



1997 ASSEMBLY BILL 765

February 3, 1998 - Introduced by Representatives WALKER, GREEN, PORTER, STASKUNAS, HUBER, CULLEN, MURAT, OLSEN, SYKORA, KELSO, LADWIG, JESKEWITZ, VRAKAS, URBAN, GUNDERSON, GOETSCH, GROTHMAN and ALBERS, cosponsored by Senators HUELSMAN, RUDE, ROSENZWEIG, DRZEWIECKI, PANZER, WEEDEN, FITZGERALD, DARLING, FARROW and GEORGE. Referred to Committee on Judiciary.

1 **AN ACT to repeal** 611.07 (3), 612.21 (5), 612.22 (5), 613.07 (3), 613.81 and 614.07
2 **(3); to renumber and amend** 611.73 (1) and 611.73 (2); **to amend** 13.482 (2)
3 (a), 16.30 (1) (a), 16.334 (2) (d), 16.352 (1) (b) 4., 19.32 (1), 19.62 (8), 19.82 (1),
4 30.92 (1) (br) 5., 32.19 (4) (a) (intro.), 32.19 (4) (b) (intro.), 32.22 (12) (a) (intro.),
5 36.54 (2) (a) 1., 44.03 (3), 44.60 (1) (b), 45.052 (1) (b), 45.38 (1) (c), 46.035 (1) (c),
6 46.036 (5m) (a) 1., 46.21 (2) (nm), 46.27 (1) (a) 3., 46.27 (1) (bm), 46.81 (1) (a) 3.,
7 46.82 (1) (a) 3., 46.93 (1m) (c), 46.997 (1) (d), 49.134 (1) (c), 49.34 (5m) (a) 1.,
8 59.43 (2) (ag) 1., 59.57 (2) (e) 2., 59.82 (1) (a), 66.501 (6), 66.504 (1) (b), 95.14 (4),
9 106.13 (4) (a) 1., 146.50 (1) (k), 146.55 (1) (f), 157.62 (1) (b), 157.62 (2) (b) 1.,
10 157.62 (2) (b) 2., 157.62 (2) (b) 7., 180.0401 (2) (a) 2., 180.0401 (2) (a) 3., 180.0401
11 (2) (a) 4., 180.0501 (3), 180.1506 (2) (a) 2., 180.1506 (2) (a) 3., 180.1506 (2) (a)
12 4., 182.031 (2), 185.033 (1), 187.01 (7), 187.22 (3), 188.08 (3), 188.085, 188.09 (3),
13 188.11 (3), 188.13 (3), 188.15 (3), 188.16 (3), 188.17 (3), 188.18 (2), 188.19 (3),
14 188.20, 188.21 (3), 188.22 (3), 188.23 (3), 188.235 (3), 188.24 (3), 198.13 (4),

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1 199.08, 199.17, 227.485 (2) (b), 232.07 (2), 234.94 (2) (b) (intro.), 252.12 (1) (c),
2 255.05 (1) (b), 255.06 (1) (c), 281.68 (1) (e), 301.235 (1) (c), 440.03 (2), 440.92 (6)
3 (b) 1., 560.05 (1) (a), 560.20 (1) (d), 560.60 (18m), 560.80 (7) (b) (intro.), 611.01
4 (2), 611.07 (1), 611.07 (2), 611.07 (4), 611.10, 611.12 (2) (intro.), 611.12 (2) (a),
5 611.12 (3), 611.12 (4), 611.29 (1), 611.29 (3), 611.29 (5), 611.42 (1), 611.51 (1),
6 611.51 (6), 611.51 (7), 611.51 (8), 611.51 (9) (a), 611.53 (3), 611.53 (4), 611.54 (2),
7 611.56 (3) (d), 611.56 (5), 611.62 (1), 611.62 (2), 611.62 (3), 611.62 (4), 611.63 (1),
8 611.73 (title), 611.73 (3), 611.74 (1), 611.74 (2), 611.74 (3), 611.76 (1) (c), 611.78
9 (1), 612.01 (4), 612.03, 612.04 (1), 612.04 (2), 612.11 (2) (a), 612.11 (2) (b), 612.12
10 (1) (c), 612.13 (6) (b), 612.21 (title), 612.21 (1), 612.21 (2) (intro.), 612.21 (2) (b),
11 612.21 (6), 612.21 (7), 612.22 (title), 612.22 (1), 612.22 (2) (intro.), 612.22 (2) (b),
12 612.22 (6), 612.22 (7), 612.70, 613.01 (1), 613.01 (2), 613.01 (3), 613.01 (5),
13 613.01 (6), 613.07 (1), 613.07 (2), 613.07 (4), 613.10, 613.12 (1) (intro.), 613.12
14 (1) (a), 613.12 (2), 613.29 (1), 613.29 (3), 613.40 (1), 613.40 (2), 613.40 (3), 613.51
15 (2), 613.51 (4), 613.51 (5), 613.51 (6), 613.51 (7), 613.52 (1), 613.52 (2), 613.56
16 (3) (d), 613.62 (1), 613.62 (2), 613.62 (3), 613.63 (1), 613.63 (2), 613.69 (1), 613.72
17 (title), 613.72 (1), 613.72 (2), 613.72 (5), 613.74 (1), 613.74 (2), 613.74 (3), 613.74
18 (4), 613.78 (1), 614.01 (6), 614.07 (1), 614.07 (2), 614.07 (4), 614.09, 614.12 (2),
19 614.12 (3), 614.12 (4), 614.51 (1), 614.53, 614.74 (1), 614.74 (2), 614.74 (3),
20 618.21 (title), 814.245 (2) (a) and 946.82 (4); **to repeal and recreate** chapter
21 181, 613.51 (1) and 613.69 (title); and **to create** 234.94 (2) (b) 2m., 611.12 (2)
22 (am), 611.42 (1e), 611.42 (1m), 611.51 (9) (am), 611.51 (9) (b) (title), 611.51 (9)
23 (c) (title), 611.73 (1) (b), 611.73 (1) (c), 611.73 (1) (d), 611.73 (2) (b), 611.78 (1m),

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1 613.12 (1) (am) and 613.56 (5) of the statutes; **relating to:** the nonstock
2 corporation law and providing penalties.

Analysis by the Legislative Reference Bureau

This bill revises this state's nonstock corporation law. In addition to reorganizing and modernizing the language of the state's nonstock corporation law, this bill makes a number of substantive changes, some of which are based on the revised model Nonprofit Corporations Act, as adopted in 1987 by a subcommittee of the American Bar Association's Business Law Section. The bill modifies the law to more closely track the state's stock corporation law. In addition, among other changes the bill: 1) permits "for-profit" nonstock corporations; 2) requires foreign nonstock corporations to obtain a certificate of authority to do business in this state; 3) allows foreign nonstock corporations to domesticate in this state; 4) provides for derivative actions in the right of nonstock corporations; and 5) eliminates the role of the county registers of deeds in recording documents relating to nonstock corporations. These and other changes included in the bill are discussed below.

Organization, articles of incorporation and bylaws

The bill changes the incorporation procedure for nonstock corporations. Under current law, the department of financial institutions (DFI) is required to issue a certificate of incorporation upon the filing of articles of incorporation of a nonstock corporation. The bill repeals the requirement that such a certificate be issued. Under the bill, the nonstock corporation's existence begins with the filing of the articles of incorporation by DFI. Under current law, if a corporation has members with voting rights, all amendments to the articles of incorporation must be adopted by members by a two-thirds vote. This bill allows the directors of a nonstock corporation to make certain specified types of minor amendments without member approval. For other types of amendments, the bill requires a vote of two-thirds of the votes cast by members or a majority of the voting power of members, unless the articles or bylaws require a greater vote or provide for voting by class. Unlike current law, the bill contains provisions governing class voting on amendments to the articles of incorporation and bylaws. The bill also permits the articles of incorporation to require that all amendments to the articles or bylaws be approved in writing by a specified person other than the board. Such a provision may be amended only with the approval in writing of that person.

The bill creates statutory authorization for "emergency bylaws" and "emergency powers", which are effective only if a catastrophic event prevents a quorum of the corporation's directors or members from being readily assembled. Under the bill, during an emergency, the board may modify the lines of succession to accommodate the incapacity of directors, officers, employees or agents. Emergency bylaws may contain procedures necessary for managing the corporation during the emergency, such as different procedures for calling board meetings, different quorum requirements or procedures for the designation of additional or substitute directors. The bill also allows directors or members to seek judicial relief when it is impractical

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or impossible for the corporation to call or conduct a meeting of directors or members or when a required meeting is not held as scheduled. Under the judicial relief provisions created by the bill, the court may issue an order dispensing with requirements in the articles of incorporation or the bylaws relating to meetings or voting.

Directors, officers and members

The bill addresses a number of issues relating to directors, officers and members that are either not specifically addressed under current law or are addressed under current law with far less detail. For example, the bill creates specific provisions governing: 1) the admission of members to a nonstock corporation; 2) certificates evidencing membership; 3) the lack of personal liability of members for the acts, debts, liabilities or obligations of the corporation; 4) the purchase of memberships; 5) creditors' actions against members for dues, assessments and fees; 6) record dates of member meetings; 7) voting agreements and voting power; 8) resignation of directors; and 9) removal of directors by judicial proceeding.

Under current law, action may be taken by directors or members of a nonstock corporation without a meeting if the directors or members act by *unanimous* written consent. Under the bill, if permitted by the articles of incorporation, the board of directors may take action without a meeting by written consent signed by two-thirds of the directors then in office. If action by written consent is permitted to be taken by less than all directors, all directors must be noticed immediately of the text of the written consent and of its effective date and time. The bill also changes provisions relating to action by members without a meeting. Under the bill, unless limited or otherwise provided in the articles of incorporation or the bylaws, members may take action without a meeting if the action is approved by members holding at least 80% of the voting power, or by a different percentage, not less than 50%, specified in the articles of incorporation or bylaws. Separately, the bill creates provisions authorizing action by written ballot. In order for action by written ballot to be effective, the written ballot procedure must be permitted by the articles of incorporation or bylaws. Under the procedure, a ballot must be provided to every member entitled to vote on the matter and the number of votes cast by ballot must equal or exceed the quorum and voting requirements which would apply if the action were taken at a meeting.

The bill authorizes members of nonstock corporations to bring derivative actions in the right of the corporation. Generally, a derivative proceeding may be brought by one or more members of the corporation having 5% or more of the voting power of the corporation or by 50 members, whichever is less. The members bringing the action must have generally been a member of the corporation at the time of the act or omission complained of and must fairly and adequately represent the interests of the corporation in enforcing the right of the corporation. The members wishing to bring a derivative proceeding must have presented a written demand to the corporation to take appropriate action and, unless the demand is rejected by the corporation sooner or unless irreparable injury would result, must wait 90 days before bringing the action. The court is required to dismiss the derivative proceeding

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if a majority of independent directors or a court-appointed panel determine that the maintenance of the derivative proceeding is not in the best interest of the corporation. The bill contains provisions governing payment of expenses of derivative actions. In the case of a nonmember nonstock corporation, the provisions governing derivative actions apply to directors, rather than to the members, of the corporation. The bill adds a provision, similar to that which applies under current law to stock corporations, relating to indemnification and insurance against securities law claims.

Volunteers

The bill makes certain changes to the provisions which limit the liability of volunteers who provide services to nonstock corporations on behalf of the corporation without compensation. The changes reflect the enactment, at the federal level, of the Volunteer Protection Act of 1997. Under current law, the limited liability protections do not apply to a volunteer who is licensed or certified under state law, if the act or omission is within the scope of practice under the volunteer's license, certificate, permit or registration. Under the bill, the limited liability protections apply to such a person. However, the bill's limited liability provisions do not apply where the volunteer's negligence occurs in the practice of a profession, trade or occupation that requires a license or certificate, if the volunteer does not have the required license or certificate.

Foreign corporations and domestication

Under current law, foreign nonstock corporations are not required to obtain a certificate of authority to transact business in this state. Foreign corporations are, however, subject to the same restrictions, penalties and liabilities imposed upon domestic nonstock corporations. By conducting business in this state or by holding property in this state, current law deems a foreign corporation to have appointed DFI as its agent for service of process. This bill modifies the provisions governing foreign nonstock corporations so that they track the regulation of foreign stock corporations. As a result, a foreign nonstock corporation may not transact business in this state until it obtains a certificate of authority from DFI. A foreign nonstock corporation that does not obtain the required certificate of authority is barred from maintaining a proceeding in state court until it obtains the certificate. The foreign corporation is subject to monetary penalties for failing to obtain a required certificate of authority; however, the validity of its corporate actions in this state are not impaired and the foreign corporation is not barred from defending itself in a proceeding in this state. The foreign corporation is required by the bill to continuously maintain a registered office and a registered agent in this state. The bill subjects a foreign corporation to annual reporting requirements, which, under current law, apply only to domestic nonstock corporations.

Current law does not contain a procedure allowing a foreign nonstock corporation to become a domestic nonstock corporation, although the foreign corporation may merge into or consolidate with a domestic nonstock corporation. This bill creates a procedure under which a foreign nonstock corporation may "domesticate", or become a domestic nonstock corporation. Under the bill, a foreign nonstock corporation may become a domestic corporation by filing articles of

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domestication that state the name of the corporation and the text of the restated articles of incorporation. The domesticating corporation must also file a certificate of authentication or status from the jurisdiction from which the corporation is domesticating and must file articles of dissolution or a similar document in the jurisdiction from which the corporation is domesticating. The effect of a domestication is as if the domesticating corporation had merged with a newly incorporated domestic corporation, except that the original date of incorporation of the domesticating corporation continues to be the date of incorporation of the domesticated corporation.

Reporting, filing and notice requirements

Under current law, documents required to be filed under the nonstock corporation law are forwarded by DFI to county registers of deeds for recording. This bill eliminates this requirement so that all new filings relating to nonstock corporations are maintained only by DFI. The bill specifies more clearly the filing duties of DFI and modifies the procedures for appealing DFI's refusal to file a document. These provisions parallel those applicable to stock corporations. The bill adds general provisions governing the effective date and time of documents filed with DFI, governing how documents filed with DFI may be corrected, governing the evidentiary effect of a copy of a filed document and governing requests for certificates of status. The bill adds a general provision regarding how notices are to be given under the nonstock corporation law.

Distributions

Under current law, nonstock corporations organized under the state's nonstock corporation law are required to be nonprofit corporations under Wisconsin law, which means that no part of the corporation's income may be distributed to its members, directors or officers. This bill authorizes nonstock corporations to make "for-profit" distributions, if distributions of this type are specifically permitted under the corporation's articles of incorporation, if the distribution is consistent with the corporation's purpose, if permitted by the corporation's articles of incorporation, if the corporation's assets would continue to exceed its liabilities after the distribution and if the corporation would be able to pay its debts as due after the distribution.

Mergers and dissolutions

The bill makes a number of changes regarding mergers and dissolutions of nonstock corporations. Current law provides for both mergers (under which 2 or more nonstock corporations merge into one of the corporations) and consolidations (under which 2 or more nonstock corporations consolidate into a new corporation). This bill eliminates the separate procedures for consolidating nonstock corporations, although the same effect can be achieved under the bill by forming a new corporation and having 2 or more corporations merge into the new corporation. The bill streamlines procedures for the merger of a subsidiary into a parent nonstock corporation and adds a provision stating that bequests made to a corporation that merges inure to the benefit of the surviving corporation, unless otherwise specifically provided in the instrument making the bequest.

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The bill changes procedures for judicial dissolution of nonstock corporations. Under current law, a circuit court may dissolve a nonstock corporation in an action by a member or a director, if the director or member can establish that certain of the standards for judicial dissolution applies. The bill removes the ability of a director to apply for judicial dissolution. Under the bill, judicial dissolution may be ordered in an action commenced by members only if the action is brought by at least 50 members or by members representing 5% of the voting power of the corporation. The bill modifies the receivership and custodianship provisions and the dissolution provisions to track more closely the provisions applicable to stock corporations. For example, the bill eliminates provisions regarding the adoption of a plan of distribution and instead simply empowers a dissolved corporation to make provision for discharging its liabilities and obligations and disposing of its property.

Certain religious societies and insurance companies

Certain of the changes made by the bill also impact religious societies, mutual insurance companies, town mutual insurance companies, service insurance corporations and fraternal or mutual benefit societies. Current law provides that religious societies organized under the state's religious societies law have the same powers and privileges as nonstock corporations. This provision remains unchanged by the bill and, as a result, certain of the changes may impact religious societies. Similarly, current law makes certain provisions of the state's nonstock corporation law applicable to mutual insurance companies, town mutual insurance companies, service insurance corporations and fraternal or mutual benefit societies. For the most part, these same provisions, as revised by the bill, remain applicable to mutual insurance companies, town mutual insurance companies, service insurance corporations and fraternal or mutual benefit societies.

CONVERSION TABLES

Because of the bill's reorganization of the state's nonprofit corporation law (chapter 181), there is often no direct correspondence between a section in the current chapter 181 and the repealed and recreated chapter 181 contained in this bill. However, the following tables may be helpful in locating where the topic treated by a section in the current chapter 181 is treated in the chapter as repealed and recreated by this bill, and vice versa:

Current Citations to New Citations

CURRENT CITATION	CURRENT TITLE	NEW CITATION
181.01	Title.	Omitted
181.02	Definitions.	181.0103
181.03	Purposes.	181.0301
181.04	General powers.	181.0302
181.041	Definitions applicable to indemnification and insurance provisions.	181.0871
181.042	Mandatory indemnification.	181.0872
181.043	Determination of right to indemnification.	181.0873

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181.044	Allowance of expenses as incurred.	181.0874
181.045	Corporation may limit indemnification.	181.0875
181.047	Additional rights to indemnification and allowance of expenses.	181.0877
181.049	Court-ordered indemnification.	181.0879
181.051	Indemnification and allowance of expenses of employes and agents.	181.0881
181.053	Insurance.	181.0883
181.057	Effect of unauthorized corporate acts.	181.0304
181.06	Corporate name.	181.0401
181.07	Reserved name.	181.0402
181.08	Registered agent.	181.0501
181.09	Change of registered agent or his address.	181.0502
181.095	Resignation of registered agent.	181.0503
181.10	Service on corporation.	181.0504
181.11	Members.	181.0603
181.12	Termination and transfer of membership.	181.0611 & 181.0620
181.13	Bylaws.	181.0206, 181.1020 to 181.1022
181.14	Meetings of members.	181.0701 & 181.0702
181.15	Notice of members' meetings.	181.0705
181.16	Voting.	181.0720, 181.0721 & 181.0723 to 181.0735
181.17	Quorum.	181.0722 & 181.0723
181.175	Division into districts or units, delegates, meetings.	181.0640
181.18	Board of directors.	181.0801 & 181.0802
181.19	Directors' authority to establish compensation.	181.0302
181.20	Number and election of directors.	181.0803 to 181.0810
181.21	Vacancies.	181.0811
181.22	Quorum of directors.	181.0824
181.225	Director conflicts of interest.	181.0831
181.23	Committees of directors.	181.0825
181.24	Place and notice of directors' meetings.	181.0820 to 181.0823

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181.25	Officers.	181.0840 & 181.0841
181.26	Removal of officers.	181.0843 & 181.0844
181.265	Report of names and addresses of officers or directors.	181.0860
181.27	Books and records.	181.1601 to 181.1622
181.28	Shares of stock and dividends prohibited.	181.1301 & 181.1302
181.283	Reliance by directors or officers.	181.0850
181.285	Consideration of interests in addition to members' interests.	181.0853
181.287	Limited liability of directors and officers.	181.0855
181.29	Directors' liability on loans to officers and directors.	181.0832 & 181.0833
181.295	Members' derivative actions.	181.0741 to 181.0747
181.297	Limited liability of volunteers.	181.0670
181.30	Incorporators.	181.0201
181.31	Articles of incorporation.	181.0202
181.32	Filing and recording articles of incorporation.	181.0202
181.33	Effect of issuance of certificate of incorporation.	181.0203
181.34	Organization meetings.	181.0205
181.35	Right to amend articles of incorporation.	181.1001
181.36	Procedure to amend articles of incorporation.	181.1002 to 181.1004
181.37	Articles of amendment.	181.1005
181.38	Filing of articles of amendment.	181.1005
181.39	Restated articles of incorporation.	181.1006
181.40	Filing and recording court order under bankruptcy laws.	181.1007
181.41	Effect of amendment.	181.1008
181.42	Procedure for merger.	181.1101
181.43	Procedure for consolidation.	omitted
181.44	Approval of merger or consolidation.	181.1103
181.45	Articles of merger or consolidation.	181.1105
181.46	Effective date of merger or consolidation; abandonment.	181.1103 (6)
181.47	Effect of merger or consolidation.	181.1106
181.48	Merger or consolidation of domestic and foreign corporations.	181.1107
181.485	Conversion of cooperative.	181.1150
181.49	Sale, lease or exchange of assets.	181.1201 & 181.1202

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181.50	Voluntary dissolution.	181.1401
181.51	Distribution of assets.	omitted
181.52	Plan of distribution.	omitted
181.53	Revocation of voluntary dissolution proceedings.	181.1404
181.54	Articles of dissolution.	181.1403
181.55	Filing and recording of articles of dissolution and effect thereof.	181.1405
181.555	Property omitted from final distribution.	omitted
181.56	Involuntary dissolution.	181.1430
181.561	Grounds for administrative dissolution.	181.1420
181.562	Procedure for and effect of administrative dissolution.	181.1421
181.563	Reinstatement following administrative dissolution.	181.1422
181.564	Appeal from denial of reinstatement.	181.1423
181.57	Jurisdiction of the circuit court to liquidate assets and business of corporation.	181.1430 & 181.1431
181.58	Procedure in liquidation of corporation by circuit court.	181.1432
181.59	Qualifications of receivers.	181.1432 (2)
181.60	Filing of claims in liquidation proceedings.	181.1406 & 181.1407
181.61	Discontinuance of liquidation proceedings.	omitted
181.62	Decree of involuntary dissolution.	181.1433
181.63	Filing of decree of dissolution.	181.1433
181.64	Deposits with state treasury.	181.1440
181.65	Survival of remedy after dissolution.	omitted
181.651	Annual report of domestic corporation.	181.1622
181.66	Foreign corporations.	181.1501 to 181.1532
181.665	Omission of seal.	181.0120 (3) (c)
181.667	Recording change of principal office.	omitted
181.67	Procedure on filing and recording of documents.	181.0120 & 181.0125
181.68	Fees for filing documents and issuing certificates.	181.0122
181.69	Penalties for false statements.	181.0129
181.70	Waiver of notice.	181.0706 & 181.0823
181.705	When notice not required.	omitted
181.71	Voting requirements of articles of incorporation.	omitted
181.72	Informal action by members or directors.	181.0704 & 181.0821

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181.73	Appeal from department of financial institutions.	181.0126
181.74	Forms to be furnished by department of financial institutions.	181.0121
181.75	Application of chapter to rights existing before enactment.	omitted
181.76	Applicability of chapter.	omitted
181.77	Private foundations.	181.0320
181.78	Offer and sale of securities.	181.0330
181.79	Public purpose corporations.	omitted

New Citations to Current Citations

NEW CITATION	NEW TITLE	CURRENT CITATION
	SUBCHAPTER I GENERAL PROVISIONS	
181.0103	Definitions.	181.02
181.0120	Filing requirements.	181.665 & 181.67
181.0121	Forms.	181.74
181.0122	Filing and service fees.	181.68
181.0123	Effective date and time of document.	new
181.0124	Corrected filed document.	new
181.0125	Filing duty of department.	181.67
181.0126	Appeal from department's refusal to file document	181.73
181.0127	Evidentiary effect of copy of filed document.	new
181.0128	Confirmation of status.	new
181.0129	Penalty for false document.	181.69
181.0141	Notice.	new
181.0160	Judicial relief.	new
	SUBCHAPTER II INCORPORATION	
181.0201	Incorporators.	181.30
181.0202	Articles of incorporation	181.31
181.0203	Incorporation.	181.32
181.0205	Organization of corporation.	181.33
181.0206	Bylaws.	181.13
181.0207	Emergency bylaws.	new
	SUBCHAPTER III POWERS AND PURPOSES	
181.0301	Purposes.	181.03
181.0302	General powers.	181.04
181.0303	Emergency powers.	new

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181.0304	Effect of unauthorized corporate acts.	181.057
181.0320	Private foundations.	181.77
181.0330	Offer and sale of securities.	181.78
	SUBCHAPTER IV NAME	
181.0401	Corporate name.	181.06
181.0402	Reserved name.	181.07
181.0403	Registered name.	new
	SUBCHAPTER V OFFICE AND AGENT	
181.0501	Registered office and registered agent.	181.08
181.0502	Change of registered office or registered agent.	181.09
181.0503	Resignation of registered agent.	181.095
181.0504	Service on corporation.	181.10
	SUBCHAPTER VI MEMBERS AND MEMBERSHIPS	
181.0601	Admission.	new
181.0602	Consideration.	new
181.0603	No requirement of members.	181.11
181.0610	Differences in rights and obligations of members.	new
181.0611	Transfers.	181.12
181.0612	Member's liability to 3rd parties.	new
181.0613	Member's liability for dues, assessments and fees.	new
181.0614	Creditor's action against member.	new
181.0620	Termination, expulsion and suspension.	181.12
181.0622	Purchase of memberships.	new
181.0640	Delegates.	181.175
181.0670	Limited liability of volunteers.	181.297
	SUBCHAPTER VII MEMBER MEETINGS AND VOTING	
181.0701	Annual and regular meetings.	181.14
181.0702	Special meeting.	181.14
181.0704	Action by written consent.	181.72
181.0705	Notice of meeting.	181.15
181.0706	Waiver of notice.	181.70
181.0707	Record date; determining members entitled to notice and vote.	new
181.0708	Action by written ballot.	new
181.0720	Member's list for meeting.	181.16
181.0721	Voting entitlement generally.	181.16

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181.0722	Quorum requirements.	181.17
181.0723	Voting requirements.	181.16 & 181.17
181.0724	Proxies.	181.16
181.0725	Cumulative voting for directors.	181.16
181.0726	Other methods of electing directors.	new
181.0727	Acceptance of instruments showing member action.	181.16
181.0730	Voting agreements.	new
181.0735	Voting power.	new
181.0740	Derivative proceedings; definition.	181.295
181.0741	Derivative proceedings; standing.	181.295
181.0742	Derivative proceedings; demand.	181.295
181.0743	Derivative proceedings; stay of proceedings.	181.295
181.0744	Derivative proceedings; dismissal.	181.295
181.0745	Derivative proceedings; discontinuance or settlement.	181.295
181.0746	Derivative proceedings; payment of expenses.	181.295
181.0747	Derivative proceedings; applicability to foreign corporations.	181.295
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FISCAL INFORMATION

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

- 1 **SECTION 1.** 13.482 (2) (a) of the statutes is amended to read:
- 2 13.482 (2) (a) For the purpose of providing housing for state departments and
- 3 agencies, including housing for state offices and the completion of the state office

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1 building, and to enable the construction, financing and ultimate acquisition thereof
2 by the state, the building commission may acquire any necessary lands, and lease
3 and re-lease any lands owned by the state and available for the purpose to the
4 Wisconsin state public building corporation or other nonstock, ~~nonprofit~~ corporation
5 organized under ch. 181 or any law amendatory thereof or supplemental thereto that
6 is a nonprofit corporation, as defined in s. 181.0103 (17). The lease and re-lease shall
7 be for a term or terms not exceeding 50 years each, and shall be made on the condition
8 that such corporation shall construct and provide on such leased lands such building
9 projects, including buildings, improvements, facilities or equipment or other capital
10 items, as the building commission requires, and shall re-lease the same to the
11 building commission upon satisfactory terms as to the rental, maintenance and
12 ultimate acquisition by the state as is in its best interests in the judgment of the
13 building commission. After such leases and re-leases are executed and until the
14 projects are acquired by the state, they shall be operated by the building commission
15 through the department of administration, which shall have charge of such property
16 as provided in s. 16.85. The building commission shall operate the projects in such
17 manner as to provide revenues therefrom sufficient to pay the costs of operation and
18 maintenance of the project and to provide for the payments due the Wisconsin state
19 public building corporation or other nonstock, nonprofit corporation but if the
20 building commission finds and declares that the housing available in any such
21 project is in excess of the current housing needs or requirements of the state
22 departments and agencies occupying or availing themselves of the space in or
23 capacity of such project, the building commission need not operate such project in a
24 manner to provide revenues therefrom sufficient to pay the costs of operation and

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1 maintenance of the project and to provide for the rental payments due the Wisconsin
2 state public building corporation or other nonstock, nonprofit corporation.

