

Date of Hearing: April 7, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS

Marc Berman, Chair

AB 1939 (Flora) – As Introduced February 13, 2026

**NOTE:** This bill is double referred and if passed by this Committee will be re-referred to the Assembly Judiciary Committee.

**SUBJECT:** Professional fiduciaries: corporate practice.

**SUMMARY:** Authorizes professional fiduciaries, beginning January 1, 2028, to form professional fiduciary professional corporations, as specified.

**EXISTING LAW:**

- 1) Regulates and licenses professional fiduciaries under the Professional Fiduciaries Act. (Business and Professions Code (BPC) §§ 6500-6592)
- 2) Establishes the Professional Fiduciaries Bureau (PFB) within the Department of Consumer Affairs to administer and enforce the Professional Fiduciaries Act. (BPC § 6510)
- 3) Prohibits a person from acting or holding themselves out to the public as a professional fiduciary unless licensed as a professional fiduciary, except as specified. (BPC § 6530)
- 4) Defines a “professional fiduciary” as the following:
  - a) A person who acts as a guardian or conservator of the person, the estate, or the person and estate, for two or more individuals at the same time who are not related to the professional fiduciary or to each other. (BPC § 6501(f)(1)(A))
  - b) A personal representative of a decedent’s estate for two or more individuals at the same time who are not related to the professional fiduciary or to each other. (BPC § 6501(f)(1)(B), Probate Code (PROB) § 58(a))
  - c) A person who acts as a trustee, agent under a durable power of attorney for health care, or agent under a durable power of attorney for finances, for more than three individuals, at the same time. (BPC § 6501(f)(2))
- 5) Requires the PFB to maintain specified information in each licensee’s file and make the information available to a court for any purpose, as specified. (BPC § 6534)
- 6) Requires a licensee to initially, and annually thereafter, file with the PFB a statement under penalty of perjury containing specified case information. (BPC § 6561)
- 7) Authorizes the formation of professional corporations under the Moscone-Knox Professional Corporation Act. (Corporations Code (CORP) §§ 13400-13410)
- 8) Defines “professional services” as any type of professional services that may be lawfully rendered pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act. (CORP § 13401(a))

- 9) Defines “professional corporation” as a corporation that is engaged in rendering professional services in a single profession pursuant to a certificate of registration issued by the governmental agency regulating the profession as provided in the Moscone-Knox Professional Corporation Act and that in its practice or business designates itself as a professional or other corporation as may be required by statute. (CORP § 13401(b))
- 10) Prohibits a superior court from appointing a person to carry out the duties of a professional fiduciary, or permitting a person to continue those duties, unless the person holds a valid, unexpired, unsuspended license as a professional fiduciary, is exempt from the definition of “professional fiduciary,” or is exempt from the licensing requirements of Professional Fiduciaries Act. (PROB § 2340)
- 11) Authorizes an incapacitated professional fiduciary’s conservator, agent under a power of attorney for asset management, trustee, or interested person to petition the court for the appointment of a professional fiduciary practice administrator to take control of the incapacitated professional fiduciary’s files and matters, as specified. (PROB §§ 2469, 9765)

**THIS BILL:**

- 1) Authorizes, beginning January 1, 2028, the formation of professional fiduciary professional corporations as follows:
  - a) Authorizes one or more licensees to organize a professional fiduciary professional corporation to provide professional fiduciary services that require licensure under this chapter.
  - b) Specifies that the governmental agency designated for the Moscone-Knox Professional Corporation Act is the PFB.
  - c) Clarifies that the PFB may adopt, repeal, or amend regulations for professional fiduciary professional corporations.
  - d) Defines a professional fiduciary professional corporation as a corporation that is authorized to render professional services if that corporation and its shareholders, officers, directors, and employees rendering professional services who are licensed professional fiduciaries are in compliance with all statutes and regulations pertaining to the corporation and the conduct of its affairs.
  - e) Requires the following of a professional fiduciary professional corporation:
    - i) A professional fiduciary professional corporation shall register with the Secretary of State in accordance with the Corporations Code.
    - ii) The professional fiduciary professional corporation, its officers, directors, shareholders, and employees rendering professional fiduciary services shall comply with the Moscone-Knox Professional Corporation Act.
    - iii) Any individual providing professional fiduciary services on behalf of the corporation shall be a licensee actively licensed with the PFB to be considered a qualified person for the purposes of the Moscone-Knox Professional Corporation Act.

