

STATE OF MICHIGAN
COURT OF CLAIMS

IQBAL FAIZI,

Plaintiff,

v

MICHIGAN DEPARTMENT OF LICENSING
AND REGULATORY AFFAIRS,

Defendant.

_____ /

AMENDED OPINION AND ORDER

Case No. 24-000170-MZ

Hon. Sima G. Patel

**AMENDED OPINION AND ORDER GRANTING DEFENDANT’S MOTION FOR
SUMMARY DISPOSITION**

Defendant moves to summarily dismiss plaintiff’s complaint under MCR 2.116(C)(8). Plaintiff files a cross-motion for summary disposition under MCR 2.116(I)(2). No provision of the Michigan Business Corporation Act (MBCA), MCL 450.1101 *et seq.*, permits or requires defendant, the Michigan Department of Licensing and Regulatory Affairs (LARA), to investigate claims that a law firm licensed as a professional corporation is engaging in activities beyond its licensed purpose or to revoke a law firm’s professional corporation license for such a violation. Accordingly, plaintiff, Iqbal Faizi, has not stated a claim upon which relief may be granted. The Court GRANTS defendant’s motion for summary disposition, DENIES plaintiff’s cross-motion, and DISMISSES plaintiff’s complaint in its entirety.

I. BACKGROUND

Plaintiff's lawsuit centers on the activities of the law firm representing his ex-wife in their divorce proceedings, Berry Moorman, PC (BMP). Plaintiff asserts that BMP allowed a paralegal to represent his ex-wife, amounting to the illegal practice of law by a nonlawyer. Because BMP is a licensed professional corporation, plaintiff asked defendant to investigate the firm's alleged unauthorized practice of law. Plaintiff contended that defendant was required to investigate corporate misconduct under the MBCA as part of its duty to enforce the act. Defendant allegedly advised plaintiff that such complaints should be directed to the Attorney General's office.

Plaintiff filed suit in circuit court against BMP and defendant.¹ Defendant transferred the claims against it to this Court. Plaintiff filed an amended, verified complaint and defendant moved for summary disposition under MCR 2.116(C)(8) in lieu of filing an answer. Defendant contends its only duty is to review the articles of incorporation submitted by a corporation and accept them for filing if they meet statutory requirements. Claims of misconduct by a corporation are investigated by the Attorney General, and claims of attorney misconduct are investigated by the Attorney Grievance Commission, defendant asserts. Accordingly, defendant argues that plaintiff has no legally viable claim against it.

¹ The claims against BMP were not transferred to this Court. In the original circuit court complaint, plaintiff attached an email authored by attorney John J. Schrot, Jr., sent from the e-mail of a law firm staffer, Suzanne Smak, to a court administrator. Plaintiff alleges that through this e-mail Ms. Smak falsely described herself as counsel of record and invited plaintiff (who was representing himself) to send e-mail communication to his wife's e-mail address, which he alleged would violate a personal protection order.

Plaintiff responds by citing a litany of MBCA provisions, which he contends requires defendant to investigate his complaints. The Court has reviewed each count in the complaint and the various statutory provisions cited therein and finds plaintiff has raised no legally supportable claim.

II. LEGAL STANDARDS

A motion under MCR 2.116(C)(8) tests the legal sufficiency of a claim based on the factual allegations in the complaint. When considering such a motion, a trial court must accept all factual allegations as true, deciding the motion on the pleadings alone. A motion under MCR 2.116(C)(8) may only be granted when a claim is so clearly unenforceable that no factual development could possibly justify recovery. [*El-Khalil v Oakwood Healthcare, Inc*, 504 Mich 152, 159-160; 934 NW2d 665 (2019) (cleaned up).]

MCR 2.116(I)(2) provides, “If it appears to the court that the opposing party, rather than the moving party, is entitled to judgment, the court may render judgment in favor of the opposing party.”

This case also involves the interpretation of several provisions of the MBCA. The goal of statutory interpretation is to determine the Legislature’s intent based on the plain language of the statute itself. *13400 Mount Elliott, LLC v State Tax Comm’n*, 341 Mich App 436, 441; 990 NW2d 400 (2022).