3 **SECTION 2.** 16.30 (1) (a) of the statutes is amended to read:

4 16.30 (1) (a) A nonstock, ~~nonprofit~~ corporation organized under ch. 181 that is
5 a nonprofit corporation, as defined in s. 181.0103 (17).

6 **SECTION 3.** 16.334 (2) (d) of the statutes is amended to read:

7 16.334 (2) (d) A nonstock, ~~nonprofit~~ corporation organized under ch. 181 that
8 is a nonprofit corporation, as defined in s. 181.0103 (17).

9 **SECTION 4.** 16.352 (1) (b) 4. of the statutes is amended to read:

10 16.352 (1) (b) 4. A private nonprofit organization, as defined under s. 108.02
11 (19), or a nonstock, ~~nonprofit~~ corporation that is organized under ch. 181 and that
12 is a nonprofit corporation, as defined in s. 181.0103 (17).

13 **SECTION 5.** 19.32 (1) of the statutes is amended to read:

14 19.32 (1) "Authority" means any of the following having custody of a record: a
15 state or local office, elected official, agency, board, commission, committee, council,
16 department or public body corporate and politic created by constitution, law,
17 ordinance, rule or order; a governmental or quasi-governmental corporation except
18 for the Bradley center sports and entertainment corporation; a local exposition
19 district under subch. II of ch. 229; ~~any public purpose corporation, as defined in s.~~
20 ~~181.79 (1);~~ any court of law; the assembly or senate; a nonprofit corporation which
21 receives more than 50% of its funds from a county or a municipality, as defined in s.
22 59.001 (3), and which provides services related to public health or safety to the county
23 or municipality; a nonprofit corporation operating the Olympic ice training center
24 under s. 42.11 (3); or a formally constituted subunit of any of the foregoing.

25 **SECTION 6.** 19.62 (8) of the statutes is amended to read:

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1 19.62 (8) "State authority" means an authority that is a state elected official,
2 agency, board, commission, committee, council, department or public body corporate
3 and politic created by constitution, statute, rule or order; a state governmental or
4 quasi-governmental corporation; ~~a public purpose corporation, as defined in s.~~
5 ~~181.79 (1)~~; the supreme court or court of appeals; the assembly or senate; or a
6 nonprofit corporation operating the Olympic ice training center under s. 42.11 (3).

7 **SECTION 7.** 19.82 (1) of the statutes, as affected by 1995 Wisconsin Act 27, is
8 amended to read:

9 19.82 (1) "Governmental body" means a state or local agency, board,
10 commission, committee, council, department or public body corporate and politic
11 created by constitution, statute, ordinance, rule or order; a governmental or
12 quasi-governmental corporation except for the Bradley center sports and
13 entertainment corporation; a local exposition district under subch. II of ch. 229; ~~any~~
14 ~~public purpose corporation, as defined in s. 181.79 (1)~~; a nonprofit corporation
15 operating the Olympic ice training center under s. 42.11 (3); or a formally constituted
16 subunit of any of the foregoing, but excludes any such body or committee or subunit
17 of such body which is formed for or meeting for the purpose of collective bargaining
18 under subch. I, IV or V of ch. 111.

19 **SECTION 8.** 30.92 (1) (br) 5. of the statutes is amended to read:

20 30.92 (1) (br) 5. Does not have articles of incorporation or bylaws which limit
21 or deny the right of any member or any class of members to vote, as provided
22 permitted under s. ~~181.16~~ 181.0721 (1).

23 **SECTION 9.** 32.19 (4) (a) (intro.) of the statutes is amended to read:

24 32.19 (4) (a) *Owner-occupants.* (intro.) In addition to amounts otherwise
25 authorized by this subchapter, the condemnor shall make a payment, not to exceed

ASSEMBLY BILL 765**SECTION 9**

1 \$25,000, to any displaced person who is displaced from a dwelling actually owned
2 and occupied, or from a mobile home site actually owned or occupied, by the displaced
3 person for not less than 180 days prior to the initiation of negotiations for the
4 acquisition of the property. For the purposes of this paragraph, a ~~nonprofit~~
5 corporation organized under ch. 181 that is a nonprofit corporation, as defined in s.
6 181.0103 (17), may, if otherwise eligible, be considered a displaced owner. A
7 displaced owner may elect to receive the payment under par. (b) 1. in lieu of the
8 payment under this paragraph. Such payment includes only the following:

9 **SECTION 10.** 32.19 (4) (b) (intro.) of the statutes is amended to read:

10 32.19 (4) (b) *Tenants and certain others.* (intro.) In addition to amounts
11 otherwise authorized by this subchapter, the condemnor shall make a payment to
12 any individual or family displaced from any dwelling which was actually and
13 lawfully occupied by such individual or family for not less than 90 days prior to the
14 initiation of negotiations for the acquisition of such property or, if displacement is not
15 a direct result of acquisition, such other event as determined by the department of
16 commerce by rule. For purposes of this paragraph, a ~~nonprofit~~ corporation organized
17 under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17), may, if
18 otherwise eligible, be considered a displaced tenant. Subject to the limitations under
19 par. (bm), such payment shall be either:

20 **SECTION 11.** 32.22 (12) (a) (intro.) of the statutes is amended to read:

21 32.22 (12) (a) (intro.) Nothing in this section requires the municipality to
22 rehabilitate a residential building, if it appears at any time that total cost of
23 rehabilitation, including structural repairs and alterations, exceeds 80% of the
24 estimated fair market value of the building when rehabilitation is complete. If the
25 municipality determines under this paragraph not to rehabilitate a residential

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1 building condemned under this section, the municipality shall sell the building to
2 any ~~nonprofit~~ corporation organized under ch. 181 that is a nonprofit corporation, as
3 defined in s. 181.0103 (17), or any cooperative organized under ch. 185 which:

4 **SECTION 12.** 36.54 (2) (a) 1. of the statutes, as affected by 1997 Wisconsin Act
5 27, is amended to read:

6 36.54 (2) (a) 1. "Corporation" means a nonstock, ~~nonprofit~~ corporation
7 organized under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17).

8 **SECTION 13.** 44.03 (3) of the statutes is amended to read:

9 44.03 (3) Every affiliated society shall make a report of its work annually to
10 the historical society that contains the information specified in s. ~~181.651~~ 181.1622
11 (1) (a) to ~~(e)~~ (e), which, in its entirety or in part, may be included in the publications
12 of the historical society, and upon application of any affiliated society the historical
13 society may accept, in behalf of the state, custody of or title to the property, records
14 and collections of the affiliated society or may assist in the disposal thereof. If any
15 affiliated society becomes, in the opinion of the board of curators of the historical
16 society, inactive or defunct, title to such property, records and collections not
17 otherwise provided for in the grants of donors or in the articles of incorporation of the
18 inactive and defunct society, shall vest in the historical society which shall take
19 appropriate action in the public interest for the protection or disposal of such
20 property, records and collections. Preference in disposition shall be given to
21 historical or related organizations in the area or to whatever county or local
22 governmental unit that has aided such affiliate financially.

23 **SECTION 14.** 44.60 (1) (b) of the statutes is amended to read:

ASSEMBLY BILL 765**SECTION 14**

1 44.60 (1) (b) “Nonprofit arts organization” means a ~~nonprofit~~ corporation
2 organized under ch. 181, that is a nonprofit corporation as defined in s. 181.0103 (17),
3 for the purpose of furthering the arts.

4 **SECTION 15.** 45.052 (1) (b) of the statutes is amended to read:

5 45.052 (1) (b) The powers set forth in s. ~~181.04~~ 181.0302 and all other
6 applicable provisions of ch. 181.

7 **SECTION 16.** 45.38 (1) (c) of the statutes is amended to read:

8 45.38 (1) (c) “Nonprofit corporation” means a nonstock, ~~nonprofit~~ corporation
9 that is organized under ch. 181 or any law amendatory thereof or supplemental
10 thereto and that is a nonprofit corporation, as defined in s. 181.0103 (17).

11 **SECTION 17.** 46.035 (1) (c) of the statutes is amended to read:

12 46.035 (1) (c) The term “nonprofit corporation” means a nonstock, ~~nonprofit~~
13 corporation that is organized under ch. 181 or any law amendatory thereof or
14 supplemental thereto and that is a nonprofit corporation, as defined in s. 181.0103
15 (17).

16 **SECTION 18.** 46.036 (5m) (a) 1. of the statutes is amended to read:

17 46.036 (5m) (a) 1. “Provider” means a ~~nonprofit~~, nonstock corporation
18 organized under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17),
19 and that contracts under this section to provide client services on the basis of a unit
20 rate per client service.

21 **SECTION 19.** 46.21 (2) (nm) of the statutes is amended to read:

22 46.21 (2) (nm) May, together with a nonstock, ~~nonprofit~~ corporation organized
23 under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17), and that
24 is organized solely for the purpose of operating duly accredited educational programs

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1 offering baccalaureate and associate degrees in nursing and allied health fields,
2 maintain and fund the programs.

3 **SECTION 20.** 46.27 (1) (a) 3. of the statutes is amended to read:

4 46.27 (1) (a) 3. A private, ~~nonprofit~~ corporation that is organized under ch. 181
5 and that is a nonprofit corporation, as defined in s. 181.0103 (17).

6 **SECTION 21.** 46.27 (1) (bm) of the statutes is amended to read:

7 46.27 (1) (bm) "Private nonprofit agency" means a nonprofit corporation, as
8 defined in s. ~~181.02 (8)~~ 181.0103 (17), which provides comprehensive health care
9 services to elderly persons and which participates in the On Lok replication
10 initiative.

11 **SECTION 22.** 46.81 (1) (a) 3. of the statutes is amended to read:

12 46.81 (1) (a) 3. A private, ~~nonprofit~~ corporation that is organized under ch. 181
13 and that is a nonprofit corporation, as defined in s. 181.0103 (17).

14 **SECTION 23.** 46.82 (1) (a) 3. of the statutes is amended to read:

15 46.82 (1) (a) 3. A private, ~~nonprofit~~ corporation that is organized under ch. 181
16 and that is a nonprofit corporation, as defined in s. 181.0103 (17).

17 **SECTION 24.** 46.93 (1m) (c) of the statutes is amended to read:

18 46.93 (1m) (c) "Nonprofit corporation" means a nonstock, ~~nonprofit~~ corporation
19 that is organized under ch. 181 and that is a nonprofit corporation, as defined in s.
20 181.0103 (17).

21 **SECTION 25.** 46.997 (1) (d) of the statutes is amended to read:

22 46.997 (1) (d) "Nonprofit corporation" means a nonstock, ~~nonprofit~~ corporation
23 that is organized under ch. 181 and that is a nonprofit corporation, as defined in s.
24 181.0103 (17).

25 **SECTION 26.** 49.134 (1) (c) of the statutes is amended to read:

ASSEMBLY BILL 765**SECTION 26**

1 49.134 (1) (c) “Nonprofit, tax-exempt corporation” means a nonstock, ~~nonprofit~~
2 corporation organized under ch. 181 that is a nonprofit corporation, as defined in s.
3 181.0103 (17), and that is exempt from taxation under section 501 (c) of the internal
4 revenue code.

5 **SECTION 27.** 49.34 (5m) (a) 1. of the statutes is amended to read:

6 49.34 (5m) (a) 1. “Provider” means a ~~nonprofit~~, nonstock corporation organized
7 under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17), and that
8 contracts under this section to provide client services on the basis of a unit rate per
9 client service.

10 **SECTION 28.** 59.43 (2) (ag) 1. of the statutes is amended to read:

11 59.43 (2) (ag) 1. After June 30, 1991, and subject to s. 59.72 (5), for recording
12 any instrument entitled to be recorded in the office of the register of deeds, \$10 for
13 the first page and \$2 for each additional page, except that no fee may be collected for
14 recording a change of address that is exempt from a filing fee under s. ~~181.68 (1) (b)~~
15 ~~or (e) or~~ 185.83 (1) (b).

16 **SECTION 29.** 59.57 (2) (e) 2. of the statutes is amended to read:

17 59.57 (2) (e) 2. The articles of incorporation shall be signed and acknowledged
18 by persons designated by the board or where counties join in the formation of the
19 agency by the boards of those counties and shall include at least 3 of the following
20 from each county: the county executive, if there is one; the chairperson of the board;
21 the chairperson of the board finance committee, if there is one; the county
22 corporation counsel and the county auditor or treasurer in counties having no county
23 auditor, and only those persons so signing and acknowledging the articles of
24 incorporation shall for the purposes of ch. 181 be the incorporators of the agency.

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1 ~~When counties join in the formation of the agency, the articles of incorporation shall~~
2 ~~be recorded in the office of the register of deeds of each county.~~

3 **SECTION 30.** 59.82 (1) (a) of the statutes is amended to read:

4 59.82 (1) (a) A nonstock, ~~nonprofit~~ corporation is organized under ch. 181, and
5 that corporation is a nonprofit corporation as defined in s. 181.0103 (17), organized
6 for the sole purpose of developing a research and technology park under sub. (2).

7 **SECTION 31.** 66.501 (6) of the statutes is amended to read:

8 66.501 (6) DEFINITIONS. Unless context otherwise requires, the terms
9 “buildings”, “new buildings” and “existing buildings” as used in this section include
10 all buildings, structures, improvements, facilities, equipment or other capital items
11 which the governing body of the city, village or town determines to be necessary or
12 desirable for the purpose of providing hospital facilities. The term “nonprofit
13 corporation” means a nonstock, ~~nonprofit~~ corporation organized under ch. 181 that
14 is a nonprofit corporation, as defined in s. 181.0103 (17).

15 **SECTION 32.** 66.504 (1) (b) of the statutes is amended to read:

16 66.504 (1) (b) “Nonprofit corporation” means a nonstock, ~~nonprofit~~ corporation
17 organized under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17).

18 **SECTION 33.** 95.14 (4) of the statutes is amended to read:

19 95.14 (4) Any such corporation shall have the general powers of other
20 corporations and its articles of organization shall conform to s. ~~181.31~~ 181.0202 with
21 such modifications as this section requires.

22 **SECTION 34.** 106.13 (4) (a) 1. of the statutes is amended to read:

23 106.13 (4) (a) 1. “Nonprofit organization” means a nonstock, ~~nonprofit~~
24 corporation under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103
25 (17).

ASSEMBLY BILL 765**SECTION 35**

1 **SECTION 35.** 146.50 (1) (k) of the statutes is amended to read:

2 146.50 (1) (k) "Nonprofit corporation" means a nonstock, ~~nonprofit~~ corporation
3 organized under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17).

4 **SECTION 36.** 146.55 (1) (f) of the statutes is amended to read:

5 146.55 (1) (f) "Nonprofit corporation" means a nonstock, ~~nonprofit~~ corporation
6 organized under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17).

7 **SECTION 37.** 157.62 (1) (b) of the statutes is amended to read:

8 157.62 (1) (b) Paragraph (a) does not apply to any person required to file a
9 report under s. 180.1622 or ~~181.651~~ 181.1622.

10 **SECTION 38.** 157.62 (2) (b) 1. of the statutes is amended to read:

11 157.62 (2) (b) 1. A copy of any report required under sub. (1) (a) or s. 180.1622
12 or ~~181.651~~ 181.1622.

13 **SECTION 39.** 157.62 (2) (b) 2. of the statutes is amended to read:

14 157.62 (2) (b) 2. If the cemetery authority is required to file a report under s.
15 180.1622 or ~~181.651~~ 181.1622, the information specified in sub. (1) (a) 3.

16 **SECTION 40.** 157.62 (2) (b) 7. of the statutes is amended to read:

17 157.62 (2) (b) 7. The information specified in sub. (1) (a), to the extent
18 applicable, if the cemetery is not required to file a report under sub. (1) (a) or s.
19 180.1622 or ~~181.651~~ 181.1622.

20 **SECTION 41.** 180.0401 (2) (a) 2. of the statutes is amended to read:

21 180.0401 (2) (a) 2. A corporate name reserved or registered under s. 180.0402
22 or, 180.0403, 181.0402 or 181.0403.

23 **SECTION 42.** 180.0401 (2) (a) 3. of the statutes is amended to read:

1 SUBCHAPTER I

2 GENERAL PROVISIONS

3 **181.0103 Definitions.** In this chapter:4 (1) "Articles of incorporation" includes amended and restated articles of
5 incorporation and articles of domestication.6 (2) "Board" means the group of persons vested with the management of the
7 affairs of the corporation, irrespective of the name by which such group is designated.8 (3) "Bylaws" means the code of rules, other than the articles of incorporation,
9 adopted under this chapter for the regulation or management of the affairs of a
10 corporation, by whatever name designated.11 (4) "Class" means a group of memberships having the same rights, whether
12 those rights are identical or are determined by a formula applied uniformly, with
13 respect to voting, dissolution of a corporation, and redemption and transfer of
14 memberships.15 (5) "Corporation" or "domestic corporation" means, except as used in subs. (13)
16 and (18), a nonstock corporation, including a nonprofit corporation, that is subject
17 to the provisions of this chapter, except a foreign corporation.18 (6) "Delegates" means those persons elected or appointed to vote in a
19 representative assembly for the election of a director or on other matters.20 (7) "Delivery" means personal delivery or delivery by mail, facsimile or other
21 electronic means.

22 (8) "Department" means the department of financial institutions.

23 (9) "Director" means an individual, designated in the articles of incorporation
24 or bylaws or elected by the incorporators, and the individuals' successors, and an

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1 individual elected or appointed by any other name or title to act as a member of the
2 board.

3 (10) "Distribution" means the payment of a dividend or any part of the assets,
4 income or profit of a corporation to its members, directors or officers, but does not
5 include the payment of reasonable compensation, benefits, pensions, incentive
6 compensation or the reimbursement of expenses.

7 (11) "Employee" does not include an officer or director who is not otherwise
8 employed by the corporation.

9 (12) "Entity" means any person other than a natural person.

10 (13) "Foreign corporation" means a nonstock corporation organized under a
11 law other than the law of this state.

12 (14) "Individual" means a natural person. Except in ss. 181.0802 and
13 181.0840, "individual" includes the estate of an incompetent or deceased natural
14 person.

15 (15) "Member" means a person who has membership rights in a corporation in
16 accordance with the provisions of its articles of incorporation or bylaws.

17 (16) "Membership" means the rights and obligations that a member has under
18 a corporation's articles of incorporation and bylaws and this chapter.

19 (17) "Nonprofit corporation" means any corporation, no part of the income of
20 which is distributable to its members, directors or officers, except as authorized
21 under s. 181.1302 (3).

22 (18) "Nonstock corporation" means a corporation without capital stock.

23 (19) "Principal office" means the office, whether in or outside this state, of a
24 domestic corporation or foreign corporation in which are located its principal
25 executive offices and, if the domestic corporation or foreign corporation has filed an

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1 annual report under s. 181.1622, that is designated as the principal office in its most
2 recent annual report.

3 (20) "Proceeding" includes a civil suit and criminal, administrative and
4 investigatory action.

5 (21) "Record date" means the date established under s. 181.0707 on which a
6 corporation determines the identity of its members for the purposes of this chapter.

7 (22) "Secretary" means the corporate officer to whom the board has delegated
8 responsibility under s. 181.0840 (1) for custody of the minutes of the board's meetings
9 and members' meetings and for authenticating the records of the corporation.

10 (23) "Signed" includes any symbol executed or adopted by a party with present
11 intention to authenticate a writing.

12 (24) "Stock corporation" means a corporation with capital stock.

13 (25) "Vote" includes authorization by written ballot and written consent.

14 **181.0120 Filing requirements. (1) GENERAL REQUIREMENTS.** Except as
15 provided in sub. (4), a document required or permitted to be filed under this chapter
16 with the department must satisfy all of the following requirements to be filed under
17 s. 181.0125 (2) (a):

18 (a) Contain the information required by this chapter, although it may also
19 contain other information.

20 (c) Be in the English language, except that:

21 1. A corporate name need not be in English if it is written in English letters or
22 Arabic or Roman numerals.

23 2. The certificate of status, or similar document, required of a foreign
24 corporation need not be in English if accompanied by a reasonably authenticated
25 English translation.

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- 1 (d) Contain the name of the drafter, if required by s. 182.01 (3).
- 2 (e) Be executed in accordance with sub. (3).
- 3 (f) Be on the form prescribed by the department if the document is described
4 in s. 181.0121 (1).
- 5 (g) Be delivered to the department for filing and be accompanied by one exact
6 or conformed copy and the filing fee required by s. 181.0122.
- 7 **(2) FILING BY DEPARTMENT.** The department shall file photocopies or other
8 reproduced copies of typewritten or printed documents if the copies are signed and
9 satisfy this section.
- 10 **(3) EXECUTION REQUIREMENTS.** (a) Any of the following persons may execute a
11 document described in s. 181.0122 (1) (a), (b), (g) to (j), (m) to (s) and (u) to (z):
- 12 1. An officer of the domestic corporation or foreign corporation.
- 13 2. If directors have not been selected or the corporation has not been formed,
14 an incorporator.
- 15 3. If the domestic corporation or foreign corporation is in the hands of a receiver,
16 trustee or other court-appointed fiduciary, the fiduciary.
- 17 (c) The person executing a document shall sign it and, beneath or opposite the
18 signature, state his or her name and the capacity in which he or she signs. The
19 document may but need not contain any of the following:
- 20 1. The corporate seal.
- 21 2. An attestation by the secretary or an assistant secretary of the domestic
22 corporation or foreign corporation.
- 23 3. An acknowledgment, verification or proof.

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1 (4) WAIVER. The department may waive any of the requirements of subs. (1)
2 to (3) if it appears from the face of the document that the document's failure to satisfy
3 the requirement is immaterial.

4 **181.0121 Forms. (1) REQUIRED FORMS.** (a) The department shall prescribe
5 and furnish on request forms for all of the following documents:

6 1. A foreign corporation's application for a certificate of authority to transact
7 business in this state under s. 181.1503.

8 2. A foreign corporation's application for a certificate of withdrawal under s.
9 181.1520.

10 3. A domestic corporation's or foreign corporation's annual report under s.
11 181.1622.

12 (b) The forms prescribed by the department under par. (a) 1. and 2. shall require
13 disclosure of only the information required under ss. 181.1503, 181.1520 and
14 181.1622, respectively.

15 (c) Use of a form prescribed under par. (a) is mandatory.

16 **(2) PERMISSIVE FORMS.** The department may prescribe and furnish on request
17 forms for other documents required or permitted to be filed by this chapter, but use
18 of these forms is not mandatory.

19 **181.0122 Filing and service fees. (1) FILING FEE SCHEDULE.** The department
20 shall collect the following fees when the documents described in this subsection are
21 delivered to the department for filing or, under pars. (e) and (f), when the telephone
22 applications are made:

23 (a) Articles of incorporation, \$35.

24 (b) Application for use of an indistinguishable name, \$10.

25 (c) Written application for a reserved name, \$10.