- iv) A licensee serving as an officer, director, shareholder, or employee of the corporation shall not be exempt from individual discipline for violations of this act, PFB regulations, or other applicable laws and regulations.
- v) Any income of the corporation attributable to professional services rendered while a shareholder is a disqualified person, as defined in the Moscone-Knox Professional Corporation Act, shall not accrue to the benefit of that shareholder or their shares in the corporation.
- vi) The professional fiduciary professional corporation shall not permit an unqualified person to serve as an officer, director, shareholder, or licensed employee.
- vii) A professional fiduciary professional corporation name shall contain the last name of at least one current or former qualified person.
- viii) The licensee or licensees named on the Secretary of State registration shall serve as the primary contact for the PFB.
- ix) A professional fiduciary professional corporation or agent of a fiduciary corporation shall not bill or impose any costs or fees to a client for incorporation or corporation name changes with the Secretary of State or on appointing documents or other records.
- f) Requires, upon request of the PFB, each professional fiduciary professional corporation to provide to the PFB a corporation-wide report consisting of all of the following information:
  - i) The full name, license number, address, and telephone number for any licensee contained in the name of the corporation.
  - ii) The full names and license numbers of all officers, directors, shareholders, and licensed employees of the corporation.
  - iii) The corporation entity number as issued by the Secretary of State and current statement of information filed with the Secretary of State.
  - iv) A client log containing all of the following:
    - (1) A list of all case names, whether the cases are court supervised or noncourt supervised, the date the corporation was appointed, and the responsible licensed professional fiduciary on the case.
    - (2) The court location and case number for each case that is supervised by a court.
    - (3) The aggregate managed asset value of all matters under the management of the corporation.
- g) Specifies that the corporation-wide report is an investigatory or security file that is compiled for licensing purposes that shall not be disclosed to the public pursuant to the California Public Records Act except in any of the following circumstances:

- (1) In the course of any disciplinary proceeding by the bureau after the filing of a formal accusation.
  - (2) In the course of any legal action to which the bureau is a party.
  - (3) In response to an official inquiry from a city, county, state, or federal agency.
  - (4) In response to a subpoena or summons enforceable by order of a court.
  - (5) When otherwise specifically required by law.
- h) Makes it unprofessional conduct for a professional fiduciary professional corporation to fail to submit the corporation-wide report within 60 days of the request, or to respond to an inquiry from the PFB related to the corporation within 60 days of the request.
- i) Specifies that if a professional fiduciary professional corporation is appointed in a matter that violates the Probate Code provisions added under this bill, then both of the following shall apply:
- i) The appointment of a professional fiduciary professional corporation in that matter shall be considered void and treated by the relevant jurisdiction as if no appointment was made.
  - ii) The professional fiduciary professional corporation shall do all of the following:
    - (1) Immediately resign the appointment.
    - (2) Notify the court or party that appointed the professional fiduciary professional corporation of the resignation.
    - (3) Cooperate with all efforts to have a successor appointed.
    - (4) Waive compensation for any services related to the resignation and the appointment of a successor.
- j) Makes it unprofessional conduct if the professional fiduciary corporation fails to resign the appointment.
- k) Prohibits a professional fiduciary professional corporation or agent of the professional fiduciary professional corporation from billing or imposing any costs or fees for any services performed or appointment changes while the professional fiduciary professional corporation is improperly named.
- l) Specifies that, for a matter that is not supervised by a court and not prohibited by the Probate Code created under this bill, a professional fiduciary professional corporation may serve only when a licensee is designated as the responsible person on the matter.
- 2) Makes the following conforming changes to the Professional Fiduciaries Act:
- a) Requires the PFB to set a fee for the implementation and regulation of professional fiduciary professional corporations by regulation.

