

VIRGINIA ACTS OF ASSEMBLY -- 2002 SESSION

CHAPTER 77

An Act to amend and reenact §§ 13.1-544.1, 13.1-544.2, 13.1-551, and 13.1-552 of the Code of Virginia, relating to professional corporations.

[S 241]

Approved March 4, 2002

Be it enacted by the General Assembly of Virginia:

1. That §§ 13.1-544.1, 13.1-544.2, 13.1-551, and 13.1-552 of the Code of Virginia are amended and reenacted as follows:

§ 13.1-544.1. Use of initials "P.C." or "PC" in corporate name.

Any professional corporation as defined in ~~subdivision~~ *subsection B* of § 13.1-543 may, but is not required to, use the initials "P.C." ~~immediately after or "PC," or the phrase "professional corporation" or "a professional corporation," at the end of its corporate name; or such initials may, but are not required to, be contained in the corporate name.~~ *Such initials or phrase may be used in the place of any word or abbreviation required by subsection A of § 13.1-630, to indicate that such corporation is duly organized under, and subject to, the provisions of this chapter but shall not be considered in determining whether a corporate name is distinguishable upon the records of the Commission.*

§ 13.1-544.2. Certificate of authority for foreign professional corporations.

A. Notwithstanding any other provision of this chapter, a foreign professional corporation, organized under the laws of a jurisdiction other than the Commonwealth of Virginia to perform a professional service of the type defined in ~~subdivision~~ *subsection A* ~~1~~ of § 13.1-543, may apply for and obtain a certificate of authority to render such professional services in Virginia on the following terms and conditions:

1. Only stockholders and employees licensed or otherwise legally qualified by this Commonwealth may perform the professional service in Virginia.

2. The professional corporation must meet every requirement of this chapter except the requirement that all of its stockholders be licensed to perform the professional service in this Commonwealth.

3. The powers of any foreign professional corporation admitted under this section shall not exceed the powers permitted to domestic professional corporations under this chapter.

B. In order to qualify, a foreign professional corporation shall make application to the Commission as provided in § 13.1-759 and shall make such application for and secure a certificate of authority as may be required by § 13.1-549; and, in addition, shall be required to set forth the name and address of each stockholder of the corporation who will be providing the professional service in this Commonwealth and whether such stockholder is licensed, or otherwise legally qualified, to perform the professional service in Virginia.

§ 13.1-551. Disqualification of shareholder.

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 Commonwealth, he shall immediately sever all employment with, and financial interests in such corporation except that he may be a shareholder subject to the provisions of this chapter. 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~~ *the termination of its corporate existence* by the State Corporation Commission.

§ 13.1-552. Conversion into nonprofessional corporation; disposition of shares of deceased or disqualified shareholders.

~~(a)~~ A. A corporation under this chapter shall have perpetual existence until ~~dissolved~~ *its corporate existence is terminated* in accordance with other provisions of this title.

~~(b)~~ B. Whenever all shareholders of a corporation licensed under this chapter cease at any one time and for any reason to be licensed, certified or registered in the particular field of endeavor for which the corporation was organized, or by the vote of the holders of at least two-thirds of its outstanding capital stock ~~exclusive of treasury stock~~, the corporation thereupon shall be treated as converted into, and shall operate henceforth solely as, a corporation under applicable provisions of this title, exclusive of this chapter, but may be reconverted upon removal of the disability or by the vote of the holders of at least two-thirds of its outstanding capital stock ~~exclusive of treasury stock~~.

~~(c)~~ C. Within one year following the date of death of a shareholder, or his disqualification as hereinbefore provided, all of the shares of such shareholders shall be transferred to, and acquired by, the corporation or persons qualified to own the shares, if the provisions of subsection ~~(b)~~ B are inapplicable. If no other provision to accomplish this transfer and acquisition is in effect and carried out within this period, the corporation thereafter shall purchase and redeem all of the decedent shareholder's shares of

stock at book value, determined as of the end of the month immediately preceding death or disqualification. The book value shall be determined from the books and records of the corporation in accordance with the generally accepted accounting principles on the accrual method of accounting. No subsequent adjustment of this book value, whether by the corporation itself, by federal income tax audit made and agreed to, or by a court decision which has become final, shall alter the redemption price. Nothing contained in this section shall prevent the parties involved from making any other arrangement or provision in the corporate articles, bylaws, or by contract to transfer the shares of a (i) deceased or disqualified shareholder or (ii) disqualified charitable remainder trust to the corporation or to persons qualified to own the shares, whether made before or after (i) the death or disqualification of the shareholder or (ii) the disqualification of a charitable remainder trust, provided that within the one-year period herein specified all the stock involved shall have been so transferred.