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- 1 (d) Written application for renewal of a reserved name, \$10.
- 2 (e) Telephone application for a reserved name, \$20.
- 3 (f) Telephone application for renewal of a reserved name, \$20.
- 4 (g) Application for a registered name, \$25.
- 5 (h) Application for renewal of a registered name, \$25.
- 6 (i) Notice of transfer of a reserved name or of a registered name, \$10.
- 7 (j) Subject to sub. (3) (e), domestic corporation's or foreign corporation's
8 statement of change of a registered agent or a registered office, or both, \$10.
- 9 (k) Agent's statement of change of a registered office, \$10 for each affected
10 domestic corporation or foreign corporation, except that if simultaneous filings are
11 made the fee is reduced to \$1 for each affected domestic corporation or foreign
12 corporation in excess of 200.
- 13 (L) Agent's statement of resignation, \$10.
- 14 (m) Amendment of articles of incorporation, \$25.
- 15 (n) Restatement of articles of incorporation, with or without amendments, \$25.
- 16 (o) Articles of merger, \$30 for each domestic corporation and each foreign
17 corporation authorized to transact business in this state that is a party to the merger.
- 18 (om) Articles of domestication, \$35.
- 19 (p) Articles of dissolution, \$10.
- 20 (q) Articles of revocation of dissolution, \$10.
- 21 (r) Application for reinstatement following an administrative dissolution, \$35.
- 22 (s) Certificate of reinstatement, \$10.
- 23 (t) Certificate of judicial dissolution, \$10.
- 24 (u) Application for a certificate of authority, \$45.
- 25 (v) Application for an amended certificate of authority, \$30.

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1 (w) Application for a certificate of withdrawal, \$30.

2 (x) Annual report of a domestic corporation, \$10.

3 (y) Annual report of a foreign corporation, \$15.

4 (z) Articles of correction, \$10.

5 (zm) Request for certificate or statement of status, \$5 or, if information other
6 than the information provided under s. 181.0128 (2) is requested, \$10.

7 **(2) PROCESS FEE.** The department shall collect a \$10 fee each time process is
8 served on the department under this chapter. The party to a civil, criminal,
9 administrative or investigatory proceeding who is causing service of process may
10 recover this fee as costs if the party prevails in the proceeding.

11 **(3) PROHIBITED FEES.** The department may not collect a fee for any of the
12 following:

13 (a) Filing a certificate of administrative dissolution or a certificate of revocation
14 of authority to transact business.

15 (b) Providing a confirmation of status by telephone.

16 (c) Filing a director or principal officer statement under s. 181.0860 (1).

17 (d) Filing a director or principal officer resignation statement under s. 181.0860
18 (2).

19 (e) Filing a domestic corporation's or a foreign corporation's statement of
20 change of registered office if the only change is a change to the address and if all of
21 the following apply:

22 1. The new address is the result of a change in the way a county, city, village
23 or town or the U. S. postal service describes the physical location of the registered
24 office.

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1 2. A copy of the notice indicating the new address is submitted with the
2 statement.

3 3. The physical location of the registered office has not changed.

4 **(4) EXPEDITED SERVICE FEE.** In addition to the fees required under sub. (1), the
5 department shall collect the expedited service fee under s. 182.01 (4) for processing,
6 in an expeditious manner, a document required or permitted to be filed under this
7 chapter or for preparing, in an expeditious manner, a certificate of status under s.
8 181.0128 (2) or a statement of status under s. 181.0128 (4).

9 **181.0123 Effective date and time of document. (1) IN GENERAL.** (a) Except
10 as provided in sub. (2) or s. 181.0124 (3) or 181.1622 (5), a document filed by the
11 department under this chapter is effective on the date that it is received by the
12 department for filing and at any of the following times on that date:

13 1. The time of day specified in the document as its effective time.

14 2. If no effective time is specified, at the close of business.

15 (b) The date that a document is received by the department is determined by
16 the department's endorsement on the original document under s. 181.0125 (1).

17 **(2) DELAYED EFFECTIVE DATE AND TIME.** A document may specify a delayed
18 effective date and time, except that the effective date may not be more than 90 days
19 after the date that it is received for filing. If a document specifies a delayed effective
20 date and time in accordance with this subsection, the document is effective at the
21 time and date specified. If a delayed effective date but no time is specified, the
22 document is effective at the close of business on that date.

23 **181.0124 Correcting filed document. (1) WHEN A DOCUMENT MAY BE**
24 **CORRECTED.** A domestic corporation or foreign corporation may correct a document
25 that is filed by the department before, on or after the effective date of this subsection

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1 [revisor inserts date], if the document contains a statement that was incorrect at
2 the time of filing or was defectively executed, including defects in any attestation,
3 seal, verification or acknowledgment.

4 (2) HOW DOCUMENT CORRECTED. To correct a document under sub. (1), a domestic
5 corporation or foreign corporation shall prepare and deliver to the department for
6 filing articles of correction that satisfy all of the following:

7 (a) Describe the document, including its filing date, or include a copy of the
8 document.

9 (b) Specify the incorrect statement and the reason that it is incorrect, or specify
10 the manner in which the execution was defective, whichever is applicable.

11 (c) Correct the incorrect statement or defective execution.

12 (3) EFFECTIVE DATE. (a) Except as provided in par. (b), articles of correction are
13 effective on the effective date of the document that they correct.

14 (b) With respect to persons relying on the uncorrected document and adversely
15 affected by the correction, the articles of correction are effective when filed.

16 **181.0125 Filing duty of department.** (1) DATE OF RECEIPT. Upon receipt of
17 a document by the department for filing, the department shall stamp or otherwise
18 endorse the date of receipt on the original, the document copy and, upon request, any
19 additional document copy received. The department shall return any additional
20 document copy to the person delivering it, as confirmation of the date of receipt.

21 (2) REQUIRED ENDORSEMENT. (a) Except as provided in par. (b), if a document
22 satisfies s. 181.0120 and the terms of the document satisfy, if applicable, s. 181.0401
23 (1) and (2) or 181.1506 (1) and (2), the department shall file the document by
24 stamping or otherwise endorsing "Filed", together with the department name, on
25 both the original and the document copy. After filing a document, the department

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1 shall deliver the document copy to the domestic corporation or foreign corporation,
2 or its representative.

3 (b) If a domestic corporation or foreign corporation is in default in the payment
4 of any fee required under s. 181.0122 (1) (a) to (j) and (m) to (z), the department shall
5 refuse to file any document relating to the domestic corporation or foreign
6 corporation until all delinquent fees are paid by the domestic corporation or foreign
7 corporation.

8 **(3) REFUSAL TO FILE.** (a) If the department refuses to file a document, the
9 department shall return it to the domestic corporation or foreign corporation, or its
10 representative, within 5 business days after the document was received by the
11 department for filing, together with a brief, written explanation of the reason for the
12 refusal.

13 (b) The department's failure to either file or return a document within 5
14 business days after it was received constitutes a refusal to file the document.

15 (bm) Paragraphs (a) and (b) do not apply to an annual report submitted for
16 filing under s. 181.1622.

17 (c) Except as provided in s. 181.0124 (3), if a document that had been refused
18 for filing by the department is resubmitted and filed by the department, the effective
19 date of the filed document under s. 181.0123 is the date that the resubmitted
20 document is received by the department for filing or a delayed effective date specified
21 in the resubmitted document in accordance with s. 181.0123 (2). The effective time
22 of the resubmitted document shall be determined under s. 181.0123 (1) or (2),
23 whichever is applicable.

24 **(4) EFFECT OF REFUSAL.** Except as provided in s. 181.0203 (2), the department's
25 filing of a document or refusal to file a document does not do any of the following:

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1 (a) Affect the validity or invalidity of the document in whole or part.

2 (b) Relate to the correctness or incorrectness of information contained in the
3 document.

4 (c) Create a presumption that the document is valid or invalid or that
5 information contained in the document is correct or incorrect.

6 **181.0126 Appeal from department's refusal to file document. (1) How**
7 **APPEALED.** If the department refuses to file a document received by its office for filing,
8 the domestic corporation or foreign corporation may appeal the refusal by filing a
9 petition in circuit court to compel the department to file the document. The domestic
10 corporation or foreign corporation shall file the petition in the circuit court for the
11 county where the domestic corporation's or foreign corporation's principal office or,
12 if none in this state, its registered office is or will be located. The domestic
13 corporation or foreign corporation shall attach to the petition the document and any
14 explanation by the department of the reasons for the refusal to file.

15 **(2) FILING DEADLINES.** The domestic corporation or foreign corporation shall file
16 the petition under sub. (1) within 30 days after the department returns the document
17 under s. 181.0125 (3) (a). If the department does not return the document within the
18 period specified in s. 181.0125 (3) (b), the domestic corporation or foreign corporation
19 shall file the petition within 30 days after the period specified in s. 181.0125 (3) (b)
20 expires.

21 **(3) REMEDIES.** The court may summarily order the department to file the
22 document or take other action that the court considers appropriate. The court's final
23 decision may be appealed as in other civil proceedings.

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1 **181.0127 Evidentiary effect of copy of filed document.** A certified copy
2 of a document filed by the department is conclusive evidence that the original
3 document is on file with the department.

4 **181.0128 Confirmation of status. (1) WHO MAY REQUEST.** Any person may
5 obtain from the department, upon request, a certificate of status for a domestic
6 corporation or foreign corporation.

7 **(2) REQUIRED CONTENT OF CERTIFICATE OF STATUS.** A certificate of status shall
8 include all of the following information:

9 (a) The domestic corporation's corporate name or the foreign corporation's
10 corporate name and fictitious name, if any, used in this state.

11 (b) Whether each of the following is true:

12 1. The domestic corporation is incorporated under the laws of this state, or the
13 foreign corporation is authorized to transact business in this state.

14 3. The domestic corporation or foreign corporation has, during its most recently
15 completed report year, filed with the department an annual report required by s.
16 181.1622.

17 4. The domestic corporation has not filed articles of dissolution.

18 5. The foreign corporation has not applied for a certificate of withdrawal under
19 s. 181.1520 and is not the subject of a proceeding under s. 181.1531 to revoke its
20 certificate of authority.

21 (c) The domestic corporation's date of incorporation and the period of its
22 duration if less than perpetual.

23 **(3) OTHER CONTENT OF CERTIFICATE OF STATUS.** The certificate of status may
24 include other facts of record in the department that are requested.

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1 (4) STATEMENT OF STATUS. Upon request, the department shall issue, by
2 telegraph, teletype, facsimile or other form of wire or wireless communication, a
3 statement of status, which shall contain the information required in a certificate of
4 status under sub. (2) and may contain any other information permitted under sub.
5 (3).

6 (5) EVIDENTIAL EFFECT. Subject to any qualification stated in a certificate or
7 statement of status issued by the department, the certificate or statement is
8 conclusive evidence that the domestic corporation or foreign corporation is in
9 existence or is authorized to transact business in this state.

10 (6) CONFIRMATION OF INFORMATION BY TELEPHONE. Upon request by telephone or
11 otherwise, the department shall confirm, by telephone, any of the information
12 required in a certificate of status under sub. (2) and may confirm any other
13 information permitted under sub. (3).

14 **181.0129 Penalty for false document.** (1) SIGNING FALSE DOCUMENT. A
15 person may not sign a document with intent that it be delivered to the department
16 for filing or deliver, or cause to be delivered, a document to the department for filing,
17 if the person knows that the document is false in any material respect at the time of
18 its delivery.

19 (2) PENALTY. Whoever violates this section may be fined not more than \$10,000
20 or imprisoned for not more than 2 years or both.

21 **181.0141 Notice.** (1) APPLICABILITY. This section applies to notice that is
22 required under this chapter and that is made subject to this section by express
23 reference to this section.

24 (2) WHEN NOTICE MUST BE WRITTEN. (a) A person shall give notice in writing,
25 except as provided in par. (b).

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1 (b) A person may give oral notice if oral notice is permitted by the articles of
2 incorporation or bylaws and not otherwise prohibited by this chapter.

3 **(3) METHOD OF COMMUNICATION.** Unless otherwise provided in the articles of
4 incorporation or bylaws, notice may be communicated in person, by telephone,
5 telegraph, teletype, facsimile or other form of wire or wireless communication, or by
6 mail or private carrier, and, if these forms of personal notice are impracticable, notice
7 may be communicated by a newspaper of general circulation in the area where
8 published, or by radio, television or other form of public broadcast communication.

9 **(4) ADDRESS TO BE USED.** Written notice to a domestic corporation or a foreign
10 corporation authorized to transact business in this state may be addressed to its
11 registered agent at its registered office or to the domestic corporation or foreign
12 corporation at its principal office. With respect to a foreign corporation that has not
13 yet filed an annual report under s. 181.1622, the address of the foreign corporation's
14 principal office may be determined from its application for a certificate of authority.

15 **(5) WHEN NOTICE EFFECTIVE.** (a) Except as provided in par. (b) and ss. 181.0807
16 (2) and 181.0843 (1), written notice is effective at the earliest of the following:

17 1. When received.

18 2. Five days after its deposit in the U.S. mail, if mailed postpaid and correctly
19 addressed.

20 3. On the date shown on the return receipt, if sent by registered or certified
21 mail, return receipt requested, and the receipt is signed by or on behalf of the
22 addressee.

23 4. On the effective date specified in the articles of incorporation or bylaws.

24 (b) Written notice by a domestic corporation or foreign corporation to its
25 member is effective when mailed and may be addressed to the member's address

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1 shown in the domestic corporation's or foreign corporation's current record of
2 members.

3 (c) Oral notice is effective when communicated.

4 **181.0160 Judicial relief. (1)** WHEN COURT MAY ORDER MEETING OR BALLOT. If
5 the requirements of this subsection are met, the circuit court for the county where
6 a corporation's principal office is located, or if a corporation's principal office is not
7 located in this state the circuit court for the county where the corporation's registered
8 office is located, may order a corporation to hold a meeting of members, delegates or
9 directors or may order a corporation to authorize a written ballot for obtaining the
10 vote of members, delegates or directors. The court may enter an order under this
11 subsection only if at least one of the following conditions is met:

12 (a) Upon the petition of the attorney general or a director, officer, delegate or
13 member of the corporation, the court determines that it is impractical or impossible
14 for the corporation to call or conduct a meeting of its members, delegates or directors,
15 or to otherwise obtain their consent, in the manner described in this chapter or the
16 corporation's articles of incorporation or bylaws.

17 (b) Upon the petition of a member or another person entitled to participate in
18 an annual member meeting, the court determines that the annual meeting was not
19 held within 6 months after the end of the corporation's fiscal year or 15 months after
20 its last annual meeting.

21 (c) Upon the petition of a member or another person entitled to participate in
22 a regular meeting, the court determines that the regular meeting is not held within
23 40 days after the date by which it was required to be held.

24 (d) Upon the petition of a member who signed a valid demand under s. 181.0702
25 for a special meeting or upon the petition of another person entitled to call a special

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1 meeting, the court determines that notice of the special meeting was not given within
2 30 days after the date on which the demand was delivered to a corporate officer or
3 that the special meeting was not held in accordance with the notice.

4 (2) NOTICE. The court shall, in an order issued under this section, provide for
5 a method of notice reasonably designed to give actual notice to all persons who would
6 be entitled to notice of a meeting held under the articles of incorporation, the bylaws
7 and this chapter, whether or not the method results in actual notice to all such
8 persons or conforms to s. 181.0141. In a proceeding under this section the court may
9 determine who the members, delegates or directors are.

10 (3) VOTING REQUIREMENTS. In an order issued under this section, the court may
11 dispense with any requirement relating to the holding of or voting at meetings or to
12 obtaining votes, including any quorum requirement or any requirement as to the
13 number or percentage of votes needed for approval, that would otherwise be imposed
14 by the articles of incorporation or bylaws or this chapter. The court may fix alternate
15 quorum or voting requirements and enter other orders necessary to accomplish the
16 purpose of the meeting.

17 (4) SUBJECT MATTER. (a) Whenever practical, any order issued under this
18 section shall limit the subject matter of meetings or other forms of consent
19 authorized to those items, including amendments to the articles of incorporation or
20 bylaws, the resolution of which will or may enable the corporation to continue
21 managing its affairs without further resort to this section.

22 (b) Notwithstanding par. (a), an order under this section may authorize the
23 obtaining of whatever votes and approvals are necessary for dissolution, merger or
24 the sale of assets.

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1 **(5) EFFECT OF MEETING OR BALLOT.** Any meeting or other method of obtaining
2 the vote of members, delegates or directors conducted under an order issued under
3 this section and that complies with all of the provisions of the order is for all purposes
4 a valid meeting or vote and shall have the same effect as if it complied with every
5 requirement imposed by the articles of incorporation, the bylaws and this chapter.

SUBCHAPTER II**INCORPORATION**

6
7
8 **181.0201 Incorporators.** One or more persons may act as the incorporator
9 or incorporators of a corporation by delivering articles of incorporation to the
10 department for filing.

11 **181.0202 Articles of incorporation. (1) REQUIRED CONTENT.** The articles of
12 incorporation shall include all of the following information:

- 13 (a) A statement that the corporation is incorporated under this chapter.
14 (b) A corporate name for the corporation that satisfies s. 181.0401.
15 (c) The mailing address of the initial principal office of the corporation.
16 (d) The street address of the corporation's initial registered office and the name
17 of its initial registered agent at that office.
18 (e) The name and address of each incorporator.
19 (f) Whether or not the corporation will have members.
20 (g) If the corporation is authorized to make distributions under s. 181.1302 (4),
21 a statement to that effect.

22 **(2) PERMISSIBLE CONTENT.** The articles of incorporation may set forth other
23 information, including any of the following:

- 24 (a) The names and addresses of the natural persons who will serve as the initial
25 directors.

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- 1 (b) Provisions not inconsistent with law regarding:
- 2 1. The purpose or purposes for which the corporation is organized.
- 3 2. Managing the business and regulating the affairs of the corporation.
- 4 3. Distributing assets on dissolution.
- 5 4. Defining, limiting and regulating the powers of the corporation, its board of
- 6 directors and its members.

7 (c) Any provision that, under this chapter, is required or permitted to be set

8 forth in the bylaws.

9 **(3) POWERS ENUMERATED IN CHAPTER.** The articles of incorporation need not

10 include any of the corporate powers enumerated in this chapter.

11 **(4) ARTICLES SUPERSEDE BYLAWS.** If a provision of the articles of incorporation

12 is inconsistent with a bylaw, the provision of the articles of incorporation controls.

13 **181.0203 Incorporation. (1) WHEN CORPORATE EXISTENCE BEGINS.** The

14 corporate existence begins when the articles of incorporation become effective.

15 **(2) CONCLUSIVE PROOF OF INCORPORATION.** The department's filing of the articles

16 of incorporation or articles of domestication is conclusive proof that the corporation

17 is incorporated under this chapter, except in a proceeding by the state to cancel or

18 revoke the incorporation or involuntarily dissolve the corporation.

19 **(3) NOTIFICATION OF REPORTING REQUIREMENTS.** Upon filing articles of

20 incorporation of a corporation, the department shall inform the corporation of the

21 reporting requirements under s. 440.42 for charitable organizations that solicit

22 contributions.

23 **181.0205 Organization of corporation. (1) ORGANIZATIONAL MEETING**

24 **REQUIRED.** (a) After incorporation, if initial directors are named in the articles of

25 incorporation, the initial directors shall hold an organizational meeting, at the call

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1 of a majority of the directors, to complete the organization of the corporation by
2 appointing officers, adopting bylaws and carrying on any other business brought
3 before the meeting.

4 (b) After incorporation, if initial directors are not named in the articles of
5 incorporation, the incorporator or incorporators shall hold an organizational
6 meeting, at the call of a majority of the incorporators, to do any of the following:

7 1. Elect directors and complete the organization of the corporation.

8 2. Elect a board that will complete the organization of the corporation.

9 (2) WRITTEN CONSENTS. Action required or permitted by this chapter to be taken
10 by incorporators at an organizational meeting may be taken without a meeting if the
11 action taken is evidenced by one or more written consents describing the action taken
12 and signed by each incorporator.

13 (3) LOCATION OF ORGANIZATIONAL MEETING. An organizational meeting may be
14 held in or outside of this state.

15 **181.0206 Bylaws.** (1) INITIAL BYLAWS. The incorporators, members or board
16 of a corporation shall adopt the initial bylaws for the corporation.

17 (2) SUBSEQUENT ADOPTION, AMENDMENT AND REPEAL. After the adoption of the
18 initial bylaws under sub. (1), bylaws may be adopted either by the members or the
19 board, but no bylaw adopted by the members shall be amended or repealed by the
20 directors, unless the bylaws adopted by the members shall have conferred such
21 authority upon the directors. Any bylaw adopted by the board is subject to
22 amendment or repeal by the members as well as by the directors.

23 (3) CONTENT OF BYLAWS. The bylaws of a corporation may contain any provision
24 for regulating and managing the affairs of the corporation that is not inconsistent
25 with its articles of incorporation or with the laws of this state.

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1 **(2) EFFECT OF OTHER REGULATION.** A corporation engaging in an activity that is
2 subject to regulation under another statute of this state may incorporate under this
3 chapter only if incorporation under this chapter is not prohibited by the other
4 statute. The corporation shall be subject to all limitations of the other statute.

5 **181.0302 General powers.** Unless its articles of incorporation provide
6 otherwise, a corporation has perpetual duration and succession in its corporate name
7 and has the same powers as an individual to do all things necessary or convenient
8 to carry out its affairs, including the power to do all of the following:

9 **(1) LEGAL ACTIONS.** Sue and be sued, complain and defend in its corporate name.

10 **(2) CORPORATE SEAL.** Have a corporate seal, which may be altered at will, and
11 to use it, or a facsimile of it, by impressing or affixing it or in any other manner
12 reproducing it.

13 **(3) BYLAWS.** Make and amend bylaws not inconsistent with its articles of
14 incorporation or with the laws of this state, for regulating and managing the affairs
15 of the corporation.

16 **(4) PROPERTY ACQUISITION.** Purchase, receive, lease or otherwise acquire, and
17 own, hold, improve, use and otherwise deal with, property or any legal or equitable
18 interest in property, wherever located.

19 **(5) DISPOSITION OF PROPERTY.** Sell, convey, mortgage, pledge, lease, exchange
20 and otherwise dispose of all or any part of its property.

21 **(6) INTERESTS IN OTHER ENTITIES.** Purchase, receive, subscribe for or otherwise
22 acquire, and own, hold, vote, use, sell, mortgage, lend, pledge or otherwise dispose
23 of, and deal in and with, shares or other interests in, or obligations of, any other
24 entity.

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1 **(7) CONTRACTS AND LIABILITIES.** Make contracts and guarantees; incur
2 liabilities; borrow money; issue notes, bonds and other obligations; and secure any
3 of its obligations by mortgage or pledge of any of its property, franchises or income.

4 **(8) LOANS.** Lend money, invest and reinvest its funds and receive and hold
5 property as security for repayment, except as limited by s. 181.0832.

6 **(9) PARTICIPATION IN OTHER ENTITIES.** Be a promoter, partner, member, associate
7 or manager of any entity.

8 **(10) EXERCISE OF POWERS.** Conduct its activities, locate offices and exercise the
9 powers granted by this chapter in or outside this state.

10 **(11) DIRECTORS, OFFICERS, EMPLOYES AND AGENTS.** Elect or appoint directors,
11 officers, employees and agents of the corporation, define their duties and fix their
12 compensation.

13 **(12) PENSION AND INCENTIVE PLANS.** Pay pensions and establish pension plans,
14 pension trusts and other benefit and incentive plans for any of its current or former
15 directors, officers, employees and agents of the corporation, its subsidiaries or its
16 affiliates.

17 **(13) BENEFIT PLANS.** Provide benefits or payments to directors, officers and
18 employees of the corporation, its subsidiaries or its affiliates, and to their estates,
19 families, dependents or beneficiaries, in recognition of the past services of the
20 directors, officers and employees to the corporation, its subsidiaries or its affiliates.

21 **(14) COMPENSATION.** Establish reasonable compensation for all directors for
22 services to the corporation as directors, officers or otherwise. Unless otherwise
23 provided in the articles of incorporation or bylaws, the board of directors, by the
24 affirmative vote of a majority of the directors then in office and irrespective of any

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1 personal interest of any of its members, may establish reasonable compensation for
2 all directors for such services or delegate this authority to an appropriate committee.

3 (15) DONATIONS. Make donations and otherwise devote its resources for the
4 public welfare or for charitable, scientific, educational, humanitarian, philanthropic
5 or religious purposes.

6 (16) DUES. Impose dues, assessments, admission and transfer fees upon its
7 members.

8 (17) ADMISSION OF MEMBERS. Establish conditions for admission of members,
9 admit members and issue memberships.

10 (18) BUSINESSES. Carry on a business.

11 (19) OTHER. Do all things necessary or convenient, not inconsistent with law,
12 to further the activities and affairs of the corporation.

13 **181.0303 Emergency powers. (1) DEFINITION.** In this section, "emergency"
14 has the meaning given in s. 181.0207 (1).

15 (2) POWERS. In anticipation of or during an emergency, the board or members
16 of a corporation may do all of the following:

17 (a) Modify lines of succession to accommodate the incapacity of a director,
18 officer, employe or agent.

19 (b) Relocate the principal office, designate alternative principal offices or
20 regional offices, or authorize the officers to do so.

21 (3) MEETINGS. Unless emergency bylaws adopted under s. 181.0207 provide
22 otherwise, all of the following apply to a meeting of the board during an emergency:

23 (a) The corporation need give notice of a meeting of the board only to those
24 directors whom it is practicable to reach and the corporation may give notice in any
25 practicable manner, including by publication and radio.

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1 (b) One or more officers of the corporation present at a meeting of the board may
2 be considered to be a director for the meeting, in order of rank and within the same
3 rank in order of seniority, as necessary to achieve a quorum.

4 (4) ACTION TAKEN DURING EMERGENCY. Corporate action taken in good faith
5 during an emergency under this section to further the ordinary affairs of the
6 corporation binds the corporation and may not be used to impose liability on a
7 corporate director, officer, member, employe or agent.

8 **181.0304 Effect of unauthorized corporate acts.** No act of a corporation
9 and no conveyance or transfer of real or personal property to or by a corporation shall
10 be invalid by reason of the fact that the corporation was without capacity or power
11 to do such act or to make or receive such conveyance or transfer, except that lack of
12 capacity or power may be asserted in all of the following cases:

13 (1) PROCEEDINGS BY MEMBERS OR DIRECTORS. A proceeding by a member or
14 director against the corporation to enjoin the doing of any act or the transfer of real
15 or personal property by or to the corporation. If the unauthorized acts or transfer
16 sought to be enjoined is being, or is to be, performed or made pursuant to any contract
17 to which the corporation is a party, the court may, if all of the parties to the contract
18 are parties to the proceeding, and if the court considers the same to be equitable, set
19 aside and enjoin the performance of the contract. The court may allow to the
20 corporation or to the other parties to the contract, as the case may be, compensation
21 for the loss or damage sustained by either of them as a result of the action of the court
22 in setting aside and enjoining the performance of the contract. Anticipated profits
23 to be derived from the performance of the contract may not be awarded by the court
24 as a loss or damage sustained.

