



- 5) Requires the Bureau to maintain specified information in each licensee's file, make the information available to a court for any purpose and keep the information confidential, with exceptions. (BPC § 6534)
- 6) Requires a licensee to annually file, under penalty of perjury, a statement that includes:
  - a) The licensee's business address, telephone number, and facsimile number.
  - b) Whether or not the licensee has been removed for cause as a conservator, guardian, trustee, personal representative of a decedent's estate, agent under a durable power of attorney for health care, agent under a durable power of attorney for finances, or a position arising from appointment as a professional fiduciary practice administrator.
  - c) The names of the licensee's current conservatees, wards, principals under a durable power of attorney for health care, or principals under a durable power of attorney for finances, and the names of trusts and decedent's estates currently administered by the licensee, whether the cases are court supervised or non-court supervised, and including court names, court locations, and case numbers where applicable.
  - d) The case names, court locations, and case numbers of all conservatorship, guardianship, trust and other estate administration cases that are closed for which the licensee served as the conservator, guardian, trustee, agent under a durable power of attorney for finance or health care, and personal representative of a decedent's estate, whether the case is court supervised or non-court supervised.
  - e) Whether the licensee has been found by a court to have breached a fiduciary duty.
  - f) Whether the licensee has resigned or settled a matter in which a complaint against the licensee has been filed with the court, along with the case number and a statement of the issues and facts pertaining to the allegations.
  - g) Any licenses or professional certificates held by the licensee.
  - h) Any ownership or beneficial interests in businesses or other enterprises held by the licensee or by a family member that receives or has received payments from a client of the licensee.
  - i) Whether the licensee has filed for bankruptcy or held a controlling financial interest in a business that filed for bankruptcy in the last ten years.
  - j) The name of any persons or entities that have an interest in the licensee's professional fiduciary business.

- k) Whether the licensee has been convicted of a crime.
- 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 BPC, 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) Defines “professional fiduciary as a person who is licensed by the Bureau as a fiduciary and prohibits an unlicensed person from holding themselves out to be a licensed fiduciary. (PROB § 60.1)
  - 11) Establishes requirements pertaining to nomination and appointment non-relative legal guardianships. (PROB §§ 1500 et seq.)
  - 12) Establishes requirement pertaining to appointment of conservators for a person who is unable to provide properly for his or her personal needs for physical health, food, clothing, or shelter, except as specified. (PROB §§180, et seq.)
  - 13) 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 Act. (PROB § 2340)
  - 14) Establishes the Health Care Decisions Law to regulate how decisions made by a patient or the patient’s agent, conservator, or surrogate applies to health care decisions for adults who lack capacity to make health care decisions for themselves. (PROB § 4600 et seq.)

**This bill:**

- 1) Expands the information PFB is required to maintain in each licensee’s file, makes available to a court for any purpose, and makes available to the public.
- 2) Authorizes one or more licensees may organize a professional fiduciary professional corporation to provide professional fiduciary services that require licensure, effective January 1, 2029.
- 3) Defines a professional fiduciary professional corporation as a corporation that is authorized to render professional services, as defined in CORP § 13401, if that corporation and its shareholders, officers, directors, and employees rendering

professional services who are licensed professional fiduciaries are in compliance with the Moscone-Knox Professional Corporation Act. Requires the PFB to issue a certificate of registration to the applicant that meets all requirements for registration of the Moscone-Knox Professional Corporation Act and the Professional Fiduciaries Act. Requires each professional fiduciary professional corporation to renew its registration on an annual basis.

- 4) Requires a licensee to initially, and annually thereafter, to file with the Bureau, a statement under penalty of perjury whether or not a professional fiduciary professional corporation, for which the licensee is appointed with or serving under, has been removed for cause. Requires the licensee to report removals and file an additional statement of issues and facts pertaining to the case. Requires the licensee to indicate on each case whether the licensee is serving with or under a professional fiduciary professional corporation and include the name of the corporation.
- 5) Provides that failure of a licensee to respond to inquiries or produce documents requested by the bureau, including inquiries and documents related to a professional fiduciary professional corporation within 60 days of the request is cause for disciplinary action.
- 6) Authorizes the PFB to set a fee for registration and annual renewal of professional fiduciary professional corporations. Requires the fee to be a minimum of \$1,000.
- 7) Establishes requirements applicable to a professional fiduciary professional corporation (corporation), including:
  - a) Registration with the Secretary of State (SOS).
  - b) The corporation, its officers, directors, shareholders, and employees rendering professional fiduciary services must comply with the Moscone-Knox Professional Corporation Act.
  - c) Any individual providing professional fiduciary services on behalf of the corporation shall be a licensee actively licensed with the PFB.
  - d) A licensee serving as an officer, director, shareholder, or employee of the corporation is not exempt from individual discipline for violations of the Professional Fiduciaries Act, bureau regulations, or other applicable laws.
  - e) Any income of the corporation attributable to professional services rendered while a shareholder is a disqualified person, as defined in CORP § 13401, does not accrue to the benefit of that shareholder or their shares in the corporation.
  - f) The corporation is prohibited from permitting an unqualified person to serve as an officer, director, shareholder, or licensed employee.
  - g) The licensee or licensees named on the SOS registration must serve as the PFB's primary contact.

