

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
AB 1939 (Flora) – As Introduced February 13, 2026

PROPOSED CONSENT

SUBJECT: PROFESSIONAL FIDUCIARIES: CORPORATE PRACTICE

KEY ISSUE: SHOULD CALIFORNIA LAW BE AMENDED TO AUTHORIZE LICENSED PROFESSIONAL FIDUCIARIES TO ORGANIZE AND OPERATE AS PROFESSIONAL FIDUCIARY CORPORATIONS, THEREBY ALLOWING SUCH ENTITIES TO BE APPOINTED BY A COURT TO SERVE IN REPRESENTATIVE ROLES SUCH AS GUARDIAN, CONSERVATOR, TRUSTEE, OR PERSONAL REPRESENTATIVE?

SYNOPSIS

Although the Probate Code does not expressly authorize the courts to appoint professional fiduciary organizations in representative capacities, courts have nonetheless approved petitions seeking the appointment of entities as opposed to an individual professional. Seeking to modernize California’s professional fiduciary framework, last year AB 586 (Flora, 2025) was introduced authorizing the formation and regulation of professional fiduciary corporations. That bill, passed out of the Assembly with zero “no” votes before being held on the Senate Appropriations suspense file.

Building on AB 586, this bill seeks to modernize the legal framework governing professional fiduciaries by aligning statutory authority with current practices, codifying safeguards to ensure that only licensed professionals may render fiduciary services under a corporate structure and facilitating court appointments of such corporations in appropriate circumstances. This bill is sponsored by the Professional Fiduciary Association of California. There is no registered opposition and was approved by the Assembly Committee on Business and Professions on consent.

SUMMARY: Authorizes licensed fiduciaries to organize professional fiduciary professional corporations under the Professional Fiduciaries Act. Specifically, **this bill:**

- 1) Authorizes one or more licensees to organize a professional fiduciary professional corporation to provide professional fiduciary services that require licensure under this chapter.
- 2) Designates the Professional Fiduciaries Bureau (PFB) as the governmental agency regulating professional fiduciary corporations for purposes of the Moscone-Knox Professional Corporation Act.
- 3) Authorizes the PFB to adopt, repeal, or amend regulations for professional fiduciary professional corporations.
- 4) 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.

- 5) Requires the professional fiduciary professional corporation, its officers, directors, shareholders, and employees rendering professional fiduciary services to comply with the Moscone-Knox Professional Corporation Act.
- 6) Requires any individual providing professional fiduciary services on behalf of the corporation to be a licensee actively licensed with the PFB to be considered a qualified person for the purposes of the Moscone-Knox Professional Corporation Act.
- 7) Specifies that 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.
- 8) Specifies that 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.
- 9) Requires each professional fiduciary corporation to provide to the PFB, a corporation-wide report consisting of all of the following information:
 - a) The full name, license number, address, and telephone number for any licensee contained in the name of the corporation.
 - b) The full names and license numbers of all officers, directors, shareholders, and licensed employees of the corporation.
 - c) The corporation entity number as issued by the Secretary of State and current statement of information filed with the Secretary of State.
 - d) A client log containing all of the following:
 - i) 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.
 - ii) The court location and case number for each case that is supervised by a court.
 - iii) The aggregate managed asset value of all matters under the management of the corporation.
- 10) Specifies that the corporation-wide report is an investigatory or security file that is compiled for licensing purposes that is not to be disclosed to the public pursuant to the California Public Records Act except in any of the following circumstances:
 - a) In the course of any disciplinary proceeding by the PFB after the filing of a formal accusation.

- b) In the course of any legal action to which the PFB is a party.
 - c) In response to an official inquiry from a city, county, state, or federal agency.
 - d) In response to a subpoena or summons enforceable by order of a court.
 - e) When otherwise specifically required by law.
- 11) Specifies that the failure of a registrant of a professional fiduciary corporation 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, is to be considered unprofessional conduct.
- 12) 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:
- a) 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.
 - b) The professional fiduciary professional corporation shall do all of the following:
 - i) Immediately resign the appointment.
 - ii) Notify the court or party that appointed the professional fiduciary professional corporation of the resignation.
 - iii) Cooperate with all efforts to have a successor appointed.
 - iv) Waive compensation for any services related to the resignation and the appointment of a successor.
- 13) Makes it unprofessional conduct if the professional fiduciary corporation fails to resign the appointment.
- 14) 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.
- 15) 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.
- 16) 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.
- 17) 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.

18) Makes other technical and conforming changes.