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1 **(2) PROCEEDINGS BY THE CORPORATION.** A proceeding by the corporation, whether
2 acting directly or through a receiver, trustee or other legal representative, or through
3 members in a representative suit, against the incumbent or former officers or
4 directors of the corporation.

5 **(3) PROCEEDINGS BY THE ATTORNEY GENERAL.** A proceeding by the attorney
6 general, as provided in this chapter, to dissolve the corporation, or a proceeding by
7 the attorney general to enjoin the corporation from performing unauthorized acts.

8 **181.0320 Private foundations. (1) PROHIBITED ACTS.** A private foundation,
9 as defined in section 509 (a) of the Internal Revenue Code, may not do any of the
10 following:

11 (a) Engage in any act of self-dealing, as defined in section 4941 (d) of the
12 Internal Revenue Code, which would give rise to any liability for the tax imposed by
13 section 4941 (a) of the Internal Revenue Code.

14 (b) Retain any excess business holdings, as defined in section 4943 (c) of the
15 Internal Revenue Code, which would give rise to any liability for the tax imposed by
16 section 4943 (a) of the Internal Revenue Code.

17 (c) Make any investment which would jeopardize the carrying out of any of its
18 exempt purposes, within the meaning of section 4944 of the Internal Revenue Code,
19 so as to give rise to any liability for the tax imposed by section 4944 (a) of the Internal
20 Revenue Code.

21 (d) Make any taxable expenditures, as defined in section 4945 (d) of the
22 Internal Revenue Code, which would give rise to any liability for the tax imposed by
23 section 4945 (a) of the Internal Revenue Code.

24 **(2) REQUIRED DISTRIBUTIONS.** Each corporation that is a private foundation, as
25 defined in section 509 of the Internal Revenue Code, shall distribute, for the purposes

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1 specified in its articles of organization, for each taxable year, amounts at least
2 sufficient to avoid liability for the tax imposed by section 4942 (a) of the Internal
3 Revenue Code.

4 (3) EXCEPTIONS. Subsections (1) and (2) do not apply to any corporation to the
5 extent that a court of competent jurisdiction shall determine that such application
6 would be contrary to the terms of the articles of organization or other instrument
7 governing such corporation or governing the administration of charitable funds held
8 by it and that the same may not properly be changed to conform to such subsections.

9 (4) POWERS OF COURTS AND ATTORNEY GENERAL. This section does not impair the
10 rights and powers of the courts or the attorney general of this state with respect to
11 any corporation.

12 **181.0330 Offer and sale of securities.** A corporation or a foreign corporation
13 may not offer or sell any of its securities in this state, unless the securities are
14 registered under ch. 551 or unless the securities or the offer or sale of the securities
15 is exempt from registration under ch. 551.

SUBCHAPTER IV**NAME**

18 **181.0401 Corporate name. (1) GENERAL REQUIREMENTS.** (a) The corporate
19 name of a corporation:

20 1. Shall contain the word "corporation", "incorporated", "company" or "limited"
21 or the abbreviation "corp.", "inc.", "co." or "ltd." or words or abbreviations of like
22 import in another language, except as provided in par. (b).

23 2. May not contain language stating or implying that the corporation is
24 organized for a purpose other than that permitted by s. 181.0301 and its articles of
25 incorporation.

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1 (b) A corporation in existence on the effective date of this paragraph [revisor
2 inserts date], need not change its name to comply with par. (a) 1.

3 **(2) DISTINGUISHABILITY.** (a) Except as provided in subs. (3) and (4), the corporate
4 name of a domestic corporation must be distinguishable upon the records of the
5 department from all of the following names:

6 1. The corporate name of a domestic corporation or a foreign corporation
7 authorized to transact business in this state.

8 2. The corporate name of a stock corporation or a foreign stock corporation
9 authorized to transact business in this state.

10 3. A name reserved or registered under this chapter or ch. 178, 179, 180, 183
11 or 185.

12 4. The corporate name of a dissolved corporation or stock corporation that has
13 retained the exclusive use of its name under s. 181.1405 (3) or under s. 180.1405 (3),
14 respectively.

15 5. The fictitious name adopted by a foreign corporation or a foreign stock
16 corporation authorized to transact business in this state.

17 6. The name of a limited partnership formed under the laws of, or registered
18 in, this state.

19 7. The name of a cooperative association incorporated or authorized to transact
20 business in this state.

21 8. The name of a limited liability company organized under the laws of, or
22 registered in, this state.

23 9. The name of a limited liability partnership formed under the laws of, or
24 registered in, this state.

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1 (b) The corporate name of a corporation is not distinguishable from a name
2 referred to in par. (a) 1. to 9. if the only difference between it and the other name is
3 the inclusion or absence of a word or words referred to in sub. (1) (a) 1. or of the words
4 “limited partnership”, “limited liability partnership”, “cooperative” or “limited
5 liability company” or an abbreviation of these words.

6 **(3) APPLICATION TO USE NONDISTINGUISHABLE NAME.** A corporation may apply to
7 the department for authorization to use a name that is not distinguishable upon the
8 records of the department from one or more of the names described in sub. (2). The
9 department shall authorize use of the name applied for if any of the following occurs:

10 (a) The other corporation or the foreign corporation, limited liability company,
11 stock corporation, limited partnership, limited liability partnership or cooperative
12 association consents to the use in writing and submits an undertaking in a form
13 satisfactory to the department to change its name to a name that is distinguishable
14 upon the records of the department from the name of the applicant.

15 (b) The applicant delivers to the department a certified copy of a final judgment
16 of a court of competent jurisdiction establishing the applicant’s right to use the name
17 applied for in this state.

18 **(4) CORPORATE REORGANIZATIONS.** A corporation may use the name, including
19 the fictitious name, that is used in this state by another domestic or foreign
20 corporation or stock corporation authorized to transact business in this state if the
21 corporation proposing to use the name has done any of the following:

22 (a) Merged with the other domestic or foreign corporation or stock corporation.

23 (b) Been formed by reorganization of the other domestic or foreign corporation
24 or stock corporation.

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1 (c) Acquired all or substantially all of the assets, including the corporate name,
2 of the other domestic or foreign corporation or stock corporation.

3 **181.0402 Reserved name. (1) RESERVATION OF NAMES.** A person may reserve
4 the exclusive use of a corporate name, including a fictitious name for a foreign
5 corporation whose corporate name is not available, by delivering an application to
6 the department for filing or by making a telephone application. The application shall
7 include the name and address of the applicant and the name proposed to be reserved.
8 If the department finds that the corporate name applied for under this subsection is
9 available, the department shall reserve the name for the applicant's exclusive use for
10 a 120-day period, which may be renewed by the applicant or a transferee under sub.
11 (2) from time to time. If an application to reserve a name or to renew a reserved name
12 is made by telephone, the department shall cancel the reservation or renewal if the
13 department does not receive the fee required under s. 181.0122 (1) (e) or (f) within
14 15 business days after the application is made.

15 **(2) TRANSFER OF RESERVED NAME.** A person who has the right to exclusive use
16 of a reserved corporate name under sub. (1) may transfer the reservation to another
17 person by delivering to the department a written and signed notice of the transfer
18 that states the name and address of the transferee.

19 **181.0403 Registered name. (1) BY FOREIGN CORPORATION.** (a) A foreign
20 corporation may register its corporate name if the name is distinguishable upon the
21 records of the department from the names described in s. 181.1506 (2) and if the
22 foreign corporation delivers to the department for filing an application complying
23 with par. (b).

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1 (b) A foreign corporation's application to register a corporate name shall be
2 accompanied by a certificate of status or similar document from the state or country
3 of incorporation and shall include all of the following information:

- 4 1. The foreign corporation's corporate name.
- 5 2. The state or country and the date of its incorporation.
- 6 3. The street address of its principal office.

7 (c) The registration expires December 31. The foreign corporation may renew
8 its registration by delivering to the department for filing a renewal application,
9 which complies with par. (b), between October 1 and December 31 of each year that
10 the registration is in effect. The renewal application when filed renews the
11 registration for the next year.

12 **(2) MERGER, NAME CHANGE OR DISSOLUTION.** (a) A corporation may, upon merger,
13 change of name or dissolution, register its corporate name for no more than 10 years
14 by delivering to the department for filing an application, executed by the corporation,
15 simultaneously with the delivery for filing of the articles of merger, the articles of
16 dissolution, or the articles of amendment or the restated articles of incorporation
17 that change the corporate name.

18 (b) A foreign corporation may, upon change of name, register its corporate name
19 for no more than 10 years by delivering to the department for filing an application,
20 executed by the foreign corporation, simultaneously with the delivery for filing of an
21 application for an amended certificate of authority that changes the corporate name.

22 **(3) EFFECTIVE DATE.** A corporate name is registered under sub. (1) or (2) for the
23 applicant's exclusive use on the effective date of the application.

24 **(3m) TRANSFER OF REGISTERED NAME.** A person who has the right to exclusive
25 use of a registered name under sub. (1) or (2) may transfer the registration to another

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1 person by delivering to the department a written and signed notice of the transfer
2 that states the name and address of the transferee.

3 (4) TERMINATION OF REGISTERED NAME. (a) A foreign corporation whose
4 registration is effective under sub. (1) may thereafter apply for a certificate of
5 authority under the registered name or consent in writing to the use of that name
6 by a domestic corporation thereafter incorporated under this chapter or by another
7 foreign corporation thereafter authorized to transact business in this state. The
8 registration terminates when the domestic corporation is incorporated or the foreign
9 corporation obtains a certificate of authority or consents to another foreign
10 corporation obtaining a certificate of authority under the registered name.

11 (b) The holder of a registration effective under sub. (2) may thereafter
12 incorporate as a domestic corporation or obtain a certificate of authority under the
13 registered name or consent in writing to use of that name by a domestic corporation
14 thereafter incorporated under this chapter or by a foreign corporation thereafter
15 authorized to transact business in this state. The registration terminates when any
16 of the following occurs:

17 1. The holder incorporates as a domestic corporation or obtains a certificate of
18 authority under the registered name.

19 2. The domestic corporation that has consent to use the registered name is
20 incorporated.

21 3. The holder consents to another foreign corporation obtaining a certificate of
22 authority under the registered name.

SUBCHAPTER V**OFFICE AND AGENT**

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1 **181.0501 Registered office and registered agent.** Each corporation shall
2 continuously maintain in this state a registered office and registered agent. The
3 registered office may, but need not, be the same as any of its places of business. The
4 registered agent shall be any of the following:

5 **(1) INDIVIDUALS.** An individual who resides in this state and whose business
6 office is identical with the registered office.

7 **(2) DOMESTIC ENTITIES.** A domestic corporation, stock corporation or limited
8 liability company, incorporated or organized in this state, whose business office is
9 identical with the registered office.

10 **(3) FOREIGN ENTITIES.** A foreign corporation, stock corporation or limited
11 liability company, authorized to transact business in this state, whose business office
12 is identical with the registered office.

13 **181.0502 Change of registered office or registered agent. (1) METHODS**
14 **OF CHANGING OFFICE OR AGENT.** A corporation may change its registered office or
15 registered agent, or both, by doing any of the following:

16 (a) Delivering to the department for filing a statement of change.

17 (b) Including the name of its registered agent and the street address of its
18 registered office, as changed, in articles of amendment to its articles of incorporation,
19 in a restatement of its articles of incorporation or in articles of merger.

20 (c) If a domestic corporation, including the name of its registered agent and the
21 street address of its registered office, as changed, in its annual report under s.
22 181.1622. A change under this paragraph is effective on the date on which the
23 annual report is filed by the department.

24 **(2) CONTENTS OF STATEMENT OF CHANGE.** Except as provided in sub. (3), a
25 statement of change shall include all of the following information:

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1 (a) The name of the corporation and, if applicable, a statement that the
2 corporation is incorporated under this chapter.

3 (b) The name of its registered agent, as changed.

4 (c) The street address of its registered agent, as changed.

5 (d) A statement that after the change or changes are made, the street addresses
6 of its registered office and the business office of its registered agent will be identical.

7 **(3) REGISTERED AGENT CHANGE OF ADDRESS.** If a registered agent changes the
8 street address of his or her business office, he or she may change the street address
9 of the registered office of any corporation for which he or she is the registered agent
10 by notifying the corporation in writing of the change and by signing, either manually
11 or in facsimile, and delivering to the department for filing a statement that complies
12 with sub. (2) and recites that the corporation has been notified of the change.

13 **181.0503 Resignation of registered agent. (1) STATEMENT OF RESIGNATION.**
14 The registered agent of a corporation may resign by signing and delivering to the
15 department for filing a statement of resignation that includes all of the following
16 information:

17 (a) The name of the corporation for which the registered agent is acting.

18 (b) The name of the registered agent.

19 (c) The street address of the corporation's current registered office and its
20 principal office.

21 (d) A statement that the registered agent resigns.

22 (e) If applicable, a statement that the registered office is also discontinued.

23 **(2) NOTICE TO CORPORATION.** After filing the statement, the department shall
24 mail a copy to the corporation at its principal office.

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1 **(3) EFFECTIVE DATE.** The resignation is effective and, if applicable, the
2 registered office is discontinued on the earlier of the following:

3 (a) Sixty days after the department receives the statement of resignation for
4 filing.

5 (b) The date on which the appointment of a successor registered agent is
6 effective.

7 **181.0504 Service on corporation. (1) REGISTERED AGENT.** A corporation's
8 registered agent is the corporation's agent for service of process, notice or demand
9 required or permitted by law to be served on the corporation.

10 **(2) BY MAIL.** Except as provided in sub. (3), if a corporation has no registered
11 agent or the agent cannot with reasonable diligence be served, the corporation may
12 be served by registered or certified mail, return receipt requested, addressed to the
13 corporation at its principal office. Service is perfected under this subsection at the
14 earliest of the following:

15 (a) The date on which the corporation receives the mail.

16 (b) The date shown on the return receipt, if signed on behalf of the corporation.

17 (c) Five days after its deposit in the U.S. mail, if mailed postpaid and correctly
18 addressed.

19 **(3) BY PUBLICATION.** (a) Except as provided in par. (b), if the address of the
20 corporation's principal office cannot be determined from the records held by the
21 department, the corporation may be served by publishing a class 3 notice, under ch.
22 985, in the community where the corporation's principal office or registered office,
23 as most recently designated in the records of the department, is located.

24 (b) If a process, notice or demand is served by the department on a corporation
25 under s. 181.1421 and the address of the corporation's principal office cannot be

1 determined from the records of the department, the corporation may be served by
2 publishing a class 2 notice, under ch. 985, in the official state newspaper.

3 (4) OTHER METHODS OF SERVICE. This section does not limit or affect the right
4 to serve any process, notice or demand required or permitted by law to be served on
5 a corporation in any other manner permitted by law.

6 SUBCHAPTER VI

7 MEMBERS AND MEMBERSHIPS

8 **181.0601 Admission.** (1) CRITERIA AND PROCEDURES. The articles of
9 incorporation or bylaws may establish criteria or procedures for admission of
10 members.

11 (2) CONSENT REQUIRED. A person may not be admitted as a member without the
12 person's consent.

13 **181.0602 Consideration and certificates.** Except as provided in its articles
14 of incorporation or bylaws, a corporation may admit members for no consideration
15 or for such consideration as is determined by the board. A corporation may issue
16 certificates evidencing membership in the corporation.

17 **181.0603 No requirement of members.** A corporation is not required to
18 have members.

19 **181.0610 Differences in rights and obligations of members.** All members
20 shall have the same rights and obligations with respect to voting, dissolution,
21 redemption and transfer, unless the articles of incorporation or bylaws establish
22 classes of membership with different rights or obligations. All members shall have
23 the same rights and obligations with respect to any other matters, except as set forth
24 in or authorized by the articles of incorporation or bylaws.

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1 **181.0611 Transfers. (1) WHEN AUTHORIZED.** Except as set forth in or
2 authorized by the articles of incorporation or bylaws, a member of a corporation may
3 not transfer a membership or any right arising from a membership.

4 **(2) ADOPTION OF RESTRICTIONS.** If transfer rights have been provided, no
5 restriction on them shall be binding with respect to a member holding a membership
6 issued before the adoption of the restriction unless the restriction is approved by the
7 members and the affected member.

8 **181.0612 Member's liability to 3rd parties.** A member of a corporation is
9 not, as a member, personally liable for the acts, debts, liabilities or obligations of the
10 corporation.

11 **181.0613 Member's liability for dues, assessments and fees.** A member
12 may become liable to the corporation for dues, assessments or fees. An article of
13 incorporation or bylaw provision or a resolution adopted by the board authorizing or
14 imposing dues, assessments or fees does not, of itself, create liability.

15 **181.0614 Creditor's action against member. (1) FINAL JUDGMENT REQUIRED.**
16 A proceeding may not be brought by a creditor to reach the liability, if any, of a
17 member under s. 181.0613 to the corporation unless final judgment has been
18 rendered in favor of the creditor against the corporation.

19 **(2) INTERVENTION AND JOINDER.** A creditor of the corporation, with or without
20 reducing the creditor's claim to judgment, may intervene in a creditor's proceeding
21 brought under sub. (1) to reach and apply unpaid amounts due the corporation. Any
22 member who owes an amount to the corporation may be joined in the proceeding.

23 **181.0620 Termination, expulsion and suspension. (1) TERMINATION OF**
24 MEMBERSHIP. Unless otherwise provided in the articles of incorporation, membership

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1 shall be terminated by death, voluntary withdrawal or expulsion, and thereafter all
2 of the rights of the member in the corporation or in its property shall cease.

3 (2) **EXPULSION AND SUSPENSION.** Members may be suspended or expelled in the
4 manner provided in the articles of incorporation, or in the bylaws, if the articles so
5 provide. If no provision is made in the articles of incorporation, a member may be
6 expelled, or suspended for a specific period of time, by an affirmative vote of
7 two-thirds of the members entitled to vote, or of two-thirds of the directors if there
8 are no members entitled to vote.

9 (3) **LIABILITY.** A member who has been expelled or suspended may be liable to
10 the corporation for dues, assessments or fees because of obligations incurred or
11 commitments made before expulsion or suspension.

12 **181.0622 Purchase of memberships.** A corporation may purchase the
13 membership of a member who resigns or whose membership is terminated for the
14 amount and pursuant to the conditions set forth in or authorized by its articles of
15 incorporation or bylaws. A corporation may not make a payment under this section
16 that violates s. 181.1302 (1).

17 **181.0640 Delegates. (1) ROLE OF DELEGATES.** A corporation may provide in
18 its articles of incorporation or bylaws that delegates have some or all of the authority
19 of members.

20 (2) **PERMISSIBLE PROVISIONS.** The articles of incorporation or bylaws may include
21 provisions relating to all of the following:

22 (a) Dividing the membership into geographical or other districts or units.

23 (b) Determining the number of delegates to be elected in each district or unit.

24 This determination may be made from time to time by the board of directors.

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1 (c) The characteristics, qualifications, rights, limitations and obligations of
2 delegates, including their selection and removal.

3 (d) Calling, noticing, holding and conducting meetings of delegates.

4 (e) Carrying on corporate activities during and between meetings of delegates.

5 (f) Providing for the election or appointment of district or unit committees and
6 officers.

7 **181.0670 Limited liability of volunteers. (1) DEFINITION.** In this section,
8 “volunteer” means an individual, other than an employe of the corporation, who
9 provides services to or on behalf of the corporation without compensation.

10 **(2) LIMITED LIABILITY.** Except as provided in sub. (3), a volunteer is not liable
11 to any person for damages, settlements, fees, fines, penalties or other monetary
12 liabilities arising from any act or omission as a volunteer, unless the person asserting
13 liability proves that the act or omission constitutes any of the following:

14 (a) A violation of criminal law, unless the volunteer had reasonable cause to
15 believe that his or her conduct was lawful or had no reasonable cause to believe that
16 his or her conduct was unlawful.

17 (b) Wilful misconduct.

18 (c) If the volunteer is a director or officer of the corporation, an act or omission
19 within the scope of the volunteer’s duties as a director or officer.

20 (d) An act or omission for which the volunteer received compensation or any
21 thing of substantial value instead of compensation.

22 (e) Negligence in the practice of a profession, trade or occupation that requires
23 a credential, as defined in s. 440.01 (2) (a), or other license, registration, certification,
24 permit or approval, if the volunteer did not have the required credential, license,

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1 registration, certificate, permit or approval at the time of the negligent act or
2 omission.

3 **(3) APPLICABILITY.** (a) Except as provided in par. (b), this section does not apply
4 to any of the following:

5 1. A civil or criminal proceeding brought by or on behalf of any governmental
6 unit, authority or agency.

7 2. A proceeding brought by any person for a violation of state or federal law if
8 the proceeding is brought under an express private right of action created by state
9 or federal statute.

10 3. Claims arising from the negligent operation by a volunteer of an automobile,
11 truck, train, airplane or other vehicle for which an operator's permit, license or
12 insurance is required.

13 (b) Paragraph (a) 1. and 2. does not apply to a proceeding brought by or on
14 behalf of a governmental unit, authority or agency in its capacity as a contractor.

SUBCHAPTER VII**MEMBER MEETINGS AND VOTING**

17 **181.0701 Annual and regular meetings.** (1) ANNUAL MEETINGS. A
18 corporation with members shall hold annual meetings of members at a time stated
19 in or fixed in accordance with the bylaws.

20 (2) MEMBERSHIP MEETINGS. A corporation with members may hold regular
21 membership meetings at the times stated in or fixed in accordance with the bylaws.

22 (3) PLACE OF MEETINGS. Annual and regular membership meetings may be held
23 in or outside of this state at the place stated in or fixed in accordance with the bylaws.
24 If no place is stated in or fixed in accordance with the bylaws, the corporation shall
25 hold annual and regular meetings at the corporation's principal office.

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1 **(4) MATTERS CONSIDERED AT ANNUAL MEETINGS.** At the annual meeting, an officer
2 shall report on the activities and financial condition of the corporation and the
3 members shall consider and act upon such other matters as may be raised consistent
4 with the requirements of s. 181.0705.

5 **(5) MATTERS CONSIDERED AT REGULAR MEETINGS.** At regular meetings the
6 members shall consider and act upon such matters as may be raised consistent with
7 the requirements of s. 181.0705.

8 **(6) FAILURE TO HOLD MEETING.** The failure to hold an annual or regular meeting
9 at a time stated in or fixed in accordance with a corporation's bylaws does not affect
10 the validity of any corporate action.

11 **181.0702 Special meeting. (1) WHEN HELD.** A corporation with members
12 shall hold a special meeting of members if any of the following occurs:

13 (a) A special meeting is called by the board or any person authorized by the
14 articles of incorporation or bylaws to call a special meeting.

15 (b) Members holding at least 5% of the voting power of a corporation, or such
16 other percentage specified in the articles of incorporation or bylaws, sign, date and
17 deliver to any corporate officer one or more written demands for the meeting
18 describing one or more purposes for which it is to be held.

19 **(2) RECORD DATE.** The close of business on the 30th day before delivery of the
20 demand for a special meeting to any corporate officer is the record date for
21 determining if the percentage requirement of sub. (1) (b) has been met.

22 **(3) IF NOTICE NOT GIVEN.** Notwithstanding sub. (4), if a notice for a special
23 meeting demanded under sub. (1) (b) is not given under s. 181.0705 within 30 days
24 after the date on which the written demand is delivered to a corporate officer, a

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1 person signing the demand may set the time, and, subject to sub. (4), the place, of the
2 meeting. The person signing the demand shall give notice under s. 181.0705.

3 (4) PLACE OF MEETING. A corporation may hold a special meeting of members
4 in or outside of this state at the place stated in or fixed in accordance with the bylaws.
5 If no place is stated or fixed in accordance with the bylaws, a corporation shall hold
6 a special meeting at the corporation's principal office.

7 (5) SCOPE OF MEETING. Only those matters that are within the purpose
8 described in the meeting notice required by s. 181.0705 may be conducted at a special
9 meeting of members.

10 **181.0704 Action by written consent. (1) WHEN PERMITTED.** Unless limited
11 or otherwise provided in the articles of incorporation or bylaws, action required or
12 permitted by this chapter to be approved by the members may be approved without
13 a meeting of members if the action is approved by members holding at least 80% of
14 the voting power, or a different percentage, not less than 50%, specified in the articles
15 of incorporation or bylaws. The action must be evidenced by one or more written
16 consents describing the action taken, signed by the required number of members,
17 and delivered to the corporation for inclusion in the minutes or filing with the
18 corporate records. All signatures on the written consent shall be dated and, in
19 determining whether the required number of members have signed the consent, only
20 those signatures dated after the date of the most recent meeting of the members may
21 be counted.

22 (2) RECORD DATE. If not otherwise determined under s. 181.0160 or 181.0707,
23 the record date for determining members entitled to take action without a meeting
24 is the date on which the first member signs the consent under sub. (1).

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1 **(3) EFFECT OF CONSENT.** A consent signed under this section has the effect of a
2 meeting vote and may be described as such in any document filed with the
3 department.

4 **(4) NOTICE REQUIREMENTS.** Written notice of member approval under this
5 section shall be given to all members who have not signed the written consent. If
6 written notice is required, member approval under this section shall be effective 10
7 days after such written notice is given.

8 **181.0705 Notice of meeting. (1) WHEN REQUIRED.** A corporation shall give
9 notice of meetings of members as provided in its bylaws or, if the bylaws are silent,
10 in a manner that is fair and reasonable.

11 **(2) IN GENERAL.** Any notice that conforms to the requirements of sub. (3) is fair
12 and reasonable. Except for matters referred to in sub. (3) (b), other means of giving
13 notice may also be fair and reasonable when all of the circumstances are considered.
14 Section 181.0141 applies to notices provided under this section.

