

ACT 181

H.B. NO. 2980-82

A Bill for an Act Relating to Professional Corporations.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 416-147, Hawaii Revised Statutes, is amended to read as follows:

“§416-147 Transfer of shares. Shares in a professional corporation may be transferred only to a licensed person or, to the professional corporation, and any transfer in violation of this restriction shall be void[.]; provided that this section shall not prevent a professional from transferring part or all of such shares to a revocable living or inter-vivos trust with respect to which such professional:

- (1) Retains the unilateral right of revocation;
- (2) Is sole beneficiary during his lifetime; and
- (3) Is either a trustee or co-trustee or otherwise retains the right to direct the

trustee in all matters related to the corporation or its shares; but nothing in such trust nor in this section shall in any way diminish the liability of the professional with respect to the professional actions of the corporation.

A professional corporation may purchase and redeem its own shares without regard to any restrictions provided in this chapter upon the purchase and redemption of shares of its own stock by a corporation, if at least one share remains issued

and outstanding after such purchase and redemption.

If the corporation fails to acquire all of the shares of a disqualified or deceased shareholder, or if the disqualified shareholder or the representative of a deceased shareholder fails to transfer [said] the shares to the corporation or to a licensed person, within ninety 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 or order of appointment of the professional corporation may be suspended or revoked by the regulating board of the profession in which the corporation is engaged. In the event of such suspension or revocation the corporation shall cease forthwith to render professional services."

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved June 5, 1982.)