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MICHIGAN STATE MEDICAL SOCIETY

Professional Corporations:

A licensed professional or group of licensed professionals may organize a professional corporation for pecuniary profit to render professional services in Michigan. Any officer, shareholder, agent, or employee of a Michigan professional corporation remains personally and fully liable for any negligent acts or misconduct committed by him, or by any person under his direct supervision and control, while rendering professional services on behalf of the corporation. The corporation is also liable up to the full value of its property for any negligent acts or misconduct committed by any of its officers, shareholders, agents, or employees while rendering professional services on behalf of the corporation.

A professional corporation may not engage in any business other than the rendering of professional services for which it was incorporated. No person may own stock in a professional corporation unless he is licensed to render the same professional services performed by the corporation. The Michigan Department of Licensing and Regulatory Affairs has taken the position that allopathic and osteopathic physicians and podiatrists may be shareholders in the same professional corporation. A shareholder of a professional corporation is also prohibited from assigning the voting rights of any or all of his stock in the professional corporation to another person unless that other person is licensed to render the professional services performed by the corporation.

If an officer, shareholder, agent, or employee of a professional corporation becomes legally disqualified to render professional services, the individual must sever all employment and financial interests in the corporation. A corporation's failure to comply with this requirement constitutes grounds for the forfeiture of its articles of incorporation and its dissolution. The provisions of the Michigan Business Corporation Act are also applicable to professional corporations to the extent that they do not conflict with the Professional Corporation Act.