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BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 3. PROFESSIONS AND VOCATIONS GENERALLY [5000 - 9998.11] (*Heading of Division 3 added by Stats. 1939, Ch. 30.)*

CHAPTER 13. Shorthand Reporters [8000 - 8051] (*Chapter 13 added by Stats. 1953, Ch. 191.)*

ARTICLE 5. Shorthand Reporting Corporations [8040 - 8051] (*Article 5 added by Stats. 1972, Ch. 1306.)*

8040. A shorthand reporting corporation is a corporation which is authorized to render professional services, as defined in Section 13401 of the Corporations Code, as long as that corporation and all of its shareholders, officers, directors, and employees rendering professional services who are certified shorthand reporters are in compliance with the Moscone-Knox Professional Corporation Act, this article, and all other statutes and regulations now or hereafter enacted or adopted pertaining to that corporation and the conduct of its officers. With respect to a shorthand reporting corporation, the governmental agency referred to in the Moscone-Knox Professional Corporation Act is the Court Reporters Board of California.

(*Amended by Stats. 1994, Ch. 26, Sec. 216. Effective March 30, 1994.*)

8042. It shall constitute unprofessional conduct and a violation of this chapter for any person licensed under this chapter to violate, attempt to violate, directly or indirectly, or assist in or abet the violation of, or conspire to violate any provision or term of this article, the Moscone-Knox Professional Corporation Act, or any regulations duly adopted under those laws.

(*Repealed and added by Stats. 1992, Ch. 1289, Sec. 48. Effective January 1, 1993.*)

8043. The name of a shorthand reporting corporation and any name or names under which it may be rendering professional services shall contain and be restricted to the name or the last name of one or more of the present, prospective, or former shareholders or of persons who were associated with a predecessor person, partnership, corporation or other organization and whose name or names appeared in the name of such predecessor organization, and shall include either (a) the words "shorthand reporting corporation;" (b) the title "certified shorthand reporter," or the abbreviation "C.S.R.," and wording or abbreviations denoting corporate existence; or (c) the words "a professional corporation."

(*Added by Stats. 1972, Ch. 1306.*)

8044. Except as provided in Section 13403 of the Corporations Code, each director, shareholder, and officer of a shorthand reporting corporation shall be a licensed person as defined by Section 13401 of the Corporations Code.

(*Added by Stats. 1972, Ch. 1306.*)

8045. The income of a shorthand reporting corporation attributable to professional services rendered while a shareholder is a disqualified person, as defined by Section 13401 of the Corporations Code, shall not in any manner accrue to the benefit of such shareholder for his shares in the shorthand reporting corporation.

(*Added by Stats. 1972, Ch. 1306.*)

8046. A shorthand reporting corporation shall not do or fail to do any act the doing of which or the failure to do which would constitute unprofessional conduct under any statute, rule or regulation now or hereafter in effect which pertains to shorthand reporters or shorthand reporting. In conducting its practice it shall observe and be bound by such statutes, rules and regulations to the same extent as a person holding a license under this chapter.

(*Amended by Stats. 1992, Ch. 1289, Sec. 49. Effective January 1, 1993.*)

8047. The board may formulate and enforce rules and regulations to carry out the provisions of this article, including rules and regulations requiring (a) that the articles of incorporation or bylaws of a shorthand reporting corporation shall include a provision

whereby the capital stock of such corporation owned by a disqualified person, as defined by Section 13401 of the Corporations Code, or a deceased person shall be sold to the corporation or the remaining shareholders within such time as such rules and regulations may provide; and (b) that a shorthand reporting corporation as a condition of obtaining a certificate pursuant to the Moscone-Knox Professional Corporation Act and this article shall provide adequate security by insurance or otherwise for claims against it by its clients for errors and omissions arising out of the rendering of professional services.

(Added by Stats. 1972, Ch. 1306.)

8050. (a) It is the intent of the Legislature to enhance the regulation of licensed shorthand reporters and shorthand reporting corporations pursuant to this section, by imposing specific penalties in addition to other remedies permitted by this chapter that seek to discourage practices that are inconsistent with the integrity and impartiality required of officers of the court and to promote competition based upon the quality and price of shorthand reporting services.

