

BUSINESS CORPORATION ACT (EXCERPT)
Act 284 of 1972

***** 450.1286.amended THIS AMENDED SECTION IS EFFECTIVE JUNE 24, 2018 *****

450.1286.amended Persons required to sever employment with and financial interest in professional corporation; exception; failure to comply with section.

Sec. 286. (1) Subject to subsection (2), a person that is any of the following shall within a reasonable period sever all employment with and all direct and indirect financial interests in a professional corporation:

(a) An individual who is an officer, shareholder, agent, or employee of a professional corporation and who becomes legally disqualified with the result that the individual is not a licensed person in at least 1 of the professional services provided by the professional corporation.

(b) An individual who is an officer, shareholder, agent, or employee of a professional corporation, who accepts employment that under existing law restricts or limits his or her authority to continue providing professional services, and who is no longer authorized to provide at least 1 of the professional services provided by the professional corporation without those restrictions or limitations.

(c) A person that is an owner of an entity that is a shareholder of a professional corporation and that becomes legally disqualified with the result that the person is not a licensed person in at least 1 of the professional services provided by the professional corporation.

(d) A person that is an entity that is a shareholder of a professional corporation; that is itself licensed to provide 1 or more professional services; and that becomes legally disqualified with the result that it is not a licensed person in at least 1 of the professional services provided by the professional corporation.

(2) If a person described in subsection (1) regains status as a licensed person in 1 or more of the professional services provided by the professional corporation, or regains the legal ability to provide 1 or more of the professional services provided by the professional corporation, as applicable, within 90 days of the event that caused the loss of that status, the person is not required to sever employment with and financial interests in the professional corporation.

(3) A professional corporation's failure to require compliance with this section is grounds for the forfeiture of its articles of incorporation and its dissolution. If a professional corporation's failure to comply with this section is brought to the attention of the administrator, he or she shall notify the attorney general of the failure and the attorney general may take appropriate action to dissolve the professional corporation.

History: Add. 2012, Act 569, Imd. Eff. Jan. 2, 2013;—Am. 2018, Act 85, Eff. June 24, 2018.