III. ANALYSIS

LARA is an executive branch department responsible, in part, for maintaining public records of licensed professional corporations in this state, including their articles of incorporation and annual reports. See <<https://www.michigan.gov/lara>>. Depending on the type of service provided by a licensed professional corporation or licensed service provider, LARA may have

additional duties, such as investigating citizen complaints and determining licensure eligibility. see, e.g., MCL 333.16221. However, LARA does not have these additional duties when it comes to the practice of law.

The Michigan Supreme Court has the “constitutional responsibility to supervise and discipline Michigan attorneys” and has established the Attorney Grievance Commission as its “prosecution arm” to fulfill that responsibility. MCR 9.108(A). The Supreme Court established the Attorney Discipline Board as its “adjudicative arm” “for discharge of its exclusive constitutional responsibility to supervise and discipline Michigan attorneys.” MCR 9.110(A). The Supreme Court further directs that the Michigan Bar Association is responsible for the licensing of individual attorneys, Michigan Supreme Court State Bar Rules of Michigan, R 15, and for investigating and prosecuting “matters pertaining to the unauthorized practice of law.” *Id.*, R 16.

Plaintiff did not follow the proper course of action when he suspected employees at Berry Moorman, BMP were practicing law without a license. The Michigan State Bar has an easily accessible complaint form that anyone can submit regarding suspected incidents of the unauthorized practice of law. See <https://www.michbar.org/file/public_resources/complaintform.pdf>. The State Bar’s Unauthorized Practice of Law Committee investigates and prosecutes if it determines that an individual or company has engaged in the unauthorized practice of law. See Michigan Supreme Court Rules Concerning the State Bar of Michigan, R 16, available at <<https://www.courts.michigan.gov/4a5778/siteassets/rules-instructions-administrative-orders/rules-concerning-the-state-bar/rules-concerning-the-state-bar-of-michigan.pdf>>. The Michigan Attorney Grievance Commission also has an easily accessible investigation request form for members of the public. See <<https://www.agcml.org/for-the-public/investigation>>.

The Legislature has directed that LARA investigate licensees in other industries in the manner sought by plaintiff. The absence of any such language directing LARA to investigate lawyers and law firms in any statute clearly demonstrates that the Legislature did not intend LARA to investigate complaints against attorneys and law firms related to the practice of law. See *People v Lewis*, 503 Mich 162, 165-166 (“[W]hen the Legislature includes language in one part of a statute that it omits in another, it is assumed that the omission was intentional.”). For example, MCL 333.16221 grants LARA authority to “investigate activities related to the practice of a health profession by a licensee, a registrant, or an applicant for licensure or registration,” to conduct hearings, and submit substantiated complaints to appropriate disciplinary committees. The Legislature enacted no similar law regarding the legal profession.

And none of the MBCA statutes on which plaintiff relies supports that a citizen may file a complaint with LARA and expect an investigation of a lawyer or law firm regarding the unauthorized practice of law.

In Count I of his amended complaint, plaintiff contends that LARA was obligated to investigate professional misconduct under MCL 450.1103, MCL 450.1105, and MCL 1106. Nothing in these statutes permits or requires LARA to investigate complaints by citizens against any corporation licensed by LARA.

MCL 450.1103 states, in full:

This act shall be liberally construed and applied to promote its underlying purposes and policies which include all of the following:

- (a) To simplify, clarify, and modernize the law governing business corporations.
- (b) To provide a general corporate form for the conduct or promotion of a lawful business or purpose with variations and modifications from the form as interested

parties in any corporation may agree upon, subject only to overriding interests of this state and of third parties.

(c) To give special recognition to the legitimate needs of close corporations.

Plaintiff cites MCL 450.1105(1), which defines “administrator” as “the chief officer of the department or of any other agency or department authorized by law to administer this act, or his or her designated representative.” MCL 450.1106 provides additional definitions, none of which pertain to the duties and obligations of the LARA to enforce the act or investigate complaints.

In Count II, plaintiff seeks a declaratory judgment that LARA was required to enforce MCL 450.1251’s provision that a corporation must be formed for a lawful purpose and must conduct its business in line with that lawful purpose. That statute states in full:

(1) A corporation may be formed under this act for any lawful purpose, except to engage in a business for which a corporation may be formed under any other statute of this state unless that statute permits formation under this act.

