

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1972



ENROLLED

HOUSE BILL No. 936

(By Mr. Daugherty and Mr.
White of Cabell)



PASSED March 9 1972

In Effect 90 days from Passage



FILED IN THE OFFICE
JOHN D. ROCKEFELLED, IV
SECRETARY OF STATE
THIS DATE 3-29-72

936

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House Bill No. 936

(By MR. DAUGHERTY and MR. WHITE, of Cabell)

[Passed March 9, 1972; in effect ninety days from passage.]

AN ACT to amend and reenact section five, article two, chapter thirty of the code of West Virginia, one thousand nine hundred thirty-one, as amended; and to further amend said article two by adding thereto a new section, designated section five-a, prohibiting the practice of law and other specified activities or representations in connection with the practice of law or the rendering of legal services by corporations, other than legal corporations, or voluntary associations; providing for criminal offenses and criminal penalties; negating certain defenses; providing certain exceptions; providing for the organization of legal corporations for the practice of law; maintaining the attorney-client relationship and any liability arising therefrom; specifying that the creation of a legal corporation shall not affect ethical standards of conduct; specifying that a legal corporation may issue its capital stock only to duly licensed attorneys; relating to authorization for legal corporations by the West Virginia State Bar; relating to fees; authorizing the West Virginia State Bar to adopt rules and regulations in connection with legal corporations; relating to issuance of certificate of incorporation for a legal corporation; establishing restrictions upon the transfer of shares of stock in a legal corporation; and relating to corporate names of legal corporations.

Be it enacted by the Legislature of West Virginia:

That section five, article two, chapter thirty of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted; and that said article two

be further amended by adding thereto a new section, designated section five-a, all to read as follows:

ARTICLE 2. ATTORNEYS AT LAW.

§30-2-5. Practice by corporations or voluntary associations; penalties; limitations of section.

1 Except as provided by section five-a of this article,
2 it shall be unlawful for any corporation or voluntary
3 association to practice or appear as an attorney at
4 law for any person in any court of this state or be-
5 fore any judicial body, or to hold itself out to the pub-
6 lic as being entitled to practice law, or to render or
7 furnish legal services or advice, or to furnish an attor-
8 ney or counsel to render legal services of any kind
9 in actions or proceedings of any nature, or in any
10 other manner to assume to be entitled to practice
11 law, or assume, use or advertise the title of lawyer in
12 such manner as to convey the impression that it is en-
13 titled to practice law or to furnish legal advice, services
14 or counsel, or to advertise that, either alone or together
15 with or by or through any person, whether a duly and
16 regularly admitted attorney at law or not, it has, owns,
17 conducts or maintains a law office for the practice of
18 law, or for furnishing legal advice, services or counsel.
19 It shall be unlawful further for any corporation or vol-
20 untary association to solicit, itself or by or through its
21 officers, agents or employees, any claim or demand for
22 the purpose of bringing an action thereon, or of settling
23 the estate of any insolvent debtor, or of representing
24 as attorney at law, or of furnishing legal advice, services
25 or counsel to, a person sued or about to be sued in any
26 action or proceeding, or against whom an action or pro-
27 ceeding has been or is about to be brought, or who may
28 be affected by any action or proceeding which has or may
29 be instituted in any court or before any judicial body,
30 or for the purpose of so representing any person in the
31 pursuit of any civil or criminal remedy. Any corpora-
32 tion or voluntary association violating the provisions of
33 this section, or any officer, trustee, director, agent or
34 employee of such corporation or voluntary association

35 who directly or indirectly engages in any of the acts
36 herein prohibited, or assists such corporation or voluntary
37 association to do such prohibited acts, shall be guilty of
38 a misdemeanor, and, upon conviction thereof, shall be
39 fined not more than one thousand dollars. The fact that
40 any such officer, trustee, director, agent or employee
41 shall be a duly and regularly admitted attorney at law
42 shall not be held to permit or allow any such corpora-
43 tion or voluntary association to do the acts prohibited
44 herein, nor shall such fact be a defense upon the trial
45 of any of the persons mentioned herein for a violation
46 of the provisions of this section.