EXISTING LAW:

- 1) Regulates and licenses professional fiduciaries under the Professional Fiduciaries Act. (Business & Professions Code Sections 6500-6592.)
- 2) Establishes the Professional Fiduciaries Board (PFB) within the Department of Consumer Affairs to administer and enforce the Professional Fiduciaries Act. (Business & Professions Code Section 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. (Business & Professions Code Section 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. (Business & Professions Code Section 6501 (f)(1)(A).)
 - b) A personal representative of a decedent’s estate, as defined in the Probate Code, for two or more individuals at the same time who are not related to the professional fiduciary or to each other. (Business & Professions Code 6501 (f)(1)(B) and Probate Code Section 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. (Business & Professions Code Section 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. (Business & Professions Code Section 6534.)

- 6) Requires a licensee to initially, and annually thereafter, file with the PFB a statement under penalty of perjury containing specified case information. (Business & Professions Code Section 6561.)
- 7) 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. (Corporations Code Section 13401 (a).)
- 8) 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. (Corporations Code Section 13401 (b).)
- 9) Authorizes the formation of professional corporations under the Moscone-Knox Professional Corporation Act. (Corporations Code Section 13400-13410.)
- 10) Prohibits a superior court from appointing a person to carry out the duties of a professional fiduciary, or permit 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 the Professional Fiduciaries Act. (Probate Code Section 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. (Probate Code Sections 2469 & 9765.)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: This bill seeks to modernize the legal framework governing professional fiduciaries by aligning statutory authority with current practices, codifying safeguards to ensure that only licensed professionals may render fiduciary services under a corporate structure and facilitating court appointments of such corporations in appropriate circumstances. As explained by the author:

AB 1939 expressly authorizes licensed professional fiduciaries, like other professionals, to form a professional corporation that could be appointed by the court to act as a guardian of an estate, conservator of an estate, personal representative of a decedent’s estate, or trustee of a trust.

Most importantly, the bill protects consumers of these services, first, by requiring the members of the 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. Fiduciaries are entrusted with significant legal and ethical responsibilities, managing the affairs of individuals who may lack capacity or have delegated authority to act on their behalf. When these duties are performed for compensation, the law recognizes the actor as a “professional fiduciary.” Under the Professional Fiduciaries Act (Business & Profession Code Section 6500 *et seq.*), individuals serving as conservators, guardians, trustees, personal representatives of decedents’ estates, or agents under durable power of attorney must be licensed by the Professional Fiduciaries Bureau (PFB), a regulatory body within the Department of Consumer Affairs. Licensure requirements ensure that fiduciaries meet minimum standards of competency and accountability to protect the public, especially vulnerable individuals such as the elderly and those with diminished capacity.

Need for the bill. Current law restricts fiduciary licensure to natural persons. As a result, corporations and other legal entities are categorically ineligible to obtain a license under the Act. Because a valid license is required to legally provide professional fiduciary services, the inability of entities to be licensed has had the practical effect of barring them from lawfully offering such services—at least where the fiduciary is appointed by a court. (Probate Code Section 2340.) Existing statutory language prohibits courts from appointing a fiduciary in a representative capacity unless the person holds a current, unsuspended license issued by the Bureau, unless they are otherwise exempt. (*Id.*) While “person” can sometimes include corporate entities under California law, the Professional Fiduciaries Act does not extend its licensing authority to business organizations. Accordingly, only individuals may obtain licensure, even though professional corporations are already permitted in other regulated professions, such as law, medicine, and accountancy, under the Moscone-Knox Professional Corporation Act. (Corporations Code Section 13400 *et seq.*)

Despite the existing statutory framework, the practical reality is more complex. According to the bill’s sponsor, professional fiduciary organizations are currently operating under names that suggest corporate structure, and courts have, at times, approved petitions appointing such entities to fiduciary roles. This incongruity between the statutory licensing scheme and real-world practice creates uncertainty for courts, fiduciaries, clients, and beneficiaries alike.

This bill aims to resolve this tension by explicitly authorizing licensed professional fiduciaries to form professional fiduciary corporations under the Moscone-Knox framework. The bill ensures that only licensed fiduciaries may serve as shareholders, officers, directors, and employees of such corporations. It further requires individual licensees to report their corporate affiliation to the PFB, thereby promoting regulatory oversight and accountability.

By expressly authorizing courts to appoint professional fiduciary corporations in representative roles—guardian, conservator, personal representative, or trustee—this bill conforms the law to existing judicial practice and recognizes the evolving nature of fiduciary service delivery.

ARGUMENTS IN SUPPORT: The bill’s sponsor, the Professional Fiduciary Association of California, explains the need for this measure:

The measure allows licensed professional fiduciaries to form professional corporations, and subjects those entities to consumer protection requirements and oversight.

AB 1939 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.

REGISTERED SUPPORT / OPPOSITION:

Support

Professional Fiduciary Association of California (sponsor)

Opposition

None on file

Analysis Prepared by: Griff Ryan-Roberts / JUD. / (916) 319-2334