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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 586 (Flora) - Professional fiduciaries

**Version:** August 18, 2025

**Policy Vote:** B., P. & E.D. 10 - 0, JUD. 13  
- 0

**Urgency:** No

**Mandate:** Yes

**Hearing Date:** August 25, 2025

**Consultant:** Janelle Miyashiro

**Bill Summary:** AB 586 authorizes one or more professional fiduciary licensees to form a professional fiduciary professional corporation if specified conditions are met.

**Fiscal Impact:** The Professional Fiduciaries Bureau reports:

- Total costs of \$200,000 in Fiscal Year (FY) 2027-28 and \$192,000 in FY 2028-29 and annually ongoing for additional enforcement resources to address an anticipated increase in the volume and complexity of complaint review and civil and criminal investigations (Professional Fiduciary Fund). These costs are not anticipated to be absorbable.
- One-time cost of approximately \$31,000 to the Department of Consumer Affairs Office of Information Services to update codes and make other IT changes, which is anticipated to be absorbable within existing resources.
- One-time absorbable costs to promulgate regulations.

**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.

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.

### Proposed Law:

- Authorizes licensed professional fiduciaries to organize professional fiduciary corporations to provide professional fiduciary services under the Moscone-Knox Professional Corporation Act (Moscone-Knox). Establishes each of the following requirements apply to a professional fiduciary corporation:
  - The corporation must register with the Secretary of State (SOS) and comply with Moscone-Knox.
  - Any individual providing professional fiduciary services on behalf of the corporation must be actively licensed with the bureau.
  - Subjects any licensee serving as an officer, director, shareholder, or employee of the corporation to individual discipline for violations of the

- Professional Fiduciaries Act, bureau regulations, or other applicable laws and regulations.
  - Prohibits any income of the corporation attributable to professional services rendered while a shareholder is a disqualified person from accruing to the benefit of that shareholder or their shares in the corporation.
  - Prohibits an unqualified person from serving as an officer, director, or shareholder of the corporation.
  - Requires the corporation name to contain the last name and at least one current or former qualified person.
  - Requires named licensee(s) to serve as the primary contact for the bureau.
  - Prohibits a corporation or agency of a fiduciary corporation from billing or imposing any costs or fees to a client for incorporation or corporation name changes with the SOS or on appointing documents or other records.
- Authorizes the bureau to promulgate regulations for professional fiduciary professional corporations in accordance with the provisions of the Administrative Procedure Act.
  - Upon request, requires each corporation to provide the bureau a corporation-wide report consisting of specified information, including:
    - The name, license number, address and telephone number of any licensee contained in the name of the corporation and all officers, directors, shareholders, and licensed employees of the corporation.
    - The corporation entity number issued by the SOS and current statement of information filed with the SOS.
    - A client log containing a list of call case names and details, court location and case number for each case supervised by a court, and the aggregate managed asset value of all matters under the management of the corporation.
  - Provides the corporation-wide report is an investigatory or security file that is compiled for licensing purposes except for specified circumstances such as in disciplinary proceedings by the bureau, legal action, official inquiry from a government agency, subpoena or summons, or when otherwise specially required by law.
  - Provides that failure for a corporation to submit the corporation-wide report or respond to an inquiry from the bureau within 60 days of the request or inquiry is considered unprofessional conduct and ground for disciplinary action by the bureau.
  - Prohibits a superior court from appointing a professional fiduciary or professional fiduciary corporation as a guardian, conservator, personal representative, or trustee, or allowing a professional fiduciary or professional fiduciary corporation to continue in any of those offices, unless the professional fiduciary or professional fiduciary corporation satisfies any of the following:
    - Holds a current, unsuspended license as a professional fiduciary to act or hold themselves out to the public as a professional fiduciary.
    - Is exempt from the licensing requirements for professional fiduciaries.
    - Is a professional fiduciary professional corporation, organized as a professional corporation under Moscone-Knox.

- Prohibits a professional fiduciary professional corporation from being appointed as any of the following:
  - Guardian of the person of a ward under Part 2 (commencing with Section 1500) of Division 4 of the Probate Code.
  - Conservator of the person of a conservatee under Part 3 (commencing with Section 1800) of Division 4 of the Probate Code.
  - Any office under Division 4.7 (commencing with Section 4600) of the Probate Code.

**-- END --**