(b) This section shall apply to an individual or entity that does any of the following:

(1) Any act that constitutes shorthand reporting that occurs wholly or partly in this state.

(2) Employs, independently contracts with, or recruits a licensed shorthand reporter to report or transcribe deposition testimony in a court proceeding or in a deposition.

(3) Contracts with a resident of this state by mail or otherwise that requires either party to perform licensed shorthand reporting wholly or partly in this state.

(4) Independently contracts with or is employed by an entity that does any of the acts described in paragraphs (1) to (3), inclusive.

(c) (1) This section does not apply to an individual, whether acting as an individual or as an officer, director, or shareholder of a shorthand reporting corporation, as defined in Section 8040, who possesses a valid license, issued pursuant to Section 8018, that may be revoked or suspended by the board, or to a shorthand reporting corporation that is in compliance with Section 8044.

(2) This section does not apply to a court, a party to litigation, an attorney of the party, or a full-time employee of the party or the attorney of the party, who provides or contracts for certified shorthand reporting for purposes related to the litigation.

(d) An individual or entity described in subdivision (b) shall not do any of the following:

(1) Seek compensation for a transcript that is in violation of the minimum transcript format standards set forth in Section 2473 of Article 8 of Division 24 of Title 16 of the California Code of Regulations.

(2) Seek compensation for a certified court transcript applying fees other than those set out in Section 69950 of the Government Code.

(3) Make a transcript available to one party in advance of other parties, as described in subdivision (d) of Section 2025.510 of the Code of Civil Procedure, or offer or provide a service to only one party as described in subdivision (b) of Section 2025.320 of the Code of Civil Procedure.

(4) Fail to promptly notify a party of a request for preparation of all or any part of a transcript, excerpts, or expedites for one party without the other parties' knowledge, as described in paragraph (5) of subdivision (b) of Section 2475 of Article 8 of Division 24 of Title 16 of the California Code of Regulations.

(e) Nothing in this section shall be construed to prohibit a licensed shorthand reporter, shorthand reporting corporation, or an individual or entity described in subdivision (b), from offering or providing long-term or multicase volume discounts or services ancillary to reporting and transcribing a deposition, arbitration, or judicial proceeding in contracts that are subject to laws related to shorthand reporting.

(f) An individual or entity that violates this section shall be subject to a civil fine not exceeding ten thousand dollars (\$10,000) per violation.

(g) The Attorney General, a district attorney, a city attorney, or the board may bring a civil action for a violation of this section, including an action for injunctive relief and any other appropriate relief, and shall be entitled, if they are the prevailing party, to recover reasonable attorney's fees.

(h) This section shall become operative on January 1, 2025.

(Amended (as added by Stats. 2021, Ch. 214, Sec. 3) by Stats. 2022, Ch. 625, Sec. 74. (SB 1443) Effective January 1, 2023. Operative January 1, 2025, by its own provisions.)

8051. (a) On and after July 1, 2022, an entity that is not a shorthand reporting corporation may, wherever headquartered in the United States, engage in the conduct described in subdivision (b) of Section 8050 if it is approved for registration by the board after meeting all of the following requirements:

(1) The entity pays an initial annual registration fee to the board. Until January 1, 2025, the fee shall be five hundred dollars (\$500). On and after January 1, 2025, the fee shall not exceed five hundred dollars (\$500) or the board's cost of administering this section, whichever is less.

(2) The entity has designated a board-certified reporter-in-charge who is a full-time employee of the registered entity and a resident of California, and who holds a currently valid California license at all times as a certified shorthand reporter where the certificate holder has no restrictions on their license and is not subject to a pending board accusation or investigation at the time of the entity's application for registration. The reporter-in-charge shall be responsible to the board for an entity's compliance with all state laws and regulations pertaining to and within the scope of the practice of certified shorthand reporting and any acts of the entity pertaining to and within the scope of the practice of a certificate holder shall be deemed acts of the reporter-in-charge. Nothing in this paragraph shall be construed as permitting the board to restrict, suspend, or revoke the license of a reporter-in-charge for conduct committed or directed by another person unless the reporter-in-charge had knowledge of or knowingly participated in such conduct.