15 **(3) NOTICE SAFE HARBOR.** Notice is fair and reasonable if all of the following
16 conditions exist:

17 (a) The corporation notifies its members of the place, date and time of each
18 annual, regular and special meeting of members not more than 60 days and not less
19 than 10 days, or, if notice is mailed by other than first class or registered mail, 30
20 days, before the meeting date.

21 (b) Notice of an annual or regular meeting includes a description of any matter
22 or matters that must be approved by the members under s. 181.0723 (2), 181.0831,
23 181.0873 (4), 181.1003, 181.1021, 181.1105, 181.1202 or 181.1401.

24 (c) Notice of a special meeting includes a description of the matter or matters
25 for which the meeting is called.

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1 (4) ADJOURNED MEETINGS. Unless the bylaws require otherwise, if an annual,
2 regular or special meeting of members is adjourned to a different date, time or place,
3 notice need not be given of the new date, time or place, if the new date, time or place
4 is announced at the meeting before adjournment. If a new record date for the
5 adjourned meeting is or must be fixed under s. 181.0707, notice of the adjourned
6 meeting must be given under this section to the members of record as of the new
7 record date.

8 (5) NOTICE OF ISSUES RAISED BY MEMBERS. When giving notice of an annual,
9 regular or special meeting of members, a corporation shall give notice of a matter
10 that a member intends to raise at the meeting if requested in writing to do so by a
11 person entitled to call a special meeting and the request is received by the secretary
12 or president of the corporation at least 10 days before the corporation gives notice of
13 the meeting.

14 **181.0706 Waiver of notice. (1) WAIVER REQUIREMENTS.** A member may waive
15 any notice required by this chapter, the articles of incorporation, or bylaws before or
16 after the date and time stated in the notice. The waiver must be in writing, be signed
17 by the member entitled to the notice, and be delivered to the corporation for inclusion
18 in the minutes or filing with the corporate records.

19 (2) EFFECT OF ATTENDANCE. A member's attendance at a meeting waives
20 objection to all of the following:

21 (a) Lack of notice or defective notice of the meeting, unless the member at the
22 beginning of the meeting objects to holding the meeting or transacting business at
23 the meeting.

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1 (b) Consideration of a particular matter at the meeting that is not within the
2 purpose or purposes described in the meeting notice, unless the member objects to
3 considering the matter when it is presented.

4 **181.0707 Record date; determining members entitled to notice and**
5 **vote. (1) RECORD DATE FOR NOTICE.** The bylaws of a corporation may fix or provide
6 the manner of fixing a date as the record date for determining the members entitled
7 to notice of a members' meeting. If the bylaws do not fix or provide for fixing such
8 a record date, the board may fix a future date as such a record date. If no such record
9 date is fixed, members at the close of business on the business day preceding the day
10 on which notice is given are entitled to notice of the meeting. However, if a meeting
11 is held without notice, the determination of who is entitled to waive notice is made
12 as of the close of business on the business day preceding the day on which the meeting
13 is held.

14 **(2) RECORD DATE FOR VOTING.** The bylaws of a corporation may fix or provide the
15 manner of fixing a date as the record date for determining the members entitled to
16 vote at a members' meeting. If the bylaws do not fix or provide for fixing such a record
17 date, the board may fix a future date as such a record date. If no such record date
18 is fixed, members on the date of the meeting who are otherwise eligible to vote are
19 entitled to vote at the meeting.

20 **(3) RECORD DATE FOR EXERCISE OF OTHER RIGHTS.** The bylaws may fix or provide
21 the manner for determining a date as the record date for the purpose of determining
22 the members entitled to exercise any rights in respect of any other lawful action. If
23 the bylaws do not fix or provide for fixing such a record date, the board may fix in
24 advance such a record date. If no such record date is fixed, members at the close of
25 business on the day on which the board adopts the resolution relating thereto, or the

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1 60th day before the date of such other action, whichever is later, are entitled to
2 exercise such rights.

3 (4) LIMITATIONS ON RECORD DATES. Unless the bylaws of a corporation provide
4 otherwise, a record date fixed under this section may not be more than 70 days before
5 the meeting or action requiring a determination of members occurs.

6 (5) ADJOURNED MEETINGS. A determination of members entitled to notice of or
7 to vote at a membership meeting is effective for any adjournment of the meeting
8 unless the board fixes a new date for determining the right to notice or the right to
9 vote, which it must do if the meeting is adjourned to a date more than 70 days after
10 the record date for determining members entitled to notice of the original meeting.

11 (6) COURT-ORDERED ADJOURNMENT. If a court orders a meeting adjourned to a
12 date more than 120 days after the date fixed for the original meeting, it may provide
13 that the original record date for notice or voting continues in effect or it may fix a new
14 record date for notice or voting.

15 **181.0708 Action by written ballot.** (1) WHEN PERMITTED. If permitted by
16 the articles of incorporation or bylaws, any action that may be taken at an annual,
17 regular or special meeting of members may be taken without a meeting if the
18 corporation delivers a written ballot to every member entitled to vote on the matter.

19 (2) BALLOT REQUIREMENTS. A written ballot shall set forth each proposed action
20 and provide an opportunity to vote for or against each proposed action.

21 (3) VOTING REQUIREMENTS. Approval by written ballot under this section shall
22 be valid only when the number of votes cast by ballot equals or exceeds the quorum
23 required to be present at a meeting authorizing the action, and the number of
24 approvals equals or exceeds the number of votes that would be required to approve

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1 the matter at a meeting at which the total number of votes cast was the same as the
2 number of votes cast by ballot.

3 (4) SOLICITATION REQUIREMENTS. A solicitation for votes by written ballot shall
4 include all of the following:

5 (a) The number of responses needed to meet the quorum requirements.

6 (b) The percentage of approvals necessary to approve each matter other than
7 election of directors.

8 (c) The time by which a ballot must be received by the corporation in order to
9 be counted.

10 (5) REVOCATION. Except as otherwise provided in the articles of incorporation
11 or bylaws, a written ballot may not be revoked.

12 **181.0720 Members' list for meeting.** (1) LIST OF MEMBERS. After fixing a
13 record date for a notice of a meeting, a corporation shall prepare an alphabetical list
14 of the names of all of its members who are entitled to notice of the meeting. The list
15 must show the address and number of votes each member is entitled to vote at the
16 meeting. The corporation shall prepare on a current basis through the time of the
17 membership meeting a list of members, if any, who are entitled to vote at the meeting,
18 but not entitled to notice of the meeting. This list shall be prepared on the same basis
19 as and be part of the list of members.

20 (2) INSPECTION BEFORE MEETING. The list of members must be available for
21 inspection by any member for the purpose of communication with other members
22 concerning the meeting, beginning 2 business days after notice is given of the
23 meeting for which the list was prepared and continuing through the meeting, at the
24 corporation's principal office or at a reasonable place identified in the meeting notice
25 in the city where the meeting will be held. A member, a member's agent or a

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1 member's attorney is entitled on written demand to inspect and, subject to ss.
2 181.1602 (3) and 181.1605, to copy the list, at a reasonable time and at the member's
3 expense, during the period it is available for inspection.

4 (3) INSPECTION AT MEETING. The corporation shall make the list of members
5 available at the meeting, and any member, a member's agent or a member's attorney
6 is entitled to inspect the list at any time during the meeting or any adjournment.

7 (4) REFUSAL TO ALLOW INSPECTION. If the corporation refuses to allow a member,
8 a member's agent or a member's attorney to inspect the list of members before or at
9 the meeting or to copy the list as permitted under sub. (2), the circuit court for the
10 county where a corporation's principal office, or if none in this state, its registered
11 office, is located, on application of the member, may summarily order the inspection
12 or copying at the corporation's expense and may postpone the meeting for which the
13 list was prepared until the inspection or copying is complete and may order the
14 corporation to pay the member's costs, including reasonable attorney fees, incurred
15 to obtain the order.

16 (5) EFFECT OF NONCOMPLIANCE. Refusal or failure to prepare or make available
17 the list of members does not affect the validity of action taken at the meeting.

18 **181.0721 Voting entitlement generally.** (1) IN GENERAL. Unless the articles
19 of incorporation or bylaws provide otherwise, each member is entitled to one vote on
20 each matter voted on by the members.

21 (2) MEMBERSHIP IN THE NAME OF MULTIPLE PERSONS. Unless the articles of
22 incorporation or bylaws provide otherwise, if a membership stands of record in the
23 names of 2 or more persons, their acts with respect to voting shall have the following
24 effect:

25 (a) If only one votes, such act binds all.

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1 (b) If more than one votes, the vote shall be divided on a prorated basis.

2 **181.0722 Quorum requirements. (1) IN GENERAL.** Unless this chapter, the
3 articles of incorporation, or bylaws provide for a higher or lower quorum, 10% of the
4 votes entitled to be cast on a matter must be represented at a meeting of members
5 to constitute a quorum on that matter.

6 **(2) BYLAW AMENDMENT TO DECREASE QUORUM REQUIREMENTS.** A bylaw
7 amendment to decrease the quorum for any member action may be approved by the
8 members or, unless prohibited by the bylaws, by the board.

9 **(3) BYLAW AMENDMENT TO INCREASE QUORUM REQUIREMENTS.** A bylaw amendment
10 to increase the quorum required for any member action must be approved by the
11 members.

12 **(4) QUORUM TO TAKE UP ADDITIONAL MATTERS.** The only matters that may be voted
13 upon at an annual or regular meeting of members are those matters that are
14 described in the meeting notice, unless at least one of the following conditions is met:

15 (a) One-third or more of the voting power of the membership is present in
16 person or by proxy.

17 (b) The meeting notice contains a general statement that matters other than
18 those specifically described in the notice may be considered at the meeting.

19 **181.0723 Voting requirements. (1) IN GENERAL.** A majority of the votes
20 entitled to be cast by the members present in person or represented by proxy at a
21 meeting at which a quorum is present shall be necessary for the adoption of any
22 matter voted upon by the members, unless a greater proportion is required by this
23 chapter, the articles of incorporation or the bylaws.

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1 **(2) AMENDMENT TO CHANGE VOTING REQUIREMENTS.** A bylaw amendment to
2 increase or decrease the vote required for any member action must be approved by
3 the members.

4 **(3) VOTES BY CORPORATIONS AND LIMITED LIABILITY COMPANIES.** A corporate
5 member's vote may be cast by the president of the member corporation, or by any
6 other officer or proxy appointed by the president of such corporation, in the absence
7 of express notice of the designation of some other person by the board of directors or
8 bylaws of the member corporation. A limited liability company member's vote may
9 be cast by a manager of the member limited liability company.

10 **181.0724 Proxies. (1) RIGHT TO VOTE BY PROXY.** Unless the articles of
11 incorporation or bylaws prohibit or limit proxy voting, a member may appoint a proxy
12 to vote or otherwise act for the member by signing an appointment form either
13 personally or by an attorney-in-fact.

14 **(2) WHEN EFFECTIVE.** An appointment of a proxy is effective when received by
15 the secretary or other officer or agent authorized to tabulate votes. An appointment
16 is valid for 11 months unless a different period is expressly provided in the
17 appointment form.

18 **(3) EFFECT OF DEATH OR INCAPACITY.** The death or incapacity of the member
19 appointing a proxy does not affect the right of the corporation to accept the proxy's
20 authority unless notice of the death or incapacity is received by the secretary or other
21 officer or agent authorized to tabulate votes before the proxy exercises authority
22 under the appointment.

23 **(4) REVOCABILITY.** An appointment of a proxy is revocable by the member unless
24 the appointment form conspicuously states that it is irrevocable.

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1 **(5) METHODS OF REVOCATION.** Appointment of a proxy is revoked by the person
2 appointing the proxy in any of the following ways:

3 (a) Attending any meeting and voting in person.

4 (b) Signing and delivering to the secretary or other officer or agent authorized
5 to tabulate proxy votes either a writing stating that the appointment of the proxy is
6 revoked or a subsequent appointment form.

7 **(6) ACCEPTANCE BY CORPORATION.** Subject to s. 181.0727 and any express
8 limitation on the proxy's authority appearing on the face of the appointment form,
9 a corporation is entitled to accept the proxy's vote or other action as that of the
10 member making the appointment.

11 **181.0725 Cumulative voting for directors. (1) IN GENERAL.** If the articles
12 of incorporation or bylaws provide for cumulative voting by members, members may
13 so vote, by multiplying the number of votes the members are entitled to cast by the
14 number of directors for whom they are entitled to vote, and cast the product for a
15 single candidate or distribute the product among 2 or more candidates.

16 **(2) WHEN NOT AUTHORIZED.** Cumulative voting is not authorized at a particular
17 meeting unless any of the following occurs:

18 (a) The meeting notice or statement accompanying the notice states that
19 cumulative voting will take place.

20 (b) A member gives notice during the meeting and before the vote is taken of
21 the member's intent to cumulate votes, and if one member gives this notice all other
22 members participating in the election are entitled to cumulate their votes without
23 giving further notice.

24 **(3) REMOVAL OF DIRECTORS.** A director elected by cumulative voting may be
25 removed by the members without cause if the requirements of s. 181.0808 are met

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1 unless the votes cast against removal, or not consenting in writing to such removal,
2 would be sufficient to elect such director if voted cumulatively at an election at which
3 the same total number of votes were cast, or, if such action is taken by written ballot,
4 all memberships entitled to vote were voted, and the entire number of directors
5 authorized at the time of the director's most recent election were then being elected.

6 (4) IDENTICAL MEMBERSHIP AND DIRECTORS. Members may not cumulatively vote
7 if the directors and members are identical.

8 **181.0726 Other methods of electing directors.** A corporation may provide
9 in its articles of incorporation or bylaws for election of directors by members or
10 delegates on the basis of chapter or other organizational unit; by region or other
11 geographic unit; by preferential voting; or by any other reasonable method.

12 **181.0727 Acceptance of instruments showing member action. (1) WHEN**
13 **NAME CORRESPONDS TO MEMBER.** If the name signed on a vote, consent, waiver, or proxy
14 appointment corresponds to the name of a member, the corporation if acting in good
15 faith is entitled to accept the vote, consent, waiver, or proxy appointment and give
16 it effect as the act of the member.

17 (2) **WHEN NAME DOES NOT CORRESPOND TO MEMBER.** If the name signed on a vote,
18 consent, waiver, or proxy appointment does not correspond to the record name of a
19 member, the corporation if acting in good faith is nevertheless entitled to accept the
20 vote, consent, waiver, or proxy appointment and give it effect as the act of the member
21 if any of the following conditions exists:

22 (a) The member is an entity and the name signed purports to be that of an
23 officer or agent of the entity.

24 (b) The name signed purports to be that of an attorney-in-fact of the member
25 and if the corporation requests, evidence acceptable to the corporation of the

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1 signatory's authority to sign for the member has been presented with respect to the
2 vote, consent, waiver, or proxy appointment.

3 (c) Two or more persons hold the membership as cotenants or fiduciaries and
4 the name signed purports to be the name of at least one of the coholders and the
5 person signing appears to be acting on behalf of all of the coholders.

6 **(3) WHEN CORPORATION IS ENTITLED TO REJECT.** The corporation is entitled to
7 reject a vote, consent, waiver, or proxy appointment if the secretary or other officer
8 or agent authorized to tabulate votes, acting in good faith, has reasonable basis for
9 doubt about the validity of the signature on it or about the signatory's authority to
10 sign for the member.

11 **(4) LIABILITY.** The corporation and its officer or agent who accepts or rejects a
12 vote, consent, waiver, or proxy appointment in good faith and in accordance with the
13 standards of this section are not liable in damages to the member for the
14 consequences of the acceptance or rejection.

15 **(5) VALIDITY OF ACTION.** Corporate action based on the acceptance or rejection
16 of a vote, consent, waiver, or proxy appointment under this section is valid unless a
17 court of competent jurisdiction determines otherwise.

18 **181.0730 Voting agreements. (1) PERMISSIBLE AGREEMENTS.** Unless
19 prohibited by a corporation's articles of incorporation or bylaws, two or more
20 members may provide for the manner in which they will vote by signing an
21 agreement for that purpose.

22 **(2) ENFORCEABILITY.** A voting agreement created under this section is
23 specifically enforceable.

24 **181.0735 Voting power.** Voting power is determined by taking the total
25 number of votes entitled to be cast for the election of directors at the time the

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1 determination of voting power is made, excluding a vote which is contingent upon the
2 happening of a condition or event that has not occurred at the time. Where a class
3 is entitled to vote as a class for directors, the determination of voting power of the
4 class shall be based on the percentage of the number of directors the class is entitled
5 to elect out of the total number of authorized directors.

6 **181.0740 Derivative proceedings; definition.** In ss. 181.0740 to 181.0747,
7 “derivative proceeding” means a civil suit in the right of a corporation or, to the extent
8 provided in ss. 181.0741, 181.0743 and 181.0745 to 181.0747, in the right of a foreign
9 corporation.

10 **181.0741 Derivative proceedings; standing.** A derivative proceeding may
11 be brought in the right of a corporation or foreign corporation to procure a judgment
12 in its favor by one or more members having 5% or more of the voting power or by 50
13 members, whichever is less, if each of these members meets all of the following
14 conditions:

15 (1) MEMBERSHIP. The member was a member of the corporation at the time of
16 the act or omission complained of or became a member through transfer by operation
17 of law from a person who was a member at that time.

18 (2) REPRESENTING CORPORATION'S INTERESTS. The member fairly and adequately
19 represents the interests of the corporation in enforcing the right of the corporation.

20 **181.0742 Derivative proceedings; demand.** No member may commence a
21 derivative proceeding until all of the following occur:

22 (1) WRITTEN DEMAND. A written demand is made upon the corporation to take
23 suitable action.

24 (2) EXPIRATION OF 90-DAY PERIOD. Ninety days expire from the date on which a
25 demand under sub. (1) was made, unless the member is notified before the expiration

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1 of the 90 days that the corporation has rejected the demand or unless irreparable
2 injury to the corporation would result by waiting for the expiration of the 90-day
3 period.

4 **181.0743 Derivative proceedings; stay of proceedings.** If the corporation
5 or foreign corporation commences an inquiry into the allegations made in the
6 demand under s. 181.0742 (1) or in the complaint, the court may stay any derivative
7 proceeding for the period that the court considers appropriate.

8 **181.0744 Derivative proceedings; dismissal. (1) WHEN DISMISSAL**
9 **REQUIRED.** The court shall dismiss a derivative proceeding on motion by the
10 corporation if the court finds, subject to the burden of proof assigned under sub. (5)
11 or (6), that one of the groups specified in sub. (2) or (6) has determined, acting in good
12 faith after conducting a reasonable inquiry upon which its conclusions are based,
13 that maintenance of the derivative proceeding is not in the best interests of the
14 corporation.

15 **(2) INDEPENDENT DIRECTOR DETERMINATION.** Unless a panel is appointed under
16 sub. (6), the determination in sub. (1) shall be made by any of the following:

17 (a) A majority vote of independent directors present at a meeting of the board
18 of directors if the independent directors constitute a quorum.

19 (b) A majority vote of a committee consisting of 2 or more independent directors
20 appointed by a majority vote of the independent directors present at a meeting of the
21 board of directors, whether or not the voting independent directors constitute a
22 quorum.

23 **(3) WHO IS CONSIDERED AN INDEPENDENT DIRECTOR.** Whether a director is
24 independent for purposes of this section may not be determined solely on the basis
25 of any one or more of the following factors:

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1 (a) The nomination or election of the director by persons who are defendants
2 in the derivative proceeding or against whom action is demanded.

3 (b) The naming of the director as a defendant in the derivative proceeding or
4 as a person against whom action is demanded.

5 (c) The approval by the director of the act being challenged in the derivative
6 proceeding or demand if the act resulted in no personal benefit to the director.

7 **(4) PLEADINGS WHEN DEMAND REJECTED.** If a derivative proceeding is commenced
8 after a determination was made rejecting a demand by a member, the complaint shall
9 allege with particularity facts establishing any of the following:

10 (a) That a majority of the board of directors did not consist of independent
11 directors at the time that the determination was made.

12 (b) That the requirements of sub. (1) have not been met.

13 **(5) BURDEN OF PROOF.** If a majority of the board of directors did not consist of
14 independent directors at the time that the determination rejecting a demand was
15 made, the corporation shall have the burden of proving that the requirements of sub.
16 (1) have been met. If a majority of the board of directors consisted of independent
17 directors at the time that the determination was made, the members shall have the
18 burden of proving that the requirements of sub. (1) have not been met.

19 **(6) COURT-APPOINTED PANEL.** Upon motion by the corporation, the court may
20 appoint a panel of one or more independent persons to determine whether
21 maintenance of the derivative proceeding is in the best interests of the corporation.
22 If a panel is appointed under this subsection, the members shall have the burden of
23 proving that the requirements of sub. (1) have not been met.

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1 **181.0745 Derivative proceedings; discontinuance or settlement.** A
2 derivative proceeding may not be discontinued or settled without the court's
3 approval.

4 **181.0746 Derivative proceedings; payment of expenses. (1)** AUTHORITY
5 OF COURT. On termination of the derivative proceeding, the court may do any of the
6 following:

7 (a) Notwithstanding s. 814.04 (1), order the domestic corporation or foreign
8 corporation to pay the plaintiff's reasonable expenses, including attorney fees,
9 incurred in the derivative proceeding by the members who commenced or
10 maintained the derivative proceeding if the court finds that the derivative
11 proceeding has resulted in a substantial benefit to the domestic corporation or
12 foreign corporation.

13 (b) Order the members who commenced or maintained the derivative
14 proceeding to pay any defendant's reasonable expenses, including attorney fees,
15 notwithstanding s. 814.04 (1), incurred in defending the derivative proceeding if the
16 court finds that the derivative proceeding was commenced or maintained without
17 reasonable cause or for an improper purpose.

18 **(2) SECURITY FOR EXPENSES.** In any action brought in the right of any corporation
19 by fewer than 3% of the members, the defendants shall be entitled, upon application
20 to the court, to require the plaintiffs to give security for the reasonable expenses,
21 including attorney fees. The amount of the security may be increased or decreased
22 by the court having jurisdiction over the action upon a showing that the security has
23 or may become inadequate or excessive.

24 **181.0747 Derivative proceedings; applicability. (1)** TO FOREIGN
25 CORPORATIONS. In any derivative proceeding in the right of a foreign corporation, the

1 matters covered by ss. 181.0741, 181.0742 and 181.0744 shall be governed by the
2 laws of the jurisdiction of incorporation of the foreign corporation.

3 (2) TO CORPORATIONS WITHOUT MEMBERS. Unless the articles of incorporation or
4 bylaws provided otherwise at the time of the act or omission complained of, ss.
5 181.0741 to 181.0746 apply to corporations without members, except that all
6 references to "member" shall be read as "director".

7 SUBCHAPTER VIII

8 DIRECTORS AND OFFICERS

9 **181.0801 Requirement for and duties of board.** (1) BOARD REQUIRED. A
10 corporation shall have a board.

11 (2) POWERS OF BOARD. Except as provided in this chapter or sub. (3), all
12 corporate powers shall be exercised by or under the authority of, and the affairs of
13 the corporation managed under the direction of, its board.

14 (3) DELEGATION. (a) The articles of incorporation or bylaws approved by the
15 members, if any, may authorize a person to exercise some or all of the powers which
16 would otherwise be exercised by a board. To the extent so authorized such a person
17 shall have the duties and responsibilities of the board, and the directors shall be
18 relieved to that extent from such duties and responsibilities.

19 (b) A person is not a member of the board solely because of powers delegated
20 to that person under par. (a).

21 **181.0802 Qualifications of directors.** A director shall be an individual. The
22 articles of incorporation or bylaws may prescribe other qualifications for directors.
23 A director need not be a resident of this state or a member of the corporation unless
24 the articles of incorporation or bylaws so prescribe.

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1 **181.0803 Number of directors. (1) MINIMUM NUMBER.** A board shall consist
2 of 3 or more individuals, with the number specified in or fixed in accordance with the
3 articles of incorporation or bylaws.

4 **(2) CHANGES IN BOARD SIZE.** The number of directors may be increased or, subject
5 to sub. (1), decreased from time to time by amendment to, or in the manner provided
6 in, the articles of incorporation or bylaws.

7 **181.0804 Election, designation and appointment of directors. (1)**
8 **CORPORATION WITH MEMBERS.** If the corporation has members, all of the directors
9 except the initial directors shall be elected at the first annual meeting of members,
10 and at each annual meeting thereafter, unless the articles of incorporation or bylaws
11 provide some other time or method of election, or provide that some of the directors
12 are appointed by some other person or are designated.

13 **(2) CORPORATION WITHOUT MEMBERS.** If the corporation does not have members,
14 all of the directors except the initial directors shall be elected, appointed or
15 designated as provided in the articles of incorporation or bylaws. If no method of
16 designation or appointment is set forth in the articles of incorporation or bylaws, the
17 directors other than the initial directors shall be elected by the board.

18 **181.0805 Terms of directors generally. (1) IN GENERAL.** The articles of
19 incorporation or bylaws shall specify the term of a director. In the absence of any
20 term specified in the articles of incorporation or bylaws, the term of a director shall
21 be one year. Directors may be elected for successive terms.

22 **(2) EFFECT OF CHANGES ON INCUMBENT.** A decrease in the number of directors or
23 term of office does not shorten an incumbent director's term.

24 **(3) VACANCIES.** Except as provided in the articles of incorporation or bylaws,
25 the term of a director filling a vacancy in the office of a director elected by members

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1 expires at the next election of directors by members and the term of a director filling
2 any other vacancy expires at the end of the unexpired term that the director is filling.

3 (4) SERVICE AFTER EXPIRATION OF TERM. Except as provided in the articles of
4 incorporation or bylaws, despite the expiration of a director's term, the director
5 continues to serve, subject to ss. 181.0807 to 181.0810, until the director's successor
6 is elected, designated or appointed and qualifies, or until there is a decrease in the
7 number of directors.

8 **181.0806 Staggered terms for directors.** Directors may be divided into
9 classes and the terms of office of the several classes need not be uniform.

