

BUSINESS CORPORATION ACT (EXCERPT)
Act 284 of 1972

450.1288 Issuance of capital stock; sale or transfer of shares; voting trust or other agreement; redemption or purchase of shares.

Sec. 288.

(1) A professional corporation shall not issue any of its capital stock to anyone other than a person that is eligible to be a shareholder of the professional corporation under section 283(2). The uniform securities act (2002), 2008 PA 551, MCL 451.2101 to 451.2703, does not apply to the issuance or transfer by a professional corporation of its capital stock.

(2) Shares of a professional corporation shall not be sold or transferred to anyone other than a person that is eligible to be a shareholder of the professional corporation under section 283(2); to the personal representative or estate of a deceased or legally incompetent shareholder; or to a trust or split interest trust in which the trustee and the current income beneficiary are each eligible to be a shareholder of the professional corporation under section 283(2). The personal representative or estate of the shareholder may continue to own shares for a reasonable period but is not authorized to participate in any decisions concerning the providing of professional service by the professional corporation.

(3) Except as permitted under subsection (2), a shareholder of a professional corporation shall not enter into a voting trust agreement or any other type agreement that vests another person with the authority to exercise the voting power of any or all of his or her stock, unless that other person is eligible to be a shareholder of the professional corporation under section 283(2).

(4) The articles of incorporation, bylaws, or a contract may provide specifically for additional restrictions on the transfer of shares and may provide for the redemption or purchase of the shares by the professional corporation or its shareholders at prices and in a manner specifically set forth in the articles, bylaws, or contract.

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