(3) The entity agrees in the registration to abide by the laws, regulations, and standards of practice applicable to businesses that render shorthand reporting services pursuant to Section 13401 of the Corporations Code, except for the requirements of Sections 8040 and 8044.

(b) An entity shall provide the board with all of the following information for consideration of initial registration pursuant to subdivision (a):

(1) The name and certificate number of the entity's certified reporter-in-charge.

(2) Whether the entity, a controlling officer or parent corporation of the entity, the entity's reporter-in-charge, or any of its officers, employees, or independent contractors, has been subject to any enforcement action, relating to the provision of court reporting services, by a state or federal agency within five years before submitting the initial registration. If so, the entity shall provide the board a copy of the operative complaint with the initial registration.

(3) Whether the entity, within five years before submitting the registration, has settled, or been adjudged to have liability for, a civil complaint alleging the entity or the entity's reporter-in-charge engaged in misconduct relating to the provision of court reporting services for more than fifty thousand dollars (\$50,000).

(4) Any additional documentation the board reasonably deems necessary for consideration in the initial registration process.

(c) Within 90 days of receiving a completed application for initial registration, including any disclosures made pursuant to subdivision (b), the board shall either approve the entity's registration or deny the application upon a finding that a substantial risk would be posed to the public, which shall be subsequently provided to the applicant in writing with specificity as to the basis of that finding.

(d) A registration issued by the board pursuant to this section shall be valid for one year, at which time it may be approved for renewal by the board upon meeting the requirements of subdivision (a).

(e) A registered entity shall notify the board in writing within 30 days of the date when a reporter-in-charge ceases to act as the reporter-in-charge and propose another certificate holder to take over as the reporter-in-charge. The proposed replacement reporter-in-charge shall be subject to approval by the board. If disapproved, the entity shall propose another replacement within 15 days of the date of disapproval and shall continue to name proposed replacements until a reporter-in-charge is approved by the board.

(f) The board shall revoke the registration of an entity if the board determines the entity:

(1) Engaged, in whole or in part, through officers, employees, or independent contractors that are not certificate holders, in acts that are within the scope of practice of a certificate holder, unless otherwise permitted by law.

(2) Directed or authorized the reporter-in-charge to violate state laws or regulations pertaining to shorthand reporting or offering financial incentives to the reporter-in-charge for engaging in acts that violate state law.

(g) In addition to revoking an entity's registration as required by subdivision (f), a registration issued under this section may be revoked, suspended, denied, restricted, or subjected to other disciplinary action as the board deems fit for violations of the laws or regulations pertaining to shorthand reporting by the entity's officers, employees, or independent contractors, including the issuance of citations and fines.

(h) The board shall consider suspending the registration of an entity for a minimum of one year if the license of its reporter-in-charge is suspended or revoked for violating this section more than twice in a consecutive five-year period.

(i) An entity shall have the right to reasonable notice and opportunity to comment to and before the board regarding any determination to deny or revoke registration before that determination becomes final. An entity may seek review of a board decision to deny or revoke registration under this section either in an administrative hearing under Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code or through an action brought pursuant to Section 1085 of the Code of Civil Procedure.

(j) A certificate holder shall not engage in the practice of shorthand reporting on behalf of an entity that the reporter knows or should know is not registered with the board and shall verify whether a person or entity is registered with the board before engaging in the practice of shorthand reporting on behalf of that person or entity.

(k) The board shall create and make available on its internet website a directory of registered entities. The board shall not take action against a certificate holder solely for a violation of subdivision (j) if the certificate holder reasonably relied on the board's directory stating that the entity was registered at the time.

(l) The board may adopt regulations to implement this section, including emergency regulations during the years 2022 and 2023. The executive functions delegated to the board pursuant to Section 8005 include the discretion to inform the public of information that would be or is a public record regarding shorthand reporting corporations operating in this state.

(m) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

(Amended by Stats. 2024, Ch. 587, Sec. 12. (AB 3252) Effective January 1, 2025. Repealed as of January 1, 2029, by its own provisions.)