10 **181.0807 Resignation of directors. (1) NOTICE.** A director may resign at
11 any time by delivering written notice to the presiding officer of the board or to the
12 president or secretary.

13 (2) WHEN EFFECTIVE. A resignation is effective when the notice is received
14 unless the notice specifies a later effective date. If a resignation is made effective at
15 a later date, the board may make the effective date earlier and fill the pending
16 vacancy before the effective date if the board provides that the successor does not
17 take office until the effective date.

18 **181.0808 Removal of directors elected by members or directors.** Except
19 as otherwise provided in the articles of incorporation or bylaws of a corporation, all
20 of the following apply:

21 (1) REMOVAL IN GENERAL. The members may remove, with or without cause, one
22 or more directors elected by them.

23 (2) REMOVAL OF DIRECTORS ELECTED BY GROUP. If a director is elected by a class,
24 chapter or other organizational unit or by region or other geographic grouping, the
25 director may be removed only by the members of that class, chapter, unit or grouping.

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1 **(3) NUMBER OF VOTES NEEDED TO REMOVE.** Except as provided in sub. (8), a
2 director may be removed under sub. (1) or (2) only if the number of votes cast to
3 remove the director would be sufficient to elect the director at a meeting to elect
4 directors.

5 **(4) CUMULATIVE VOTING.** If cumulative voting is authorized, a director may not
6 be removed if the number of votes, or if the director was elected by a class, chapter,
7 unit or grouping of members, the number of votes of that class, chapter, unit or
8 grouping, sufficient to elect the director under cumulative voting is voted against the
9 director's removal.

10 **(5) MEETING.** A director elected by members may be removed by the members
11 only at a meeting called for the purpose of removing the director and the meeting
12 notice must state that the purpose, or one of the purposes, of the meeting is removal
13 of the director.

14 **(6) ENTIRE BOARD.** An entire board may be removed under subs. (1) to (5).

15 **(7) BOARD-ELECTED DIRECTORS.** A director elected by the board may be removed
16 without cause by the vote of a majority of the directors then in office or such other
17 number as is set forth in the articles of incorporation or bylaws. However, a director
18 elected by the board to fill the vacancy of a director elected by the members may be
19 removed without cause by the members, but not the board.

20 **(8) FAILURE TO ATTEND MEETINGS.** If, at the beginning of a director's term on the
21 board, the articles of incorporation or bylaws provide that the director may be
22 removed for missing a specified number of board meetings, the board may remove
23 the director for failing to attend the specified number of meetings.

24 **181.0809 Removal of designated or appointed directors. (1) DESIGNATED**
25 DIRECTORS. A designated director may be removed by an amendment to the articles

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1 of incorporation or bylaws deleting or changing the designation. The removal shall
2 be effective on the effective date of the amendment to the articles of incorporation or
3 bylaws, unless the amendment specifies a different date.

4 (2) APPOINTED DIRECTORS. (a) Except as otherwise provided in the articles of
5 incorporation or bylaws, an appointed director may be removed without cause by the
6 person appointing the director.

7 (b) The person removing an appointed director shall do so by giving written
8 notice of the removal to the appointed director and either the presiding officer of the
9 board or the corporation's president or secretary.

10 (c) A removal under this subsection is effective when the notice under par. (b)
11 is effective under s. 181.0141 unless the notice specifies a future effective date.

12 **181.0810 Removal of directors by judicial proceeding.** (1) GROUNDS FOR
13 REMOVAL. The circuit court for the county where a corporation's principal office is
14 located may remove a director of the corporation from office in a proceeding
15 commenced either by the corporation or by its members holding at least 10% of the
16 voting power of any class, if the court finds all of the following:

17 (a) That the director engaged in fraudulent or dishonest conduct, or gross abuse
18 of authority or a final judgment has been entered finding that the director has
19 violated a fiduciary duty or a duty under ss. 181.0831 to 181.0833.

20 (b) That removal is in the best interest of the corporation.

21 (2) BAR FROM SERVING. A court that removes a director may bar the director from
22 serving on the board for a period prescribed by the court.

23 (3) CORPORATION AS DEFENDANT. If members commence a proceeding under sub.
24 (1), the corporation shall be made a party defendant.

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1 **181.0811 Vacancies. (1) FILLING OF VACANCIES.** Unless otherwise provided in
2 the articles of incorporation or bylaws, any vacancy occurring on the board, including
3 a vacancy created by an increase in the number of directors, may be filled until the
4 next succeeding annual election by the affirmative vote of a majority of the directors
5 then in office, although less than a quorum. In the event that the board ceases to
6 exist, and there are no members having voting rights, the members without voting
7 rights have the power to elect a new board.

8 **(2) APPOINTED DIRECTORS.** Unless the articles of incorporation or bylaws provide
9 otherwise, if a vacant office was held by an appointed director, only the person who
10 appointed the director may fill the vacancy.

11 **(3) DESIGNATED DIRECTORS.** If a vacant office was held by a designated director,
12 the vacancy shall be filled as provided in the articles of incorporation or bylaws. In
13 the absence of an applicable article of incorporation or bylaw provision, the vacancy
14 may not be filled by the board.

15 **(4) WHEN VACANCY FILLED.** A vacancy that will occur at a specific later date,
16 because of a resignation effective at a later date under s. 181.0807 (2) or otherwise,
17 may be filled before the vacancy occurs but the new director may not take office until
18 the vacancy occurs.

19 **181.0820 Regular and special meetings. (1) IN GENERAL.** If the time and
20 place of a board meeting is fixed by the bylaws or the board, the meeting is a regular
21 meeting. All other meetings are special meetings.

22 **(2) LOCATION.** A board may hold regular or special meetings in or outside of this
23 state.

24 **(3) METHODS OF CONDUCTING MEETING. (a)** Unless the articles of incorporation
25 or bylaws provide otherwise, the board may permit any or all directors to participate

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1 in a regular or special meeting or in a committee meeting of the board by, or to conduct
2 the meeting through the use of, any means of communication by which any of the
3 following occurs:

4 1. All participating directors may simultaneously hear each other during the
5 meeting.

6 2. All communication during the meeting is immediately transmitted to each
7 participating director, and each participating director is able to immediately send
8 messages to all other participating directors.

9 (b) If a meeting will be conducted through the use of any means described in
10 par. (a), all participating directors shall be informed that a meeting is taking place
11 at which official business may be transacted. A director participating in a meeting
12 by any means described in par. (a) is considered to be present in person at the
13 meeting. If requested by a director, minutes of the meeting shall be prepared and
14 distributed to each director.

15 **181.0821 Action without meeting. (1) METHOD.** An action required or
16 permitted to be taken at a board meeting may be taken without a meeting if a consent
17 in writing setting forth the action is signed by all of the directors then in office. If
18 the articles of incorporation so provide, an action required or permitted to be taken
19 at a board meeting may be taken by written action signed by two-thirds of the
20 directors then in office.

21 **(2) EFFECTIVENESS.** A consent under this section has the same force and effect
22 as a vote of the board of directors taken at a meeting and may be described as such
23 in any articles or document filed with the department under this chapter. The
24 written action is effective when signed by the required number of directors, unless
25 a different effective date and time are specified in the written consent. If written

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1 notice is required under sub. (3), the written action shall be effective on the date
2 specified in the written consent or on the 10th day after the date on which written
3 notice under sub. (3) is given, whichever is later.

4 (3) NOTICE; LIABILITY. If written action is permitted to be taken by less than all
5 directors, all directors must be noticed immediately of the text of the written consent
6 and of its effective date and time. Failure to provide notice under this section does
7 not invalidate the action taken by written consent under this section. A director who
8 does not sign or consent to the action taken by written consent is not liable for the
9 action.

10 **181.0822 Call and notice of meetings.** (1) REGULAR MEETINGS. Unless the
11 articles of incorporation, bylaws or sub. (3) provides otherwise, regular meetings of
12 the board may be held without notice.

13 (2) SPECIAL MEETINGS. Unless the articles of incorporation, bylaws or sub. (3)
14 provides otherwise, special meetings of the board must be preceded by at least 2 days'
15 notice to each director of the date, time and place, but not the purpose, of the meeting.

16 (3) CORPORATIONS WITHOUT MEMBERS. In corporations without members, any
17 board action to remove a director or to approve a matter that would require approval
18 by the members if the corporation had members, shall not be valid unless each
19 director is given at least 7 days' written notice that the matter will be voted upon at
20 a board meeting or unless notice is waived under s. 181.0823.

21 (4) METHOD OF GIVING NOTICE. Unless the articles of incorporation or bylaws
22 provide otherwise, the presiding officer of the board, the president or 20% of the
23 directors then in office may call and give notice of a meeting of the board.

24 **181.0823 Waiver of notice.** (1) WRITTEN WAIVERS. A director may waive any
25 notice required by this chapter, the articles of incorporation or the bylaws before or

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1 after the date and time stated in the notice. Except as provided in sub. (2), the waiver
2 must be in writing, signed by the director entitled to the notice, and filed with the
3 minutes or the corporate records.

4 (2) EFFECT OF ATTENDANCE OR PARTICIPATION. A director's attendance at or
5 participation in a meeting waives any required notice of the meeting unless the
6 director upon arriving at the meeting or before the vote on a matter not noticed in
7 conformity with this chapter, the articles of incorporation or the bylaws objects to
8 lack of notice and does not thereafter vote for or assent to the objected to action.

9 **181.0824 Quorum and voting.** (1) QUORUM. Except as otherwise provided
10 in this chapter, the articles of incorporation or the bylaws, a quorum of a board
11 consists of a majority of the directors in office immediately before a meeting begins.

12 (2) VOTING. If a quorum is present when a vote is taken, the affirmative vote
13 of a majority of directors present is the act of the board unless this chapter, the
14 articles of incorporation or the bylaws require the vote of a greater number of
15 directors.

16 **181.0825 Committees of the board.** If the articles of incorporation or bylaws
17 so provide, the board may adopt a resolution designating one or more committees.
18 Each committee shall consist of 3 or more directors elected by the board of directors.
19 To the extent provided by the resolution or in the articles of incorporation or in the
20 bylaws, the committee may exercise the powers of the board with respect to the
21 management of the affairs of the corporation, when the board is not meeting, except
22 for electing officers or the filling of vacancies on the board or on committees created
23 under this section. The board may elect one or more of its members as alternate
24 members of a committee created under this section, who may take the place of absent
25 members at any meeting of the committee. The designation of a committee and the

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1 delegation of authority to it does not relieve the board or any director of any
2 responsibility imposed upon the board or director by law.

3 **181.0831 Director conflict of interest. (1)** WHEN CONTRACT OR TRANSACTION
4 IS NOT VOID OR VOIDABLE. No contract or other transaction between a corporation and
5 a director, or any entity in which a director is a director or officer or has a material
6 financial interest, is void or voidable because of the relationship or interest or
7 because the director is present at the meeting of the board or a committee that
8 authorizes, approves or ratifies the contract or transaction or because the director's
9 vote is counted for that purpose, if any of the following applies:

10 (a) The relationship or interest is disclosed or known to the board or committee
11 that authorizes, approves or ratifies the contract or transaction and the contract or
12 transaction was authorized, approved or ratified by a vote or consent sufficient for
13 the purpose without counting the votes or consents of interested directors.

14 (b) The fact of such relationship or interest is disclosed or known to the
15 members entitled to vote and they authorize, approve or ratify that contract or
16 transaction by vote or written consent.

17 (c) The contract or transaction is fair and reasonable to the corporation.

18 **(2) QUORUM REQUIREMENTS.** Common and interested directors may be counted
19 in determining the presence of a quorum at a meeting of the board or a committee
20 that authorizes, approves or ratifies a contract or transaction under sub. (1).

21 **(3) ADDITIONAL REQUIREMENTS.** The articles of incorporation, the bylaws or a
22 resolution of the board may impose additional requirements on conflict of interest
23 transactions.

24 **181.0832 Loans to directors and officers. (1)** REQUIREMENTS FOR LOAN OR
25 GUARANTEE. Except as provided in sub. (3), a corporation may not lend money to or

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1 guarantee the obligation of a director or officer of the corporation unless any of the
2 following occurs:

3 (a) The particular loan or guarantee is approved by the members.

4 (b) The corporation's board determines that the loan or guarantee benefits the
5 corporation and either approves the specific loan or guarantee or a general plan
6 authorizing loans and guarantees.

7 (2) EFFECT OF VIOLATIONS. A violation of this section does not affect the
8 borrower's liability on the loan.

9 (3) LIMITED APPLICABILITY. This section does not apply to an advance to a
10 director or officer that is permitted by s. 181.0874 or 181.0877 (3) or that is made to
11 defray expenses incurred by the director or officer in the ordinary course of the
12 corporation's business.

13 **181.0833 Liability for unlawful distributions.** (1) WHEN LIABLE. Except
14 as provided in sub. (3), a director who votes for or assents to a distribution made in
15 violation of subch. XIII or the articles of incorporation is personally liable to the
16 corporation for the amount of the distribution that exceeds what could have been
17 distributed without violating subch. XIII or the articles of incorporation, if it is
18 established that the director's vote or assent constitutes conduct described by s.
19 181.0855 (1) (a), (b), (c) or (d). In any proceeding brought under this section, a
20 director has all of the defenses ordinarily available to a director.

21 (2) RIGHT TO CONTRIBUTION. A director who is liable under sub. (1) for an
22 unlawful distribution is entitled to contribution from all of the following persons:

23 (a) Every other director who could be held liable under sub. (1) for the unlawful
24 distribution.

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1 (b) Each member, for the amount that the member accepted knowing that the
2 distribution was made in violation of subch. XIII or the articles of incorporation.

3 (3) WHEN PROCEEDING BARRED. A proceeding under this section is barred unless
4 it is brought within 2 years after the date on which the distribution was made.

5 **181.0840 Officers. (1) PRINCIPAL OFFICERS.** Unless otherwise provided in the
6 articles of incorporation or bylaws, a corporation shall have a president, a secretary,
7 a treasurer and such other officers as are appointed by the board.

8 (2) ASSISTANT OFFICERS. A duly appointed officer may appoint one or more
9 officers or assistant officers if authorized by the bylaws or the board.

10 (3) MULTIPLE OFFICES. The same individual may simultaneously hold more than
11 one office in a corporation.

12 **181.0841 Duties and authority of officers and agents.** Each officer or
13 agent has the authority and shall perform the duties set forth in the bylaws or, to the
14 extent consistent with the bylaws, the duties and authority prescribed in a resolution
15 of the board or by direction of an officer authorized by the board to prescribe the
16 duties and authority of other officers.

17 **181.0843 Resignation and removal of officers. (1) RESIGNATION.** An officer
18 may resign at any time by delivering notice to the corporation that complies with s.
19 181.0141. The resignation is effective when the notice is delivered, unless the notice
20 specifies a later effective date and the corporation accepts the later effective date.
21 If a resignation is effective at a later date, the board, or the officer authorized by the
22 bylaws or the board to appoint the resigning officer, may fill the pending vacancy
23 before the effective date if the appointment provides that the successor may not take
24 office until the effective date.

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1 **(2) REMOVAL.** The board may remove any officer and, unless restricted by the
2 bylaws or by the board, an officer may remove any officer or assistant officer
3 appointed by that officer under s. 181.0840 (2), at any time, with or without cause
4 and notwithstanding the contract rights, if any, of the officer removed.

5 **181.0844 Contract rights of officers. (1) EFFECT OF APPOINTMENT.** The
6 appointment of an officer does not itself create contract rights.

7 **(2) EFFECT OF REMOVAL OR RESIGNATION.** Except as provided in s. 181.0843 (2),
8 an officer's resignation or removal is subject to any remedies provided by any
9 contract between the officer and the corporation or otherwise provided by law.

10 **181.0850 Reliance by directors or officers.** Unless the director or officer
11 has knowledge that makes reliance unwarranted, a director or officer, in discharging
12 his or her duties to the corporation, may rely on information, opinions, reports or
13 statements, any of which may be written or oral, formal or informal, including
14 financial statements and other financial data, if prepared or presented by any of the
15 following:

16 **(1) OFFICERS AND EMPLOYEES.** An officer or employe of the corporation whom the
17 director or officer believes in good faith to be reliable and competent in the matters
18 presented.

19 **(2) PROFESSIONALS AND EXPERTS.** Legal counsel, public accountants or other
20 persons as to matters the director or officer believes in good faith are within the
21 person's professional or expert competence.

22 **(3) COMMITTEES.** In the case of reliance by a director, a committee of the board
23 of directors of which the director is not a member if the director believes in good faith
24 that the committee merits confidence.

ASSEMBLY BILL 765**1 181.0853 Consideration of interests in addition to members' interests.**

2 In discharging his or her duties to the corporation and in determining what he or she
3 believes to be in the best interests of the corporation, a director or officer may, in
4 addition to considering the effects of any action on members, consider the following:

5 (1) EMPLOYEES, SUPPLIERS AND CUSTOMERS. The effects of the action on employees,
6 suppliers and customers of the corporation.

7 (2) COMMUNITIES. The effects of the action on communities in which the
8 corporation operates.

9 (3) OTHER. Any other factors that the director or officer considers pertinent.

10 181.0855 Limited liability of directors and officers. (1) IN GENERAL.

11 Except as provided in subs. (2) and (3), a director or officer is not liable to the
12 corporation, its members or creditors, or any person asserting rights on behalf of the
13 corporation, its members or creditors, or any other person, for damages, settlements,
14 fees, fines, penalties or other monetary liabilities arising from a breach of, or failure
15 to perform, any duty resulting solely from his or her status as a director or officer,
16 unless the person asserting liability proves that the breach or failure to perform
17 constitutes any of the following:

18 (a) A wilful failure to deal fairly with the corporation or its members in
19 connection with a matter in which the director or officer has a material conflict of
20 interest.

21 (b) A violation of criminal law, unless the director or officer had reasonable
22 cause to believe that his or her conduct was lawful or no reasonable cause to believe
23 that his or her conduct was unlawful.

24 (c) A transaction from which the director or officer derived an improper
25 personal profit or benefit.

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1 (d) Wilful misconduct.

2 (2) EXCEPTIONS. Except as provided in sub. (3), this section does not apply to
3 any of the following:

4 (a) A civil, criminal, administrative or investigatory proceeding brought by or
5 on behalf of any governmental unit, authority or agency.

6 (b) A proceeding brought by any person for a violation of state or federal law
7 where the proceeding is brought pursuant to an express private right of action
8 created by state or federal statute.

9 (c) The liability of a director under ss. 181.0832 and 181.0833.

10 (3) GOVERNMENTAL ENTITY ACTING IN CAPACITY AS PRIVATE PARTY. Subsection (2)

11 (a) and (b) does not apply to a proceeding brought by a governmental unit, authority
12 or agency in its capacity as a private party or contractor.

13 **181.0860 Statements of changes in directors or principal officers. (1)**

14 CHANGES IN DIRECTORS OR PRINCIPAL OFFICERS. Whenever initial directors and
15 principal officers are selected, or changes are made in the directors or principal
16 officers of a corporation, the corporation may file with the department a statement
17 that includes the names and addresses of all of the directors or principal officers, or
18 both if there have been changes in both. The information in the statement shall be
19 current as of the date on which the statement is signed on behalf of the corporation.

20 (2) RESIGNATION NOTICES. A director who resigns under s. 181.0807 or a
21 principal officer who resigns under s. 181.0843 (1) may file a copy of the resignation
22 notice with the department.

23 **181.0871 Definitions applicable to indemnification and insurance**
24 **provisions.** In ss. 181.0871 to 181.0883:

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1 **(1)** “Corporation” means a domestic corporation and any domestic or foreign
2 predecessor of a domestic corporation where the predecessor corporation’s existence
3 ceased upon the consummation of a merger or other transaction.

4 **(2)** “Director or officer” means any of the following:

5 (a) An individual who is or was a director or officer of a corporation.

6 (b) An individual who, while a director or officer of a corporation, is or was
7 serving at the corporation’s request as a director, officer, partner, trustee, member
8 of any governing or decision-making committee, manager, employe or agent of
9 another corporation or foreign corporation, limited liability company, partnership,
10 joint venture, trust or other enterprise.

11 (c) An individual who, while a director or officer of a corporation, is or was
12 serving an employe benefit plan because his or her duties to the corporation also
13 impose duties on, or otherwise involve services by, the individual to the plan or to
14 participants in or beneficiaries of the plan.

15 (d) Unless the context requires otherwise, the estate or personal representative
16 of a director or officer.

17 **(3)** “Expenses” include fees, costs, charges, disbursements, attorney fees and
18 any other expenses incurred in connection with a proceeding.

19 **(4)** “Liability” includes the obligation to pay a judgment, settlement, penalty,
20 assessment, forfeiture or fine, including any excise tax assessed with respect to an
21 employe benefit plan, and reasonable expenses.

22 **(5)** “Party” includes an individual who was or is, or who is threatened to be
23 made, a named defendant or respondent in a proceeding.

24 **(6)** “Proceeding” means any threatened, pending or completed civil, criminal,
25 administrative or investigative action, suit, arbitration or other proceeding, whether

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1 formal or informal, which involves foreign, federal, state or local law and which is
2 brought by or in the right of the corporation or by any other person.

3 **181.0872 Mandatory indemnification. (1)** IN GENERAL. A corporation shall
4 indemnify a director or officer, to the extent that he or she has been successful on the
5 merits or otherwise in the defense of a proceeding, for all reasonable expenses
6 incurred in the proceeding if the director or officer was a party because he or she is
7 a director or officer of the corporation.

8 **(2) EXCEPTIONS.** (a) In cases not included under sub. (1), a corporation shall
9 indemnify a director or officer against liability incurred by the director or officer in
10 a proceeding to which the director or officer was a party because he or she is a director
11 or officer of the corporation, unless liability was incurred because the director or
12 officer breached or failed to perform a duty that he or she owes to the corporation and
13 the breach or failure to perform constitutes any of the following:

14 1. A wilful failure to deal fairly with the corporation or its members in
15 connection with a matter in which the director or officer has a material conflict of
16 interest.

17 2. A violation of the criminal law, unless the director or officer had reasonable
18 cause to believe that his or her conduct was lawful or no reasonable cause to believe
19 that his or her conduct was unlawful.

20 3. A transaction from which the director or officer derived an improper personal
21 profit or benefit.

22 4. Wilful misconduct.

23 (b) Determination of whether indemnification is required under this
24 subsection shall be made under s. 181.0873.

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1 (c) The termination of a proceeding by judgment, order, settlement or
2 conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create
3 a presumption that indemnification of the director or officer is not required under
4 this subsection.

5 **(3) WRITTEN REQUEST REQUIRED.** A director or officer who seeks indemnification
6 under this section shall make a written request to the corporation.

7 **(4) LIMITATION BY ARTICLES OF INCORPORATION.** (a) Indemnification under this
8 section is not required to the extent limited by the articles of incorporation under s.
9 181.0875.

10 (b) Indemnification under this section is not required if the director or officer
11 has previously received indemnification, reimbursement or allowance of expenses
12 from any person, including the corporation, in connection with the same proceeding.

13 **181.0873 Determination of right to indemnification.** Unless otherwise
14 provided by the articles of incorporation or bylaws or by written agreement between
15 the director or officer and the corporation, the director or officer seeking
16 indemnification under s. 181.0872 (2) shall select one of the following means for
17 determining his or her right to indemnification:

18 **(1) BOARD OF DIRECTOR VOTE.** By a majority vote of a quorum of the board of
19 directors consisting of directors who are not at the time parties to the same or related
20 proceedings. If a quorum of disinterested directors cannot be obtained, by a majority
21 vote of a committee duly appointed by the board of directors and consisting solely of
22 2 or more directors who are not at the time parties to the same or related proceedings.
23 Directors who are parties to the same or related proceedings may participate in the
24 designation of members of the committee.

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1 **(2) INDEPENDENT LEGAL COUNSEL.** By independent legal counsel selected by a
2 quorum of the board of directors or its committee in the manner prescribed in sub.
3 (1) or, if unable to obtain such a quorum or committee, by a majority vote of the full
4 board of directors, including directors who are parties to the same or related
5 proceedings.

6 **(3) ARBITRATORS.** By a panel of 3 arbitrators consisting of one arbitrator selected
7 by those directors entitled under sub. (2) to select independent legal counsel, one
8 arbitrator selected by the director or officer seeking indemnification and one
9 arbitrator selected by the 2 arbitrators previously selected.

10 **(4) MEMBERS.** By an affirmative vote of members with voting rights, if any.
11 Membership rights owned by, or voted under the control of, persons who are at the
12 time parties to the same or related proceedings, whether as plaintiffs or defendants
13 or in any other capacity, may not be voted in making the determination.

14 **(5) COURT.** By a court under s. 181.0879.

15 **(6) OTHER METHODS.** By any other method provided for in any additional right
16 to indemnification permitted under s. 181.0877.

17 **181.0874 Allowance of expenses as incurred.** Upon written request by a
18 director or officer who is a party to a proceeding, a corporation may pay or reimburse
19 his or her reasonable expenses as incurred if the director or officer provides the
20 corporation with all of the following:

21 **(1) WRITTEN AFFIRMATION.** A written affirmation of his or her good faith belief
22 that he or she has not breached or failed to perform his or her duties to the
23 corporation.

24 **(2) REPAYMENT UNDERTAKING.** A written undertaking, executed personally or on
25 his or her behalf, to repay the allowance and, if required by the corporation, to pay

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1 reasonable interest on the allowance to the extent that it is ultimately determined
2 under s. 181.0873 that indemnification under s. 181.0872 (2) is not required and that
3 indemnification is not ordered by a court under s. 181.0879 (2) (b). The undertaking
4 under this subsection shall be an unlimited general obligation of the director or
5 officer and may be accepted without reference to his or her ability to repay the
6 allowance. The undertaking may be secured or unsecured.

7 **181.0875 Corporation may limit indemnification.** (1) METHODS OF
8 LIMITING OBLIGATION. A corporation's obligations to indemnify under s. 181.0872 may
9 be limited as follows:

10 (a) If the corporation is incorporated on or after June 13, 1987, by the articles
11 of incorporation, including any amendments or restatements of the articles of
12 incorporation.

