

CHAPTER 350

AN ACT to create 180.99 of the statutes, relating to the organization of service corporations by the professions and others.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

180.99 of the statutes is created to read:

180.99 SERVICE CORPORATIONS. (1) TITLE OF SECTION. This section may be cited as "The Service Corporation Law."

(2) FORMATION OF CORPORATION. One or more natural persons licensed, certified or registered pursuant to any provisions of the statutes, provided all have the same license, certificate or registration, may organize and own stock in a service corporation under this section. Such corporation may own, operate and maintain an establishment and otherwise serve the convenience of its shareholders in carrying on the particular profession, calling or trade for which the licensure, certification or registration of its organizers is required; provided that professional or other personal services, consultation or advice in any form may be rendered only by officers, agents, or employes (as defined in sub. (9)) of such corporation who are themselves licensed, certified or registered pursuant to statute in the field of endeavor designated in the articles of such corporation.

(3) BUSINESS CORPORATION LAW APPLICABLE. Other provisions of this chapter shall be applicable to such corporations, including their organization, and they shall enjoy the powers and privileges and be subject to the duties, restrictions and liabilities of other stock corporations, excepting as such powers may be limited or enlarged by this section. No corporation organized under this section shall engage in any business other than that for which it was specifically organized and for which its charter was granted; but nothing contained in this section or in other provisions of existing law applicable to stock corporations shall be interpreted as prohibiting such a corporation from investing its funds in real estate, mortgages or securities or from owning real and personal property related to the fulfillment of its purposes. If any provision of this section conflicts with any other provision of this chapter, or with other provisions of the statutes, this section shall control.

(4) CORPORATE NAME. The corporation may bear the last name of one or more persons formerly or currently associated with it. A corporation organized under this section may also adopt a name which does not include the surname of any present or former shareholder; provided, that if it does so, it must record such name and the names of its shareholders with the register of deeds of the county in which it is located, or has its principal office. The corporate name shall end with the word "Chartered", or "Limited", or the abbreviation "Ltd.", or the words "Service Corporation", or the abbreviation "S.C."

(5) FILING AND RECORDING OF ARTICLES. Before commencing operations, a service corporation shall file and record its articles as required by s. 180.46 and shall also comply with s. 180.48 relating to minimum paid in capital.

(6) PARTICIPANTS; CONFLICT OF INTEREST. Except as permitted in sub. (7), all shareholders, directors and officers of a service corporation must at all times be persons licensed, certified or registered by a state agency. No individual not so licensed, certified or registered shall have any part in the ownership, or control of such corporation, nor may any proxy to vote any shares of such corporation be given to a person who is not so licensed, certified or registered. If any shareholder, director, officer or em-

ploye of a corporation organized under this section becomes legally disqualified to render professional or other personal services, consultation or advice within this state for which he was licensed, certified or registered, or accepts employment or is elected to a public office which pursuant to existing law places restrictions or limitations upon his rendering of the services for which he was licensed, certified or registered, he shall sever all employment with, and financial interest in, such corporation forthwith. A corporation's failure to require prompt compliance with this provision shall be a ground for the suspension or forfeiture of its franchise.

(7) ALTERNATIVE INCORPORATION BY ONE OR 2 PERSONS. A service corporation which has only one shareholder need have only one director, who shall be such shareholder. He shall also serve as the president and treasurer of the corporation. The other officers of the corporation in such situation need not be licensed, certified or registered in the same field of endeavor as the president. A service corporation which has only 2 shareholders, need have only 2 directors, who shall be such shareholders. The 2 shareholders shall fill all the general offices of the corporation between them.

(8) CONTRACT AND TORT RELATIONSHIPS PRESERVED. This section shall not alter any contract, tort or other legal relationship between a person receiving professional services and one or more persons who are licensed, certified or registered to render such services and who are shareholders in the same service corporation; and any legal liability which may arise out of such service shall be joint and several among the shareholders of the same service corporation. No shareholder, director, officer or employe of a service corporation shall be personally liable for the debts or other contractual obligations of the corporation. Notwithstanding any other or contrary provisions of the statutes, a corporation organized under this section may charge for the services of its officers, employes or agents, may collect such charges and may compensate those who render such personal services.

(9) CORPORATE AGENTS. The relationship of an individual to a corporation organized under this section, with which such individual is associated, whether as shareholder, director, officer or employe, shall in no way modify or diminish the jurisdiction over him of whatever state agency licensed, certified or registered him for a particular field of endeavor. The term "employe" as used in this section does not include administrators, technicians, clerks, bookkeepers or others hired by a service corporation who are not usually and ordinarily considered by custom, practice or law to be rendering professional or other personal services for which a license, certificate, registration or other legal authorization is required, nor does it include any other person who performs all his employment under the direct supervision and control of an officer or employe of such corporation who is himself licensed, certified or registered.

(10) CONTINUITY; DISSOLUTION; STOCK TRANSFER OR REDEMPTION.

(a) A corporation under this section shall have perpetual existence until dissolved in accordance with other provisions of this chapter.

(b) Whenever all shareholders of a corporation licensed under this section shall cease at any one time and for any reason to be licensed, certified or registered in the particular field of endeavor for which such corporation was organized, said corporation shall thereupon be treated as converted into and shall operate henceforth solely as a business corporation under applicable provisions of this chapter, exclusive of this section.

(c) Within 90 days following the date of death of a shareholder, or his disqualification as hereinbefore provided, to own shares in the corporation, all of the shares of such shareholder shall be transferred to, and acquired by, the corporation or persons qualified to own such shares. If no other provision to accomplish such transfer and acquisition is in effect and carried out within said period, the corporation shall thereafter purchase and redeem all of his shares of its stock at the book value thereof, determined as of the end of the month immediately preceding death or disquali-

fication. For this purpose, the book value shall be determined from the books and records of the corporation in accordance with the regular methods of accounting used by it for the purposes of determining its net taxable income for federal income tax purposes; and no subsequent adjustment of such income, whether by the corporation itself, by federal income tax audit made and agreed to, or by a court decision which has become final, shall alter the redemption price. Nothing contained in this section shall prevent the parties involved from making any other arrangement or provision in the corporate articles, bylaws, or by contract to transfer the shares of a deceased or disqualified shareholder to the corporation or to persons qualified to own the same, whether made before or after the death or disqualification of the shareholder, provided that within the 90-day period herein specified all the stock involved shall have been so transferred.

(11) ANNUAL REPORT. A corporation organized and operating under this section shall furnish a report to the office of the secretary of state by March 31 of each year showing the names and post-office addresses of all its shareholders, directors and officers, which shall certify that, with the exceptions permitted in sub. (7), all such persons are duly licensed, certified, registered or otherwise legally authorized to render the same professional or other personal service in this state. This report shall be made on forms prescribed and furnished by the secretary of state, but shall contain no fiscal or other information except that expressly called for by this subsection. It shall be signed by the president or vice president and the secretary or an assistant secretary of the corporation, and acknowledged before a notary public by the persons signing the report, shall be filed in the office of the secretary of state, and shall be in lieu of the regular annual report of corporations otherwise required by ch. 180. The filing of such reports shall be governed by s. 180.793 (2), (3) and (4).

Approved August 4, 1961.

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