- b) Specifies that the amount of the fee shall be at least \$1,000 but shall not exceed reasonable costs of implementing and regulating professional fiduciary professional corporations.
  - c) Requires the PFB to additionally include in its licensee files the following information:
    - i) Whether a professional fiduciary professional corporation for which the licensee is appointed with or serving under, has ever been removed for cause or has ever resigned or settled a matter for which a complaint against the professional fiduciary professional corporation or the licensee has been filed with the court.
    - ii) The case names, court locations, and case numbers for which a licensee is appointed with or serving under a professional fiduciary professional corporation.
    - iii) Whether the licensee is appointed with or serving under a professional fiduciary professional corporation, and the name of the professional fiduciary professional corporation.
  - d) Requires a licensee to additionally include in its annual case information filing with the PFB the following information:
    - i) Whether or not a professional fiduciary professional corporation, for which the licensee is appointed with or serving under, has been removed for cause. The licensee must report removals and file an additional statement of issues and facts pertaining to the case.
    - ii) Other specified cases involving a professional fiduciary professional corporation for which the licensee is appointed with or serving under.
    - iii) Indicate on each case, whether the licensee is serving with or under a professional fiduciary professional corporation and include the name of the corporation.
  - e) Adds to the list of causes for disciplinary action failure of a licensee to, in a timely manner, respond to inquiries or produce documents requested by the PFB, including inquiries and documents related to a professional fiduciary professional corporation.
- 3) Repeals the court appointment prohibitions under the Probate Code related to professional fiduciaries and replaces it with the following:
- a) Prohibits a superior court from appointing a professional fiduciary or a professional fiduciary professional corporation as a guardian, conservator, personal representative, or trustee, or permit a professional fiduciary or a professional fiduciary professional corporation to continue in any of those offices, unless the professional fiduciary or the professional fiduciary professional corporation satisfies any of the following:
    - i) Holds a current, unsuspended license issued pursuant to the Professional Fiduciaries Act to act or hold themselves out to the public as a professional fiduciary.
    - ii) Is exempt from the licensing requirements.

- iii) Unless exempt from licensing requirements, is a professional fiduciary professional corporation, organized as a professional corporation under the Moscone-Knox Professional Corporation Act and as provided for in the Professional Fiduciaries Act. When making this appointment, the petition and appointment must specify the licensed professional fiduciary having primary responsibility for the matter. A professional fiduciary professional corporation may not be appointed as any of the following:
    - (1) Guardian of the person of a ward.
    - (2) Conservator of the person of a conservatee.
    - (3) Any office under the Health Care Decisions Law.
  - b) Duplicates the prohibition that a person may not act or hold themselves out to the public as a professional fiduciary unless they are licensed as a professional fiduciary.
- 4) Makes other technical and conforming changes.

**FISCAL EFFECT:** Unknown; this bill is keyed fiscal by the Legislative Counsel.

**COMMENTS:**

**Purpose.** This bill is sponsored by the *Professional Fiduciary Association of California*. According to the author, “[This bill] protects consumers first, by requiring the members of a professional fiduciary professional corporation to possess a license, second, by prescribing requirements and regulations for those corporations to provide fiduciary services, and third, by requiring the entities to comply with the requirements of the Moscone Knox Professional Corporations Act.”

**Background.** The word “fiduciary” is a term of art used to describe a person who is entrusted to act in the best interest of another person or entity (the principal). A fiduciary often acts as an agent or representative, making financial, legal, healthcare, or other decisions that are typically made by the principal directly. That trust comes with the highest level of legal responsibility. Legally, a fiduciary’s duties are loyalty and care—they are expected to put the principal’s interests above their own.

Many licensed professionals act as fiduciaries for their clients, such as attorneys, accountants, and real estate agents. There are also unlicensed people or entities with fiduciary duties, such as corporate officers and directors, financial advisors, trustees, and court appointed conservators and guardians.

The level of trust and confidence placed in a fiduciary leaves the principal vulnerable to significant harm from fraud or incompetence. Because fiduciaries are treated as if the principal were making the decision, they have nearly unrestricted control over legal and financial instruments like bank accounts, investments, and contracts. Improper medical or home care can also result in injury or death.

For licensed professionals, clients are directly protected by the professional conduct requirements required of the licensee by their respective practice acts and licensing entities. For

unlicensed fiduciaries, principals rely on indirect protections and expectations that come with familial relationships or employer-employee, shareholder, or other business obligations. However, there are fewer indirect protections for principals utilizing a fiduciary who is not a family member or an integral part of a business organization.