13 (b) If the corporation was incorporated before June 13, 1987, by an amendment
14 to, or restatement of, the articles of incorporation which becomes effective on or after
15 June 13, 1987.

16 (2) APPLICABILITY. A limitation under sub. (1) applies if the first alleged act of
17 a director or officer for which indemnification is sought occurred while the limitation
18 was in effect.

19 **181.0877 Additional rights to indemnification and allowance of**
20 **expenses.** (1) ADDITIONAL RIGHTS TO INDEMNIFICATION. Except as provided in sub.
21 (2), ss. 181.0872 and 181.0874 do not preclude any additional right to
22 indemnification or allowance of expenses that a director or officer may have under
23 any of the following:

24 (a) The articles of incorporation or bylaws.

25 (b) A written agreement between the director or officer and the corporation.

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1 (c) A resolution of the board of directors.

2 (d) A resolution, after notice, adopted by a majority vote of members who are
3 entitled to vote.

4 **(2) WHEN PROHIBITED.** Regardless of the existence of an additional right under
5 sub. (1), the corporation may not indemnify a director or officer, or permit a director
6 or officer to retain any allowance of expenses unless it is determined by or on behalf
7 of the corporation that the director or officer did not breach or fail to perform a duty
8 that he or she owes to the corporation which constitutes conduct under s. 181.0872
9 (2) (a) 1., 2., 3. or 4. A director or officer who is a party to the same or related
10 proceeding for which indemnification or an allowance of expenses is sought may not
11 participate in a determination under this subsection.

12 **(3) APPLICABILITY.** Sections 181.0871 to 181.0883 do not affect a corporation's
13 power to pay or reimburse expenses incurred by a director or officer in any of the
14 following circumstances:

15 (a) As a witness in a proceeding to which he or she is not a party.

16 (b) As a plaintiff or petitioner in a proceeding because he or she is or was an
17 employe, agent, director or officer of the corporation.

18 **181.0879 Court-ordered indemnification. (1) APPLICATION TO COURT.**
19 Except as provided otherwise by written agreement between the director or officer
20 and the corporation, a director or officer who is a party to a proceeding may apply for
21 indemnification to the court conducting the proceeding or to another court of
22 competent jurisdiction. Application shall be made for an initial determination by the
23 court under s. 181.0873 (5) or for review by the court of an adverse determination
24 under s. 181.0873 (1), (2), (3), (4) or (6). After receipt of an application, the court shall
25 give any notice it considers necessary.

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1 **(2) STANDARDS USED BY COURT.** The court shall order indemnification if it
2 determines any of the following:

3 (a) That the director or officer is entitled to indemnification under s. 181.0872
4 (1) or (2). If the court also determines that the corporation unreasonably refused the
5 director's or officer's request for indemnification, the court shall order the
6 corporation to pay the director's or officer's reasonable expenses incurred to obtain
7 the court-ordered indemnification.

8 (b) That the director or officer is fairly and reasonably entitled to
9 indemnification in view of all the relevant circumstances, regardless of whether
10 indemnification is required under s. 181.0872 (2).

11 **181.0881 Indemnification and allowance of expenses of employes and**
12 **agents.** A corporation may indemnify and allow reasonable expenses of an employe
13 or agent who is not a director or officer to the extent provided by the articles of
14 incorporation or bylaws, by general or specific action of the board of directors or by
15 contract.

16 **181.0883 Insurance.** A corporation may purchase and maintain insurance
17 on behalf of an individual who is an employe, agent, director or officer of the
18 corporation against liability asserted against and incurred by the individual in his
19 or her capacity as an employe, agent, director or officer, or arising from his or her
20 status as an employe, agent, director or officer, regardless of whether the corporation
21 is required or authorized to indemnify or allow expenses to the individual against the
22 same liability under ss. 181.0872, 181.0874, 181.0877 and 181.0881.

23 **181.0889 Indemnification and insurance against securities law claims.**

24 **(1) IN GENERAL.** It is the public policy of this state to require or permit
25 indemnification, allowance of expenses and insurance for any liability incurred in

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1 connection with a proceeding involving securities regulation described under sub. (2)
2 to the extent required or permitted under ss. 181.0871 to 181.0883.

3 (2) SCOPE OF SECURITIES REGULATION. Sections 181.0871 to 181.0883 apply, to
4 the extent applicable to any other proceeding, to any proceeding involving a federal
5 or state statute, rule or regulation regulating the offer, sale or purchase of securities,
6 securities brokers or dealers, or investment companies or investment advisers.

SUBCHAPTER IX

[RESERVED]

SUBCHAPTER X

AMENDMENT OF ARTICLES OF

INCORPORATION AND BYLAWS

12 **181.1001 Authority to amend articles of incorporation.** A corporation
13 may amend its articles of incorporation at any time to add or change a provision that
14 is required or permitted to be included in the articles of incorporation or to delete a
15 provision that is not required in the articles of incorporation. Whether a provision
16 is required or permitted to be included in the articles of incorporation is determined
17 as of the effective date of the amendment.

18 **181.1002 Amendment of articles of incorporation by directors. (1)**
19 CORPORATIONS WITH VOTING RIGHTS. Unless the articles of incorporation provide
20 otherwise, a corporation's board may adopt any of the following amendments to the
21 corporation's articles of incorporation, without the approval of members with voting
22 rights:

23 (a) To extend the duration of the corporation if it was incorporated at a time
24 when limited duration was required by law.

25 (b) To delete the names and addresses of the initial directors.

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1 (c) To delete the names and addresses of the incorporators.

2 (d) To delete the name and address of a former registered agent or registered
3 office, if a statement of change is on file with the department.

4 (e) To change the registered agent or the registered office.

5 (f) To change the corporate name by substituting the word "corporation",
6 "incorporated", "company" or "limited", or the abbreviation "corp.", "inc.", "co.", or
7 "ltd.", or words or abbreviations of similar meaning in another language, for a similar
8 word or abbreviation in the name, or by adding, deleting or changing a geographical
9 attribution to the name.

10 (g) To make any other change expressly permitted by this chapter to be made
11 without member approval.

12 **(2) CORPORATIONS WITH NO VOTING MEMBERS.** If a corporation has no members
13 with voting rights, its incorporators, until directors have been chosen, and thereafter
14 its board, may adopt amendments to the corporation's articles of incorporation
15 subject to any approval required under s. 181.1030. The corporation shall provide
16 notice of any meeting at which an amendment is to be voted upon. The notice shall
17 be in accordance with s. 181.0822 (3). The notice must also state that the purpose,
18 or one of the purposes, of the meeting is to consider a proposed amendment to the
19 articles of incorporation and contain or be accompanied by a copy or summary of the
20 amendment or state the general nature of the amendment. The amendment must
21 be approved by a majority of the directors in office at the time that the amendment
22 is adopted.

23 **181.1003 Amendment of articles of incorporation by directors and**
24 **members. (1) IN GENERAL.** Unless this chapter, the articles of incorporation or the

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1 bylaws require a greater vote or voting by class, an amendment to a corporation's
2 articles of incorporation to be adopted must be approved by all of the following:

3 (b) Except as provided in s. 181.1002 (1), the members by two-thirds of the
4 votes cast or a majority of the voting power, whichever is less.

5 (c) A person, in writing, whose approval is required by a provision of the articles
6 of incorporation authorized under s. 181.1030.

7 **(2) NOTICE REQUIREMENTS.** If the board or the members seek to have the
8 amendment approved by the members at a membership meeting, the corporation
9 shall give notice to its members of the proposed membership meeting in writing in
10 accordance with s. 181.0705. The notice shall state that the purpose, or one of the
11 purposes, of the meeting is to consider and to act upon the proposed amendment and
12 shall contain or be accompanied by a copy or summary of the amendment.

13 **(3) WRITTEN CONSENTS OR BALLOT.** If the board or the members seek to have the
14 amendment approved by the members by written consent or written ballot, the
15 material soliciting the approval shall contain or be accompanied by a copy or
16 summary of the amendment.

17 **181.1004 Class voting by members on amendments to articles of**
18 **incorporation.** (1) **WHEN CLASS ENTITLED TO VOTE.** The members of a class in a
19 corporation are entitled to vote as a class on a proposed amendment to the articles
20 of incorporation if the amendment does any of the following:

21 (a) Affects the rights, privileges, preferences, restrictions or conditions of that
22 class as to voting, dissolution, redemption or transfer of memberships in a manner
23 different than such amendment would affect another class.

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1 (b) Changes the rights, privileges, preferences, restrictions or conditions of that
2 class as to voting, dissolution, redemption or transfer by changing the rights,
3 privileges, preferences, restrictions or conditions of another class.

4 (c) Increases or decreases the number of memberships authorized for that class.

5 (e) Effects an exchange, reclassification or termination of the memberships of
6 that class.

7 **(2) APPROVAL BY EACH CLASS REQUIRED.** If a class is to be divided into 2 or more
8 classes as a result of an amendment to the articles of incorporation of a corporation,
9 the amendment must be approved by the members of each class that would be
10 created by the amendment.

11 **(3) VOTING REQUIREMENTS.** Unless provided otherwise in the articles of
12 incorporation or bylaws, if a class vote is required to approve an amendment to the
13 articles of incorporation of a corporation, the amendment must be approved by the
14 members of the class by two-thirds of the votes cast by the class or a majority of the
15 voting power of the class, whichever is less.

16 **181.1005 Articles of amendment.** A corporation amending its articles of
17 incorporation shall deliver to the department for filing articles of amendment that
18 include all of the following information:

19 **(1) NAME.** The name of the corporation.

20 **(2) TEXT.** The text of each amendment adopted.

21 **(3) DATES.** The date of each amendment's adoption.

22 **(4) METHOD OF APPROVAL.** A statement that the amendment was adopted in
23 accordance with s. 181.1002, 181.1003 or 181.1004, whichever is the case.

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1 **(5) WHEN APPROVAL BY OTHERS IS REQUIRED.** If approval of the amendment by a
2 person other than the members, the board or the incorporators is required under s.
3 181.1030, a statement that the approval was obtained.

4 **181.1006 Restated articles of incorporation. (1) WHEN PERMITTED.** A
5 corporation's board may restate its articles of incorporation at any time with or
6 without approval by members or any other person.

7 **(2) AMENDMENTS MAY BE INCLUDED.** The restatement may include amendments
8 to the articles of incorporation. If the restatement includes an amendment requiring
9 approval by the members or any other person, it must be adopted as provided in s.
10 181.1003.

11 **(3) APPROVAL REQUIREMENTS.** If the restatement includes an amendment
12 requiring approval by members, the board must submit the restatement to the
13 members for their approval.

14 **(4) NOTICE REQUIREMENTS.** If the board seeks to have the restatement approved
15 by the members at a membership meeting, the corporation shall notify each of its
16 members of the proposed membership meeting in writing in accordance with s.
17 181.0705. The notice must also state that the purpose, or one of the purposes, of the
18 meeting is to consider the proposed restatement and contain or be accompanied by
19 a copy or summary of the restatement that identifies any amendments or other
20 change it would make in the articles of incorporation.

21 **(5) APPROVAL BY WRITTEN BALLOT OR CONSENT.** If the board seeks to have the
22 restatement approved by the members by written ballot or written consent, the
23 material soliciting the approval shall contain or be accompanied by a copy or
24 summary of the restatement that identifies any amendments or other change it
25 would make in the articles of incorporation.

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1 **(6) VOTING REQUIREMENTS.** A restatement requiring approval by the members
2 must be approved by the same vote as an amendment to articles of incorporation
3 under s. 181.1003.

4 **(7) APPROVAL BY 3RD PERSONS.** If the restatement includes an amendment
5 requiring approval pursuant to s. 181.1030, the board must submit the restatement
6 for such approval.

7 **(8) FILING REQUIREMENTS.** A corporation restating its articles of incorporation
8 shall deliver to the department for filing articles of restatement setting forth the
9 name of the corporation and the text of the restated articles of incorporation together
10 with a certificate including all of the following information:

11 (a) Whether the restatement contains an amendment to the articles of
12 incorporation requiring approval by the members or any other person other than the
13 board and, if it does not, that the board adopted the restatement.

14 (b) If the restatement contains an amendment to the articles of incorporation
15 requiring approval by the members, the information required by s. 181.1005.

16 (c) If the restatement contains an amendment to the articles of incorporation
17 requiring approval by a person whose approval is required under s. 181.1030, a
18 statement that such approval was obtained.

19 (d) A statement that the restated articles of incorporation supersede and take
20 the place of the existing articles of incorporation and any amendments to the articles
21 of incorporation.

22 **181.1007 Amendment of articles of incorporation pursuant to judicial**
23 **reorganization. (1) WHEN AUTHORIZED.** A corporation's articles of incorporation
24 may be amended without board approval or approval by the members or approval
25 required under s. 181.1030 to carry out a plan of reorganization ordered or decreed

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1 by a court of competent jurisdiction under federal statute if the articles of
2 incorporation after amendment contain only provisions required or permitted under
3 s. 181.0202.

4 (2) FILING REQUIREMENT. The individual or individuals designated by the court
5 shall deliver to the department for filing articles of amendment that include all of the
6 following information:

7 (a) The name of the corporation.

8 (b) The text of each amendment approved by the court.

9 (c) The date of the court's order or decree approving the articles of amendment.

10 (d) The title of the reorganization proceeding in which the order or decree was
11 entered.

12 (e) A statement that the court had jurisdiction of the proceeding under federal
13 statute.

14 (3) APPLICABILITY. This section does not apply after entry of a final decree in
15 the reorganization proceeding even though the court retains jurisdiction of the
16 proceeding for limited purposes unrelated to consummation of the reorganization
17 plan.

18 **181.1008 Effect of amendment and restatement of articles of**
19 **incorporation. (1) RIGHTS AND PROCEEDINGS NOT AFFECTED.** An amendment to a
20 corporation's articles of incorporation, including a restatement of its articles of
21 incorporation under s. 181.1006 that includes an amendment to its articles of
22 incorporation, does not affect any of the following:

23 (a) A cause of action existing against or in favor of the corporation.

24 (b) A civil, criminal, administrative or investigatory proceeding to which the
25 corporation is a party.

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1 (c) The existing rights of persons other than members of the corporation.

2 **(2) PROCEEDINGS NOT ABATED.** An amendment, or a restatement including an
3 amendment, changing a corporation's name does not abate a civil, criminal,
4 administrative or investigatory proceeding brought by or against the corporation in
5 its former name.

6 **181.1020 Amendment of bylaws by directors.** If a corporation has no
7 members with voting rights, its incorporators, until directors have been chosen, and
8 thereafter its board, may adopt amendments to the corporation's bylaws subject to
9 any approval required under s. 181.1030. The corporation shall provide notice of any
10 meeting of the board at which an amendment is to be approved. The notice shall be
11 in accordance with s. 181.0822 (3). The notice must also state that the purpose, or
12 one of the purposes, of the meeting is to consider a proposed amendment to the
13 bylaws and contain or be accompanied by a copy or summary of the amendment or
14 state the general nature of the amendment. The amendment must be approved by
15 a majority of the directors in office at the time that the amendment is adopted.

16 **181.1021 Amendment of bylaws by directors and members. (1) BY**
17 **BOARD.** A corporation's board may amend or repeal the corporation's bylaws or adopt
18 new bylaws except to the extent that any of the following applies:

19 (a) The articles of incorporation or any other provision of this chapter reserves
20 that power exclusively to the members.

21 (b) The members, in adopting, amending or repealing a particular bylaw,
22 provide within the bylaw that the board may not amend, repeal or readopt that
23 bylaw.

24 **(2) BY MEMBERS WITH VOTING RIGHTS.** A corporation's members with voting
25 rights may amend or repeal the corporation's bylaws or adopt new bylaws even

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1 though the board may also amend or repeal the corporation's bylaws or adopt new
2 bylaws.

3 **181.1022 Class voting by members on amendments of bylaws. (1) WHEN**
4 CLASS ENTITLED TO VOTE. The members of a class in a corporation are entitled to vote
5 as a class on a proposed amendment to the bylaws if the amendment does any of the
6 following:

7 (a) Affects the rights, privileges, preferences, restrictions or conditions of that
8 class as to voting, dissolution, redemption or transfer of memberships in a manner
9 different than such amendment would affect another class.

10 (b) Changes the rights, privileges, preferences, restrictions or conditions of that
11 class as to voting, dissolution, redemption or transfer by changing the rights,
12 privileges, preferences, restrictions or conditions of another class.

13 (c) Increases or decreases the number of memberships authorized for that class.

14 (e) Effects an exchange, reclassification or termination of all or part of the
15 memberships of that class.

16 **(2) APPROVAL BY EACH CLASS REQUIRED.** If a class is to be divided into 2 or more
17 classes as a result of an amendment to the bylaws, the amendment must be approved
18 by the members of each class that would be created by the amendment.

19 **(3) VOTING REQUIREMENTS.** Unless otherwise provided in the articles of
20 incorporation or bylaws, if a class vote is required to approve an amendment to the
21 bylaws, the amendment must be approved by the members of the class by two-thirds
22 of the votes cast by the class or a majority of the voting power of the class, whichever
23 is less.

24 **181.1030 Approval by 3rd persons.** The articles of incorporation may
25 require an amendment to the articles of incorporation or bylaws to be approved in

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1 writing by a specified person other than the board. Such an article provision may
2 only be amended with the approval in writing of the person.

SUBCHAPTER XI**MERGER**

3
4
5 **181.1101 Approval of plan of merger. (1) IN GENERAL.** One or more
6 corporations may merge into a corporation or a stock corporation, if the plan of
7 merger is approved as provided in s. 181.1103.

8 **(2) REQUIRED INFORMATION.** The plan of merger shall include all of the following
9 information:

10 (a) The name of each corporation planning to merge and the name of the
11 surviving corporation into which each plans to merge.

12 (b) The terms and conditions of the planned merger.

13 (d) The manner and basis, if any, of converting memberships of each merging
14 corporation into memberships, obligations or securities of the surviving or any other
15 corporation or into cash or other property in whole or part.

16 **(3) PERMITTED INFORMATION.** The plan of merger may include any of the
17 following:

18 (a) If the surviving corporation is a domestic corporation, amendments to the
19 articles of incorporation or bylaws of the surviving corporation to be effected by the
20 planned merger.

21 (b) Other provisions relating to the planned merger.

22 **181.1103 Action on plan by board, members and 3rd persons. (1)**
23 **CORPORATIONS WITHOUT MEMBERS WITH VOTING RIGHTS.** If the corporation does not have
24 members with voting rights, the plan of merger must be approved by a majority of
25 the directors in office at the time the plan of merger is approved. In addition the

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1 corporation shall provide notice of any board meeting at which such approval is to
2 be obtained in accordance with s. 181.0822 (3). The notice must also state that the
3 purpose, or one of the purposes, of the meeting is to consider the proposed plan of
4 merger.

5 **(2) CORPORATIONS WITH VOTING MEMBERS.** Unless this chapter, the articles of
6 incorporation or the bylaws require a greater vote or voting by class, a plan of merger
7 to be adopted by a corporation with voting members shall be approved by all of the
8 following:

9 (a) Unless the articles of incorporation provide otherwise, the board.

10 (b) The members with voting rights, by two-thirds of the votes cast or a
11 majority of the voting power, whichever is less.

12 (c) A 3rd person, in writing, whose approval is required by a provision of the
13 articles of incorporation.

14 **(3) NOTICE REQUIREMENTS.** If the board seeks to have the plan of merger
15 approved by the members at a membership meeting, the corporation shall give
16 notice, to its members with voting rights, of the proposed membership meeting in
17 accordance with s. 181.0705. The notice must also state that the purpose, or one of
18 the purposes, of the meeting is to consider the plan of merger and contain or be
19 accompanied by a copy or summary of the plan. The copy or summary of the plan for
20 members of the surviving corporation shall include any provision that, if contained
21 in a proposed amendment to the articles of incorporation or bylaws, would entitle
22 members to vote on the provision. The copy or summary of the plan for members of
23 the disappearing corporation shall include a copy or summary of the articles of
24 incorporation and bylaws that will be in effect immediately after the merger takes
25 effect.

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1 **(4) WRITTEN CONSENTS OR BALLOTS.** If the board seeks to have the plan approved
2 by the members by written consent or written ballot, the material soliciting the
3 approval shall contain or be accompanied by a copy or summary of the plan. The copy
4 or summary of the plan for members of the surviving corporation shall include any
5 provision that, if contained in a proposed amendment to the articles of incorporation
6 or bylaws, would entitle members to vote on the provision. The copy or summary of
7 the plan for members of the disappearing corporation shall include a copy or
8 summary of the articles of incorporation and bylaws that will be in effect
9 immediately after the merger takes effect.

10 **(5) CLASS VOTING.** Voting by a class of members is required on a plan of merger
11 if the plan contains a provision that, if contained in a proposed amendment to articles
12 of incorporation or bylaws, would require the class of members to vote as a class on
13 the proposed amendment under s. 181.1004 or 181.1022. The plan is approved by
14 a class of members by two-thirds of the votes cast by the class or a majority of the
15 voting power of the class, whichever is less.

16 **(6) ABANDONMENT OF PLANNED MERGER.** After a merger is adopted, and at any
17 time before articles of merger are filed, the planned merger may be abandoned,
18 subject to any contractual rights, without further action by members or other
19 persons who approved the plan in accordance with the procedure set forth in the plan
20 of merger or, if none is set forth, in the manner determined by the board.

21 **181.1104 Merger of subsidiary. (1) MEMBER APPROVAL NOT REQUIRED.** A
22 parent corporation that is a member with at least 90% of the voting rights in a
23 subsidiary corporation may merge the subsidiary into itself without approval of the
24 members of the parent or subsidiary.

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1 **(2) PLAN OF MERGER.** The board of directors of the parent corporation shall adopt
2 a plan of merger that sets forth all of the following:

3 (a) The names of the parent and subsidiary.

4 (b) The manner and basis of converting the memberships of the subsidiary into
5 memberships of the parent or any other corporation or into cash or other property
6 in whole or part.

7 **(3) NOTICE REQUIREMENT.** The parent shall mail a copy or summary of the plan
8 of merger to each member of the subsidiary who does not waive the mailing
9 requirement in writing.

10 **(4) FILING WITH DEPARTMENT.** The parent may not deliver articles of merger to
11 the department for filing until at least 30 days after the date on which it mailed a
12 copy of the plan of merger to each member of the subsidiary who did not waive the
13 mailing requirement.

14 **(5) CERTAIN AMENDMENTS PROHIBITED.** Articles of merger under this section may
15 not contain amendments to the articles of incorporation of the parent corporation,
16 except for amendments enumerated in s. 181.1002.

17 **181.1105 Articles of merger.** After a plan of merger is approved by the board,
18 and, if required under s. 181.1103, by the members and any other persons, the
19 surviving or acquiring corporation shall deliver to the department for filing articles
20 of merger that include all of the following information:

21 **(1) PLAN.** The plan of merger.

22 **(2) IF MEMBER APPROVAL NOT REQUIRED.** If approval of members was not required,
23 a statement to that effect and a statement that the plan was approved by a sufficient
24 vote of the board.

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1 **(3) IF MEMBER APPROVAL REQUIRED.** If approval by members is required, all of the
2 following:

3 (a) The designation, number of memberships outstanding, number of votes
4 entitled to be cast by each class entitled to vote separately on the plan, and number
5 of votes of each class voting on the plan.

6 (b) Either the total number of votes cast for and against the plan by each class
7 entitled to vote separately on the plan or the total number of votes cast for the plan
8 by each class and a statement that the number cast for the plan by each class was
9 sufficient for approval by that class.

10 **(4) IF APPROVAL BY 3RD PERSON REQUIRED.** If approval of the plan by a person
11 other than the members or the board is required under s. 181.1103 (2) (c), a statement
12 that the approval was obtained.

13 **181.1106 Effect of merger.** When a merger takes effect all of the following
14 occur:

15 **(1) TERMINATION OF SEPARATE EXISTENCE.** Every other corporation party to the
16 merger merges into the surviving corporation and the separate existence of every
17 corporation except the surviving corporation ceases.

18 **(2) TITLE TO PROPERTY.** The title to all real estate and other property owned by
19 each corporation party to the merger is vested in the surviving corporation without
20 reversion or impairment subject to any conditions to which the property was subject
21 before the merger.

22 **(3) RIGHTS AND DUTIES.** The surviving corporation has all of the rights,
23 privileges, immunities and powers and is subject to all of the duties and liabilities
24 of a corporation organized under this chapter.

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1 (4) PENDING PROCEEDINGS. A civil, criminal, administrative or investigatory
2 proceeding pending against any corporation that is a party to the merger may be
3 continued as if the merger did not occur or the surviving corporation may be
4 substituted in the proceeding for the corporation whose existence ceased.

5 (5) ARTICLES OF INCORPORATION AND BYLAWS. The articles of incorporation and
6 bylaws of the surviving corporation are amended to the extent provided in the plan
7 of merger.

8 **181.1107 Merger with foreign corporation or foreign stock**
9 **corporation. (1) WHEN PERMITTED.** One or more foreign corporations or foreign
10 stock corporations may merge with one or more domestic corporations if all of the
11 following conditions are met:

12 (a) The merger is permitted by the law of the state or country under whose law
13 each foreign corporation or stock corporation is incorporated and each foreign
14 corporation or stock corporation complies with that law in effecting the merger.

15 (b) The foreign corporation or stock corporation complies with s. 181.1105 if it
16 is the surviving corporation of the merger.

17 (c) Each domestic corporation complies with the applicable provisions of ss.
18 181.1101 and 181.1103 and, if it is the surviving corporation of the merger, with s.
19 181.1105.

20 (2) EFFECT OF MERGER. Upon the merger taking effect, the surviving foreign
21 corporation or foreign stock corporation is deemed to have irrevocably appointed the
22 department as its agent for service of process in any proceeding brought against it.

23 **181.1108 Bequests, devises and gifts.** Any bequest, devise, gift, grant, or
24 promise contained in a will or other instrument of donation, subscription, or
25 conveyance, that is made to a constituent corporation and that takes effect or

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1 remains payable after the merger, inures to the surviving corporation unless the will
2 or other instrument otherwise specifically provides.

