



SENATE BILL 572: S Corp Pro Se Representation in Court.

2019-2020 General Assembly

Committee:	House Judiciary. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	July 10, 2019
Introduced by:	Sen. Perry	Prepared by:	Brad Krehely
Analysis of:	PCS to Second Edition S572-CSR-47		Committee Co-Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) for Senate Bill 572 would allow an S Corporation to be represented by and appear in court in this State by using a nonattorney representative who is the sole owner of the business entity. This act would apply only to the trial of civil actions in which the amount in controversy is \$25,000 or less.*

CURRENT LAW: Currently, it is unlawful for any corporation to practice law or appear as an attorney for any person in any court, before any judicial body or the North Carolina Industrial Commission, Utilities Commission, or the Department of Commerce, or the Division of Employment Security. G.S. 84-5. It is also unlawful for persons or associations of persons, other than members of the State Bar, to practice law. G.S. 84-4. A district attorney must, upon application of any member of the Bar or the Bar Association, bring an action to enjoin persons who are in violation of these provisions. The district attorney also has the duty to indict persons or corporations upon receipt of information of the violation of these provisions. G.S. 84-7. Any person, corporation, or association of persons violating these provisions is guilty of a Class 1 misdemeanor. G.S. 84-8. Additionally, any person who is damaged by the unauthorized practice of law may initiate a private cause of action to recover damages, attorneys' fees, and other injunctive relief. G.S. 84-10.1.

BILL ANALYSIS: The PCS for Senate Bill 572 would allow an S Corporation to be represented by and appear in court in this State by using a nonattorney representative who is the sole owner of the business entity if the owner files an affidavit with the court providing that the owner's interest in the business entity is 100%. These provisions would apply only to the trial of civil actions in which the amount in controversy is \$25,000 or less. The PCS also would clarify that the representation by or appearance in court by a nonattorney representative who is the sole owner of an S Corporation is not considered the unauthorized practice of law.

EFFECTIVE DATE: The bill would be effective when it becomes law.

*Amy Darden, Staff Attorney for the Legislative Analysis Division, contributed to this summary.

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