The Professional Fiduciaries Act aims to provide professional licensing protection for the latter principals. The act requires a license issued by the PFB when acting as a “professional fiduciary,” which is defined to mean a person who acts as a fiduciary for more than one principal who they are not related to. The minimum number of principals increases to three or four depending on the type of fiduciary service provided.

*Corporations and Licensed Practice.* Except in specifically authorized situations, corporations and limited liability companies (LLCs) are not authorized to obtain a professional license. Corporations and LLCs are distinct entities with their own business assets. This structure shields the personal assets of their owners, officers, and shareholders. This corporate shield is antithetical to the professional conduct and competence requirements of a license. Professional licensing laws are intended to protect consumers by ensuring individual accountability and liability.

Licensing practice acts that do authorize the issuance of licenses directly to corporations and LLCs, such as the Contractors State License Law, reconcile this conflict by requiring designated qualified managers and financial protections such as liability insurance or surety bonds. This ensures that there is at least one responsible individual and there are financial remedies for consumers.

For practice acts that do not authorize corporations to hold licenses but otherwise authorize corporate practice of the profession, licensees may form a specific type of corporation called a “professional corporation” under the Moscone-Knox Professional Corporation Act. Instead Moscone-Knox limits professional corporations to a single profession, restricts ownership and control to authorized licensees, and authorizes services only through employees who are licensed to provide the services. This ensures the appropriate licensing board can effectively pierce the corporate shield in the event of malpractice or incompetence.

*Professional Fiduciary Professional Corporations.* The Professional Fiduciaries Act does not authorize corporations to provide professional fiduciary services. However, according to the sponsor, there are still situations in which unlicensed corporate entities have been designated as professional fiduciaries. One example provided results from a grey area in the Probate Code regarding trusts. Currently, there is no explicit restriction on the person or entity a testator may name as successor trustee in their will. The appointed trustee is simply determined by the testator’s stated wishes as opposed to a court appointment. As a result, the testator may name any entity as a trustee, regardless of the licensing status of the members of that entity.

This bill attempts to address the problem by creating a legal pathway for professional fiduciary corporations and reinforcing the prohibition against unlicensed corporate fiduciary practice. It does so by authorizing licensees to form professional fiduciary corporations under the Professional Fiduciaries Act and Moscone-Knox and explicitly limiting the corporate provision of professional fiduciary services to professional fiduciary professional corporations. It also includes additional transparency measures, including reporting and disclosure requirements.

**Prior Related Legislation.** AB 586 (Flora) of 2025 was substantially similar to this bill except that it did not contain the delayed implementation date, fees, and other technical details. *AB 586 was held on the Senate Appropriations Committee suspense file.*

AB 2148 (Low) of 2024 was similar to this bill except that it would have required the PFB to issue a certificate of registration to professional fiduciary corporations. *AB 2148 was held on the Senate Appropriations Committee suspense file.*

SB 1550 (Figueroa), Chapter 491, Statutes of 2006, first established the Professional Fiduciaries Act under the Board of Professional Fiduciaries.

### **ARGUMENTS IN SUPPORT:**

The *Professional Fiduciary Association of California* (sponsor) writes in support:

[This bill] authorizes the court to appoint a professional fiduciary professional corporation to serve in a professional fiduciary capacity including as guardian of an estate, conservator of an estate, personal representative of a decedent's estate, trustee of a trust.

The legislation also prohibits a professional fiduciary professional corporation from being appointed as a guardian of the person of a ward or conservator of the person of a conservatee and from serving as agent under a health care power of attorney.

The bill protects consumers of these services by requiring the members of the corporation to possess a license and requiring that the entities comply with the Moscone Knox Professional Corporations Act.

### **ARGUMENTS IN OPPOSITION:**

There is no opposition on file.

### **IMPLEMENTATION ISSUES:**

*Untethered Fee.* This bill requires the PFB to establish a fee for the implementation of the professional fiduciary professional corporation provisions under this bill but there is no license, act, or other trigger tied to the fee. If this bill passes this Committee, the author may wish to identify the associated workload or delete the fee.

### **REGISTERED SUPPORT:**

Professional Fiduciary Association of California (sponsor)

### **REGISTERED OPPOSITION:**

There is no opposition on file.

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