- i) A corporation or its agent is prohibited from imposing costs or fees to a client for incorporation or corporation name changes with the SOS or on appointing documents or other records.
- 8) Requires a registrant to provide specified information to PFB in the form of a corporation-wide report upon request and establishes that failure to do so within 60 days of the request is considered unprofessional conduct.
- 9) Requires a professional fiduciary professional corporation to take specified actions if appointed in a matter in violation of 12) below, including:
  - a) Immediately resign the appointment.
  - b) Notify the court or party that appointed the professional fiduciary professional corporation of the resignation.
  - c) Cooperate with all efforts to have a successor appointed.
  - d) Waive compensation for any services related to the resignation and the appointment of a successor.
- 10) Prohibits a registered fiduciary corporation from billing or imposing costs for services performed while improperly named in violation of 12) below and states failure of a registrant to resign is considered unprofessional conduct.
- 11) Defines “Professional fiduciary professional corporation” in the Probate Code.
- 12) Prohibits a superior court from appointing a professional fiduciary or a professional fiduciary professional corporation (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 corporation: 1) holds a current, unsuspended license issued by the PFB; 2) is exempt from licensure; or 3) is a corporation registered with PFB, which is prohibited from being appointed as a guardian, conservator, or in a position to make health care decisions.
- 13) Makes technical amendments throughout the Probate Code.

**FISCAL EFFECT:** This bill is keyed as fiscal by Legislative Counsel. According to the Assembly Committee on Appropriations, the Bureau estimates ongoing costs of \$79,000 in fiscal year (FY) 2028-29, \$256,000 in FY 2029-30, and \$358,000 in FY 2030-31 and ongoing for 1.5 additional staff positions to implement the program and investigate violation complaints, including referrals to the Attorney General’s Office. This estimate assumes at least 100 applicants in years one and two and 15 in each of the next four years and between 30 to 40 complaints against licensed corporations beginning in year three and ongoing. The Bureau assumes approximately 50% of complaints may be referred to the AG’s Office. The 2025 budget act provides approximately \$1.12 million and 4.5 positions to support the continued operation of the Bureau’s licensing and enforcement activities. Boards and bureaus within DCA are “special funded,” meaning they derive their funding from fees charged to licensees. The

Bureau notes the \$1,000 fee required in the bill to implement and regulate professional fiduciary corporations appears to be a one-time registration fee (as there is no license renewal or ongoing fee language in the bill) and may be insufficient to support ongoing program costs. The Bureau must establish a fee via regulations prior to implementation, a process that will take approximately 12 to 24 months to complete and up to 15% of staff time. Additionally, the Bureau must update various existing forms and provide outreach on the new registrants. The Bureau indicates this workload is absorbable within existing resources. The Office of Information Services (OIS) within DCA reports one-time IT costs of approximately \$50,000 to add a new registration type and to allow Bureau licensees to be associated with the corporate registrations. OIS presumes this will be a one-time payment and the registration type will have low complexity. OIS indicates delayed implementation is required to get the IT work completed after regulations are finished. The office indicates these costs are absorbable through the redirection of existing resources.

#### COMMENTS:

1. **Purpose.** This bill is sponsored by the Professional Fiduciary Association of California. The Author states, "AB 1939 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."
2. **Background.** Generally, fiduciaries are individuals who are granted another individual's confidence and trust. Those who are paid to handle fiduciary duties for clients, such as conservators, guardians, trustees, personal representatives of a decedent's estate, and agents under durable power of attorney, are considered professional fiduciaries and require a license issued by the Bureau. As of June 30, 2025, there were 891 active fiduciary licensees.

Because a license is required to provide professional fiduciary services, and corporations and other business entities are not able to obtain a license under existing law, corporations and other business entities are prohibited from providing professional services unless specifically authorized.