47 This section shall not apply to a partnership composed
48 of licensed attorneys, or to a corporation or voluntary
49 association lawfully engaged in examining and insuring
50 the titles to real property, nor shall it prohibit a corpora-
51 tion or voluntary association from employing an attorney
52 or attorneys in and about its own immediate affairs or
53 in any litigation to which it is or may be a party, nor
54 shall it apply to organizations organized for benevolent
55 or charitable purposes, or for the purpose of assisting
56 persons without means in the pursuit of any civil remedy.

§30-2-5a. Legal corporations.

1 One or more individuals, each of whom is licensed to
2 practice law within this state, may organize and become
3 a shareholder or shareholders of a legal corporation.
4 Individuals who may be practicing law as an organization
5 created otherwise than pursuant to the provisions of this
6 section may incorporate under and pursuant to this sec-
7 tion: This section is not intended to amend the statutory
8 or common law as it relates to associations or partner-
9 ships, except to allow partnerships of lawyers to organize
10 as a legal corporation.

11 A legal corporation may render professional service
12 only through officers, employees and agents who are
13 themselves duly licensed to render legal service within
14 this state. The term "employee" or "agent" as used in
15 this section, does not include secretaries, clerks, typists,
16 paralegal personnel or other individuals who are not
17 usually and ordinarily considered by custom and practice

18 to be rendering legal services for which a license is re-
19 quired.

20 This section does not modify the law as it relates to the
21 relationship between a person furnishing legal services
22 and his client, nor does it modify the law as it relates to
23 liability arising out of such a professional service re-
24 lationship. Except for permitting legal corporations, this
25 section is not intended to modify any legal requirement or
26 court rule relating to ethical standards of conduct required
27 of persons providing legal service.

28 A legal corporation may issue its capital stock only to
29 persons who are duly licensed attorneys.

30 When not inconsistent with this section, the organiza-
31 tion and procedures of legal corporations shall conform
32 to the requirements of article one, chapter thirty-one of
33 this code.

34 The West Virginia State Bar may require that lawyers
35 under its licensing authority must obtain its prior autho-
36 rization before beginning to act as a legal corporation
37 and may require a fee of not more than fifty dollars for
38 each application for authorization to form a legal corpo-
39 ration. The state bar may adopt rules and regulations:
40 (1) To set reasonable standards for granting or refusing
41 prior approval, (2) to require appropriate information
42 therefor from a legal corporation applicant, and (3) to
43 notify the secretary of state that certain persons have been
44 given authorization by the state bar to form a legal
45 corporation.

46 Upon notification by the West Virginia State Bar of its
47 approval, the secretary of state, upon compliance by the
48 incorporators with this section and the applicable pro-
49 visions of chapter thirty-one of this code, may issue to
50 the incorporators a certificate of incorporation for the
51 legal corporation which then may engage in practice
52 through duly licensed or otherwise legally authorized
53 stockholders, employees and agents.

54 A shareholder of a legal corporation may sell or trans-
55 fer his shares of stock in such corporation only to another
56 individual who is duly licensed to practice law in this
57 state or back to the corporation.

58 The corporate name of a legal corporation shall contain
59 the last name or names of one or more of its shareholders:
60 *Provided*, That if the rules or regulations of the state bar
61 so permit the corporate name may contain or include
62 the name or names of former shareholders or of persons
63 who were associated with a predecessor partnership or
64 other organization. The corporate name shall also contain
65 the words "legal corporation" or the abbreviation "L. C."
66 The use of the word "company," "corporation," or "incor-
67 porated," or any other words or abbreviations in the
68 name of a corporation organized under this article which
69 indicates that such corporation is a corporation, other
70 than the words "legal corporation" or the abbreviation
71 "L. C." is specifically prohibited.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Russell H. Beall

Chairman Senate Committee

Phyllis J. Rutledge

Chairman House Committee

Originated in the House.

Takes effect ninety days from passage.

Howard Wolman

Clerk of the Senate

C. Blankenship

Clerk of the House of Delegates

E. H. McCourt

President of the Senate

Louis M. McManus

Speaker House of Delegates

The within approved this the 27th
March
day of _____, 1972.

Arthur A. Shaare Jr.

Governor



PRESENTED TO THE
COMMISSION

DATE 3/20/72
TIME 10:17 a.m.

MAR 29 9 30 AM '72

OFFICE OF
SECRETARY OF STATE
STATE OF WEST VIRGINIA