(2) In time of war or other national emergency, a corporation may take any lawful action to provide aid, notwithstanding the purposes set forth in its articles of incorporation, at the request or direction of a competent governmental authority.

Again, nothing in the statute pertains to LARA’s duties.

In Count III, plaintiff contends that LARA is required to investigate whether a professional corporation is practicing law without a license under MCL 450.1286. MCL 450.1286(1) requires a licensed professional corporation to “sever all employment with and all direct and indirect financial interests in a professional corporation” with “an officer, shareholder, agent, or employee of a professional corporation” who is no longer legally permitted to provide any professional service offered by the company. The failure to comply with this section may be “grounds for the forfeiture of its articles of incorporation and its dissolution.” MCL 450.1286(3). “If a professional corporation’s failure to comply with this section is brought to the attention of the administrator, he

or she shall notify the attorney general of the failure and the attorney general may take appropriate action to dissolve the professional corporation.” *Id.* The language of this statute is clear. A professional corporation may not retain an employee to provide professional services requiring a license if that employee has lost his or her license. Even accepting as true that Smak practiced law without a license, she was not hired by the firm as an attorney and never earned a law license or lost such a license. Accordingly, plaintiff cannot demonstrate that BMP violated this statute let alone that LARA was required to report the violation to the Attorney General. Indeed, subsection (3) supports LARA’s position that the Attorney General is tasked with enforcing the MBCA.

In Count IV, plaintiff seeks a declaratory judgment that BMP violated MCL 450.1287(1), which states, “A professional corporation shall not engage in any business other than providing the professional service or services for which it was specifically incorporated.” Specifically, plaintiff alleges “that the law firm practiced law without a license and that activity is outside the scope of its incorporation.” BMP was incorporated as a law firm and was fully authorized to act as such. Again, even accepting as true that a single employee engaged in a single act of practicing law without a license, this is not evidence that BMP engaged in business outside the scope of its articles of incorporation.

In Count V, plaintiff cites a slew of MBCA provisions, claiming they establish LARA’s “enforcement authority.” The Court addresses each in turn. MCL 450.1911(1) requires licensed corporations to file annual reports to keep their on-the-record information up to date. MCL 450.1921 permits LARA to impose penalties against a licensed corporation that fails to comply with this reporting requirement. MCL 450.1922 gives LARA the authority to further penalize or revoke the license of a corporation that fails to file an annual report for more than one year. MCL 450.1923(1) simply permits LARA to grant a corporation an extension to file its annual report.

MCL 450.1925(1)-(2) merely permits a corporation that has lost its license due to violations of reporting requirements to come back into compliance and regain its license. Plaintiff does not contend that BMP failed to file its articles of incorporation or annual reports. Accordingly, these statutes are completely irrelevant.

Plaintiff cites MCL 450.1285(1), which provides that “[a] professional corporation shall not provide professional services in this state except through its officers, employees, and agents who are duly licensed or otherwise legally authorized to provide the professional services in this state.” The statute does not, however, direct LARA’s response to a violation. As noted, the law demands the Michigan Bar Association and agents of the Michigan Supreme Court investigate and resolve incidents involving the unauthorized practice of law, not LARA. Accordingly, plaintiff cannot support a claim under this statute either.

IV. CONCLUSION

Although LARA issues business licenses to law firms formed as professional service corporations, LARA is not permitted to investigate complaints connected with the practice of law, authorized or not. Accordingly, plaintiff cannot state a legally actionable claim against LARA for its failure to investigate his complaint that a BMP employee practiced law without a license. Defendant is entitled to summary disposition under MCR 2.116(C)(8).

IT IS ORDERED:

1. The Court GRANTS defendant’s motion for summary disposition under MCR 2.116(C)(8).
2. The Court DENIES plaintiff’s motion for summary disposition under MCR 2.116(I)(2).
3. The Court DISMISSES plaintiff’s complaint in its entirety.

4. This is a final order resolving all issues in this case.

Date: March 5, 2025



Sima G. Patel
Judge, Court of Claims