According to the sponsor, there are situations in which unlicensed corporate entities can be designated as professional fiduciaries. For example, the Probate Code is silent as to who may be named as successor trustee in the context of a trust, where the trustee's appointment is determined by the testator's stated wishes as opposed to a court appointment. Therefore, there is no restriction on the entity the testator may name as a trustee, regardless of the license status of the members of that entity. In other cases, the court may appoint a fiduciary who is not eligible for appointment, but because the Bureau does not have jurisdiction over courts, these appointments cannot be addressed to bring licensees in compliance with the Act.

This bill attempts to address the gap in law by authorizing the formation of professional fiduciary corporations under the Moscone-Knox Professional Corporation Act, specifically prohibiting corporations and other business entities from acting as professional fiduciaries unless registered with the PFB.

*Consumer protection provisions added by this bill.* A recent online article accused the PFB of failing to protect consumers who were victims of a fiduciary who was eventually arrested for stealing \$2.5 million of her clients' funds. However, the article did not report that after enforcement action was taken by the Bureau, courts appointed the subject fiduciary multiple times, which enabled her to continue taking advantage of clients. This is a practice that compromises PFB's ability to meet its consumer protection mandate because courts and judges do not fall within the PFB's jurisdiction. When a judge appoints a fiduciary who has had their license disciplined by the PFB or their license is not current, the Bureau is unable to act under current law.

This bill would require licensed fiduciaries to take specific steps when they are appointed by a court in a manner that is inconsistent with existing law, including immediately resigning from the appointment, notifying the court of the or party who made the appointment, cooperate with efforts to have a successor appointed, and waive compensation for any services. Additionally, this bill would prohibit fiduciary corporations from accepting appointments to act as a guardian, conservator, or act in the capacity of making health care decisions of an individual.

By placing the responsibility for compliance on the fiduciary licensee rather than relying solely on the judges or the courts, this bill would bring compliance with appointment requirements under the Bureau's jurisdiction and allow the Bureau to play a greater role in protecting consumers from negligent or fraudulent fiduciaries who are appointed to represent them.

*Previous attempts to address this issue.* AB 2148 (Low of 2024) was introduced to address this gap in statute by proposing a corporation license to be issued by the Bureau. That bill was held under submission in the Senate Committee on Appropriations due to the cost of implementing a new license.

AB 586 (Flora of 2025) would have instead brought fiduciary corporations into the Bureau's enforcement jurisdiction without the cost of creating a new license by requiring all shareholders, officers, directors, and employees rendering professional services to be licensed as a fiduciary and to submit a report upon Bureau request to establish who is working as a fiduciary on behalf of the corporation. AB 586 was also held in Appropriations due to unabsorbable workload as a result of processing reports, increased complaint volume and complexity, promulgating regulations, and required IT changes.

The Bureau is one of the smallest licensing entities within DCA at three authorized staff positions. Consequently, any new workload created by legislation has a high likelihood of not being absorbable with existing resources. Unlike the predecessor bills, this bill authorizes the Bureau to charge a fee to the fiduciary corporations, which would offset the new workload by allowing the Bureau to obtain personnel resources needed to implement and carry out the provisions of this legislation.

*June Amendments.* Among the substantive recent amendments, the bill now adds a delayed implementation date that would allow DCA's Office of Information Services to create a new registration type in PFB's licensing system, as well as time to promulgate regulations to adopt fees that would stand up the registration program

for fiduciary corporations. Additionally, the fees are amended to reflect initial and renewal fees that are required to support a special fund program such as PFB. All other amendments are technical and clarifying.

3. **Related Legislation.** AB 586 (Flora of 2025) would have authorized licensed professional fiduciaries to form professional corporations in compliance with the Moscone-Knox Corporation Act; required licensees to notify the PFB if serving under a professional fiduciary corporation and submit an annual report, as specified; clarified who a superior court may appoint to specified fiduciary positions; required fiduciary licensees to resign an appointment made in violation of existing law; and prohibited a licensee from accepting payment for services rendered under that appointment. (Status: *This bill was held under submission in the Senate Committee on Appropriations.*)

AB 2148 (Low of 2024) would have established a professional fiduciary corporate registration administered by the Bureau and made it a violation for a corporation to render professional fiduciary services without being registered. (Status: *This bill was held under submission in the Senate Committee on Appropriations.*)

4. **Arguments in Support.** The Professional Fiduciary Association of California writes, “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.”

#### **SUPPORT AND OPPOSITION:**

##### Support:

Professional Fiduciary Association of California

##### Opposition:

None received

-- END --