
23 regulating the profession in which such corporation
24 is engaged. Nothing in this Chapter shall affect or
25 impair the disciplinary powers of any such agency over
26 licensed persons or any law, rule or regulation per-
27 taining to the standards for professional conduct."