3 **181.1150 Conversion of cooperative.** A cooperative organized without
4 capital stock may elect to convert itself to a corporation by adopting and filing
5 restated articles of incorporation in the manner required under ch. 185. The restated
6 articles of incorporation shall conform to the requirements of s. 181.0202 and shall
7 contain a statement that the cooperative elects to convert itself to a corporation
8 subject to this chapter. The election to become a corporation subject to this chapter
9 is effective upon the filing of the restated articles of incorporation.

10 SUBCHAPTER XII

11 SALE OF ASSETS

12 **181.1201 Sale of assets in regular course of activities and mortgage of**
13 **assets. (1) ROLE OF BOARD.** A corporation may, on the terms and conditions and for
14 the consideration determined by the board, do any of the following:

15 (a) Sell, lease, exchange or otherwise dispose of all, or substantially all, of its
16 property in the usual and regular course of its activities.

17 (b) Sell, lease, exchange or otherwise dispose of less than substantially all of
18 its property whether or not in the usual and regular course of activities.

19 (c) Mortgage, pledge, dedicate to the repayment of indebtedness, whether with
20 or without recourse, or otherwise encumber any or all of its property whether or not
21 in the usual and regular course of its activities.

22 **(2) ROLE OF MEMBERS.** Unless required by the articles of incorporation or
23 bylaws, approval of the members or any other person of a transaction described in
24 sub. (1) is not required.

1 **181.1202 Sale of assets other than in regular course of activities. (1)**

2 WHEN PERMITTED. A corporation may sell, lease, exchange or otherwise dispose of all,
3 or substantially all, of its property, with or without the goodwill, other than in the
4 usual and regular course of its activities on the terms and conditions and for the
5 consideration determined by the corporation's board if the proposed transaction is
6 authorized under sub. (2).

7 **(2) APPROVAL REQUIREMENTS IN GENERAL.** Unless this chapter, the articles of
8 incorporation or the bylaws require a greater vote or voting by class, the proposed
9 transaction to be authorized must be approved by all of the following:

10 (a) Unless the articles of incorporation or bylaws provide otherwise, the board.

11 (b) The members with voting rights, if any, by two-thirds of the votes cast or
12 a majority of the voting power, whichever is less.

13 (c) A 3rd person, in writing, whose approval is required by a provision of the
14 articles of incorporation.

15 **(3) CORPORATION WITHOUT MEMBERS.** If the corporation does not have members
16 the transaction must be approved by a vote of a majority of the directors in office at
17 the time the transaction is approved. In addition the corporation shall provide notice
18 of any board meeting at which such approval is to be obtained in accordance with s.
19 181.0822 (3). The notice must also state that the purpose, or one of the purposes, of
20 the meeting is to consider the sale, lease, exchange or other disposition of all, or
21 substantially all, of the property or assets of the corporation and contain or be
22 accompanied by a copy or summary of a description of the transaction.

23 **(4) NOTICE REQUIREMENTS.** If the corporation seeks to have the transaction
24 approved by the members at a membership meeting, the corporation shall give notice
25 to its members of the proposed membership meeting in accordance with s. 181.0705.

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1 The notice must also state that the purpose, or one of the purposes, of the meeting
2 is to consider the sale, lease, exchange, or other disposition of all, or substantially all,
3 of the property or assets of the corporation and contain or be accompanied by a copy
4 or summary of a description of the transaction.

5 (5) WRITTEN CONSENTS OR BALLOTS. If the board needs to have the transaction
6 approved by the members by written consent or written ballot, the material soliciting
7 the approval shall contain or be accompanied by a copy or summary of a description
8 of the transaction.

9 (6) ABANDONMENT OF TRANSACTION. After a sale, lease, exchange, or other
10 disposition of property is authorized, the transaction may be abandoned, subject to
11 any contractual rights, without further action by the members or any other person
12 who approved the transaction in accordance with the procedure set forth in the
13 resolution proposing the transaction or, if none is set forth, in the manner determined
14 by the board.

15 SUBCHAPTER XIII

16 DISTRIBUTIONS

17 **181.1301 Prohibited distributions.** Except as provided in s. 181.1302, a
18 corporation may not make any distributions.

19 **181.1302 Authorized distributions. (1) PURCHASE OF MEMBERSHIPS.** A
20 corporation may purchase its memberships if after the purchase is completed all of
21 the following conditions are met:

22 (a) The corporation would be able to pay its debts as they become due in the
23 usual course of its activities.

24 (b) The corporation's total assets would at least equal the sum of its total
25 liabilities.

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1 **(2) DISTRIBUTIONS ON DISSOLUTION.** Corporations may make distributions upon
2 dissolution under subch. XIV.

3 **(3) DISTRIBUTIONS TO NONPROFIT CORPORATIONS.** A corporation may make a
4 distribution to another domestic or foreign corporation, if all of the following
5 conditions are met:

6 (a) The articles of incorporation, or, if the articles of incorporation so provide,
7 the bylaws, state that a distribution may be made under this subsection.

8 (b) The distribution is made in accordance with the stated purpose of the
9 corporation.

10 (c) The corporation would be able to pay its debts as they become due in the
11 usual course of its activities.

12 (d) The corporation's total assets would equal at least the sum of its total
13 liabilities.

14 (e) The domestic or foreign corporation to which the distribution is made may
15 not distribute any part of its income to members, directors or officers and is exempt
16 from taxation under 26 USC 501.

17 **(4) OTHER DISTRIBUTIONS.** A corporation may make a distribution that is not
18 permitted under subs. (1) to (3) only if all of the following apply:

19 (a) The articles of incorporation state that a distribution may be made under
20 this subsection.

21 (b) The distribution is made in accordance with the stated purpose of the
22 corporation.

23 (c) The corporation would be able to pay its debts as they become due in the
24 usual course of its activities.

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1 (d) The corporation's total assets would equal at least the sum of its total
2 liabilities.

SUBCHAPTER XIV

DISSOLUTION

5 **181.1401 Dissolution by incorporators, directors, members and 3rd**
6 **persons. (1) IN GENERAL.** (a) Prior to the election of directors, unless this chapter,
7 the articles of incorporation or the bylaws require a greater vote or voting by class,
8 dissolution is authorized if it is approved by a majority of the incorporators.

9 (b) After the election of directors, unless this chapter, the articles of
10 incorporation or the bylaws require a greater vote or voting by class, dissolution is
11 authorized if it is approved by all of the following:

- 12 1. Unless the articles of incorporation or bylaws provide otherwise, the board.
- 13 2. The members with voting rights, if any, by two-thirds of the votes cast or a
14 majority of the voting power, whichever is less.
- 15 3. A 3rd person, in writing, whose approval is required by a provision of the
16 articles of incorporation.

17 **(2) CORPORATION WITHOUT MEMBERS WITH VOTING RIGHTS.** If the corporation does
18 not have members with voting rights, dissolution must be approved by a vote of a
19 majority of the directors in office at the time the transaction is approved. In addition,
20 the corporation shall provide notice of any board of directors' meeting at which such
21 approval is to be obtained in accordance with s. 181.0822 (3). The notice must also
22 state that the purpose, or one of the purposes, of the meeting is to consider dissolution
23 of the corporation and contain or be accompanied by a copy or summary of the plan
24 of dissolution.

ASSEMBLY BILL 765**SECTION 48**

1 **(3) NOTICE REQUIREMENTS.** If the board seeks to have dissolution approved by
2 the members at a membership meeting, the corporation shall give notice to its
3 members of the proposed membership meeting in accordance with s. 181.0705. The
4 notice must also state that the purpose, or one of the purposes, of the meeting is to
5 consider dissolving the corporation and contain or be accompanied by a copy or
6 summary of the plan of dissolution.

7 **(4) WRITTEN CONSENTS OR BALLOTS.** If the board seeks to have dissolution
8 approved by the members by written consent or written ballot, the material soliciting
9 the approval shall contain or be accompanied by a copy or summary of the plan of
10 dissolution.

11 **(5) DISTRIBUTION OF ASSETS.** The plan of dissolution shall indicate to whom the
12 assets owned or held by the corporation will be distributed after all creditors have
13 been paid.

14 **181.1403 Articles of dissolution. (1) FILING REQUIREMENTS.** At any time
15 after dissolution is authorized, the corporation may dissolve by delivering to the
16 department for filing articles of dissolution that include all of the following
17 information:

18 (a) The name of the corporation.

19 (b) The date dissolution was authorized.

20 (c) A statement that dissolution was approved by a sufficient vote of the board.

21 (d) If approval of members was not required, a statement to that effect and a
22 statement that dissolution was approved by a sufficient vote of the board or of the
23 incorporators.

24 (e) If approval by members was required, all of the following:

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1 1. The designation, number of memberships outstanding, number of votes
2 entitled to be cast by each class entitled to vote separately on dissolution, and
3 number of votes of each class indisputably voting on dissolution.

4 2. Either the total number of votes cast for and against dissolution by each class
5 entitled to vote separately on dissolution or the total number of undisputed votes cast
6 for dissolution by each class and a statement that the number cast for dissolution by
7 each class was sufficient for approval by that class.

8 (f) If approval of dissolution by a person other than the members, the board or
9 the incorporators is required under s. 181.1401 (1) (b) 3., a statement that the
10 approval was obtained.

11 (g) If the corporation is to retain the exclusive use of its name for less than 120
12 days after the effective date of its articles of dissolution, as provided in s. 181.1405
13 (3), a statement specifying the shorter period.

14 **(2) EFFECTIVE DATE.** A corporation is dissolved upon the effective date of its
15 articles of dissolution.

16 **181.1404 Revocation of dissolution. (1) WHEN PERMITTED.** A corporation
17 may revoke its dissolution within 120 days of its effective date.

18 **(2) HOW AUTHORIZED.** Revocation of dissolution must be authorized in the same
19 manner as the dissolution was authorized unless that authorization permitted
20 revocation by action of the board alone, in which event the board may revoke the
21 dissolution without action by the members or any other person.

22 **(3) FILING REQUIREMENTS.** After the revocation of dissolution is authorized, the
23 corporation may revoke the dissolution by delivering to the department for filing
24 articles of revocation of dissolution, together with a copy of its articles of dissolution,
25 that include all of the following information:

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1 (a) The name of the corporation.

2 (b) The effective date of the dissolution that was revoked.

3 (c) The date that the revocation of dissolution was authorized.

4 (d) If the corporation's board or the incorporators revoked the dissolution, a
5 statement to that effect.

6 (e) If the corporation's board revoked a dissolution authorized by the members
7 alone or in conjunction with another person, a statement that revocation was
8 permitted by action by the board alone pursuant to that authorization.

9 (f) If member or 3rd-person action was required to revoke the dissolution, the
10 information required under s. 181.1403 (1) (e) and (f).

11 **(4) EFFECTIVE DATE.** Revocation of dissolution is effective upon the effective date
12 of the articles of revocation of dissolution.

13 **(5) EFFECT OF REVOCATION.** When the revocation of dissolution is effective, it
14 relates back to and takes effect as of the effective date of the dissolution and the
15 corporation resumes carrying on its activities as if dissolution had never occurred.

16 **181.1405 Effect of dissolution. (1) POWERS OF DISSOLVED CORPORATION.** A
17 dissolved corporation continues its corporate existence but may not carry on any
18 activities except those appropriate to wind up and liquidate its affairs, including any
19 of the following:

20 (a) Preserving and protecting its assets and minimizing its liabilities.

21 (b) Discharging or making provision for discharging its liabilities and
22 obligations.

23 (c) Disposing of its properties that will not be distributed in kind.

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1 (d) Returning, transferring or conveying assets held by the corporation upon
2 a condition requiring return, transfer or conveyance, which condition occurs by
3 reason of the dissolution, in accordance with the condition.

4 (e) Transferring, subject to any contractual or legal requirements, its assets as
5 provided in or authorized by its articles of incorporation or bylaws.

6 (g) If no provision has been made in the corporation's articles of incorporation
7 or bylaws for distribution of assets on dissolution, transferring its assets to its
8 members or, if it has no members, to those persons whom the corporation holds itself
9 out as benefiting or serving.

10 (h) Doing every other act necessary to wind up and liquidate its assets and
11 affairs.

12 **(2) MATTERS NOT AFFECTED BY DISSOLUTION.** Dissolution of a corporation does not
13 do any of the following:

14 (a) Transfer title to the corporation's property.

15 (b) Subject its directors or officers to standards of conduct different from those
16 under subch. VIII.

17 (c) Change quorum or voting requirements for its board or members; change
18 provisions for selection, resignation, or removal of its directors or officers or both; or
19 change provisions for amending its bylaws.

20 (d) Prevent commencement of a proceeding by or against the corporation in its
21 corporate name.

22 (e) Abate or suspend a proceeding pending by or against the corporation on the
23 effective date of dissolution.

24 (f) Terminate the authority of the registered agent.

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1 **(3) RETENTION OF EXCLUSIVE USE OF NAME.** Except as provided in s. 181.1421 (6)
2 and unless a dissolved corporation registers its corporate name under s. 181.0403 (2),
3 the dissolved corporation retains the exclusive use of its corporate name for 120 days
4 after the effective date of its articles of dissolution or for a shorter period if specified
5 in its articles of dissolution under s. 181.1403 (1) (g).

6 **181.1406 Known claims against dissolved corporation. (1) DEFINITION.**
7 In this section, “claim” does not include a contingent liability or a claim based on an
8 event occurring after the effective date of dissolution.

9 **(2) DISPOSITION OF KNOWN CLAIMS.** A dissolved corporation may dispose of the
10 known claims against it by following the procedure described in this section.

11 **(3) NOTICE REQUIREMENTS.** The dissolved corporation shall notify its known
12 claimants in writing of the dissolution at any time after its effective date. The
13 written notice shall include all of the following information:

14 (a) A description of the information that must be included in a claim.

15 (b) A mailing address where a claim may be sent.

16 (c) The deadline, which may not be fewer than 120 days from the effective date
17 of the written notice, by which the dissolved corporation must receive the claim.

18 (d) The claim will be barred if not received by the deadline.

19 **(4) WHEN CLAIMS BARRED.** A claim against the dissolved corporation is barred
20 if any of the following occurs:

21 (a) A claimant who is given written notice under sub. (2) does not deliver the
22 claim to the dissolved corporation by the deadline.

23 (b) A claimant whose claim is rejected by the dissolved corporation does not
24 commence a proceeding to enforce the claim within 90 days from the effective date
25 of the rejection notice.

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1 **181.1407 Survival of remedies and claims. (1)** COMMENCEMENT OF ACTIONS
2 OR PROCEEDINGS. Except as provided in s. 181.1406 (4), the dissolution of a
3 corporation does not take away or impair any remedy available to or against the
4 corporation, its directors, officers or members, for any right or claim existing or any
5 liability incurred, prior to such dissolution if action or other proceeding thereon is
6 commenced within 2 years after the date of such dissolution. Any such action or
7 proceeding by or against the corporation may be prosecuted or defended by the
8 corporation in its corporate name. The members, directors and officers have the
9 power to take such corporate or other action as is appropriate to protect such remedy,
10 right or claim.

11 **(2)** ENFORCEMENT OF CLAIM AGAINST CORPORATION. A claim may be enforced
12 under this section against any of the following:

13 (a) The dissolved corporation, to the extent of its undistributed assets.

14 (b) If the assets have been distributed in liquidation, any person, other than
15 a creditor of the corporation, to whom the corporation distributed its property to the
16 extent of the distributee's prorated share of the claim or the corporate assets
17 distributed to such person in liquidation, whichever is less, but the distributee's total
18 liability for all claims under this section may not exceed the total amount of assets
19 distributed to the distributee.

20 **181.1420 Grounds for administrative dissolution.** The department may
21 bring a proceeding under s. 181.1421 to administratively dissolve a corporation if any
22 of the following occurs:

23 **(1)** NONPAYMENT. The corporation does not pay, within one year after they are
24 due, any fees or penalties due the department under this chapter.

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1 **(2) FAILURE TO FILE ANNUAL REPORT.** The corporation does not have on file its
2 annual report with the department within one year after it is due.

3 **(3) FAILURE TO MAINTAIN REGISTERED AGENT OR OFFICE.** The corporation is without
4 a registered agent or registered office in this state for at least one year.

5 **(4) FAILURE TO NOTIFY DEPARTMENT OF CHANGE.** The corporation does not notify
6 the department within one year that its registered agent or registered office has been
7 changed, that its registered agent has resigned or that its registered office has been
8 discontinued.

9 **(5) FAILURE OF DOMESTICATING CORPORATION TO FILE REQUIRED NOTICE.** The
10 corporation does not file a notice required under s. 181.1533 (5) (a) within one year
11 of the date that it is required under s. 181.1533 (5) (a) to be filed.

12 **(6) DURATION EXPIRES.** The corporation's period of duration stated in its articles
13 of incorporation expires.

14 **181.1421 Procedure for and effect of administrative dissolution. (1)**
15 **NOTICE OF DETERMINATION.** If the department determines that one or more grounds
16 exist under s. 181.1420 for dissolving a corporation, the department shall give the
17 corporation written notice of the department's determination by certified mail,
18 return receipt requested, addressed to the corporation's registered agent and to the
19 corporation's principal office, as most recently designated on the records of the
20 department.

21 **(2) CLASS 2 NOTICES.** If the notices of determination under sub. (1) to the
22 corporation's principal office and the registered agent are both returned to the
23 department as undeliverable or if the corporation's principal office cannot be
24 determined from the records of the department, the department shall provide the
25 notice by publishing a class 2 notice, under ch. 985.

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1 **(3) EFFECTIVE DATE OF NOTICE.** A notice of determination made under sub. (1)
2 or (2) is effective upon the earliest of the following:

3 (a) The date on which the corporation or its registered agent receives the notice.

4 (b) Five days after the notice is deposited in the U.S. mail, if mailed postpaid
5 and correctly addressed.

6 (c) If the notice is sent by certified mail, return receipt requested, and if the
7 return receipt is signed on behalf of the corporation, the date shown on the return
8 receipt.

9 (d) If the notice is published as a class 2 notice, under ch. 985, the effective date
10 set under ch. 985 for the notice.

11 **(4) CURE.** (a) Within 60 days after the notice is effective under sub. (3), the
12 corporation shall correct each ground for dissolution or demonstrate to the
13 reasonable satisfaction of the department that each ground determined by the
14 department does not exist.

15 (b) If the corporation fails to satisfy par. (a), the department shall
16 administratively dissolve the corporation by issuing a certificate of dissolution that
17 recites each ground for dissolution and its effective date. The department shall file
18 the original of the certificate and shall provide notice to the corporation of the
19 certificate in the same manner as a notice of determination under subs. (1) and (2).

20 **(5) EFFECT OF ADMINISTRATIVE DISSOLUTION.** Sections 181.1405 (1) and (2),
21 181.1406 and 181.1407 apply to a corporation that is administratively dissolved.

22 **(6) TERMINATION OF RIGHT TO EXCLUSIVE USE OF NAME.** The corporation's right to
23 the exclusive use of its corporate name terminates on the effective date of its
24 administrative dissolution.

ASSEMBLY BILL 765**SECTION 48****1 181.1422 Reinstatement following administrative dissolution. (1)**

2 APPLICATION FOR REINSTATEMENT. A corporation that is administratively dissolved
3 may apply to the department for reinstatement. The application shall include all of
4 the following:

5 (a) The name of the corporation and the effective date of its administrative
6 dissolution.

7 (b) A statement that each ground for dissolution either did not exist or has been
8 cured.

9 (c) A statement that the corporation's name satisfies s. 181.0401.

10 **(2) GROUNDS FOR REINSTATEMENT.** (a) The department shall cancel the
11 certificate of dissolution and issue a certificate of reinstatement that complies with
12 par. (b) if the department determines all of the following:

13 1. That the application contains the information required by sub. (1) and the
14 information is correct.

15 2. That all fees and penalties owed by the corporation to the department under
16 this chapter have been paid.

17 (b) The certificate of reinstatement shall state the department's determination
18 under par. (a) and the effective date of reinstatement. The department shall file the
19 original of the certificate and return a copy to the corporation or its representative.

20 **(3) EFFECT OF REINSTATEMENT.** When the reinstatement becomes effective, it
21 shall relate back to and take effect as of the effective date of the administrative
22 dissolution, and the corporation may resume carrying on its business as if the
23 administrative dissolution had never occurred.

24 **181.1423 Appeal from denial of reinstatement. (1) NOTICE OF DENIAL.** If
25 the department denies a corporation's application for reinstatement under s.

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1 181.1422, the department shall serve the corporation under s. 181.0504 with a
2 written notice that explains each reason for denial.

3 (2) TIME FOR APPEAL OF DENIAL. The corporation may appeal the denial of
4 reinstatement to the circuit court for the county where the corporation's principal
5 office or, if none in this state, its registered office is located, within 30 days after
6 service of the notice of denial is perfected. The corporation shall appeal by
7 petitioning the court to set aside the dissolution and attaching to the petition copies
8 of the department's certificate of dissolution, the corporation's application for
9 reinstatement and the department's notice of denial.

10 (3) JUDICIAL REMEDY. The court may order the department to reinstate the
11 dissolved corporation or may take other action that the court considers appropriate.

12 (4) APPEAL OF COURT DECISION. The court's final decision may be appealed as in
13 other civil proceedings.

14 **181.1430 Grounds for judicial dissolution. (1) WHO MAY BRING PROCEEDING.**
15 The circuit court may dissolve a corporation in a proceeding brought by any of the
16 following:

17 (a) The attorney general if any of the following is established:

- 18 1. That the corporation obtained its articles of incorporation through fraud.
19 2. That the corporation has continued to exceed or abuse the authority
20 conferred upon it by law.

21 (b) Fifty members or members holding 5% of the voting power, whichever is
22 less, or any person specified in the articles of incorporation, if any of the following
23 is established:

- 24 1. That the directors are deadlocked in the management of the corporate
25 affairs, the members are unable to break the deadlock and, because of the deadlock,

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1 either irreparable injury to the corporation is threatened or being suffered or the
2 business and affairs of the corporation can no longer be conducted in accordance with
3 it corporate purposes.

4 2. That the directors or those in control of the corporation have acted, are acting
5 or will act in a manner that is illegal, oppressive or fraudulent.

6 3. That the members are deadlocked in voting power and have failed, for a
7 period that includes at least 2 consecutive annual meeting dates, to elect successors
8 to directors whose terms have, or would otherwise have, expired.

9 4. That the corporate assets are being misapplied or wasted.

10 5. That the corporation is no longer able to carry out its purposes.

11 (c) A creditor if any of the following is established:

12 1. That the creditor's claim has been reduced to judgment, the execution on the
13 judgment has been returned unsatisfied and the corporation is insolvent.

14 2. That the corporation has admitted in writing that the creditor's claim is due
15 and owing and the corporation is insolvent.

16 (d) The corporation to have its voluntary dissolution continued under court
17 supervision.

18 **(2) FACTORS REQUIRED TO BE CONSIDERED.** Before dissolving a corporation, the
19 court shall consider all of the following:

20 (a) Whether there are reasonable alternatives to dissolution.

21 (b) Whether dissolution is the best way of protecting the interests of members
22 or, if the corporation has no members, is in the interest of those persons or interests
23 whom the corporation holds itself as benefiting or serving.

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1 **181.1431 Procedure for judicial dissolution.** (1) WHO ARE PARTIES. It is
2 not necessary to make directors or members parties to a proceeding to dissolve a
3 corporation unless relief is sought against them individually.

4 (2) POWERS OF COURT. A court in a proceeding brought to dissolve a corporation
5 may issue injunctions, appoint a receiver or custodian pendente lite with all powers
6 and duties the court directs, take other action required to preserve the corporate
7 assets wherever located, and carry on the activities of the corporation until a full
8 hearing can be held.

9 **181.1432 Receivership or custodianship.** (1) POWERS OF COURT. A court
10 in a judicial proceeding brought to dissolve a corporation may appoint one or more
11 receivers to wind up and liquidate, or one or more custodians to manage, the affairs
12 of the corporation. The court shall hold a hearing, after notifying all parties to the
13 proceeding and any interested persons designated by the court, before appointing a
14 receiver or custodian. The court appointing a receiver or custodian has exclusive
15 jurisdiction over the corporation and all of its property wherever located.

16 (2) WHO MAY SERVE AS RECEIVER OR CUSTODIAN. The court may appoint an
17 individual, or a domestic or foreign corporation or stock corporation authorized to
18 transact business in this state, as a receiver or custodian. The court may require the
19 receiver or custodian to post bond, with or without sureties, in an amount the court
20 directs.

21 (3) POWERS AND DUTIES OF RECEIVER OR CUSTODIAN. (a) The court shall describe
22 the powers and duties of the receiver or custodian in its appointing order, which may
23 be amended from time to time.

24 (b) A receiver may exercise, but is not limited to, all of the following powers:

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1 1. To dispose of all or any part of the assets of the corporation wherever located,
2 at a public or private sale, if authorized by the court; provided, however, that the
3 receiver's power to dispose of the assets of the corporation is subject to any trust and
4 other restrictions that would be applicable to the corporation.

5 2. To sue and defend in the receiver's name as receiver of the corporation in all
6 courts of this state.

7 (c) A custodian may exercise all of the powers of the corporation, through or in
8 place of its board or officers, to the extent necessary to manage the affairs of the
9 corporation in the best interests of its members and creditors and may sue and
10 defend in the custodian's name as custodian of the corporation in all courts in this
11 state.

12 **(4) REDESIGNATION.** The court during a receivership may redesignate the
13 receiver a custodian, and during a custodianship may redesignate the custodian a
14 receiver, if doing so is in the best interests of the corporation, its members, and
15 creditors.

16 **(5) COMPENSATION AND EXPENSES.** The court from time to time during the
17 receivership or custodianship may order compensation paid and expense
18 disbursements or reimbursements made to the receiver or custodian and the
19 receiver's or custodian's counsel from the assets of the corporation or proceeds from
20 the sale of the assets.

21 **181.1433 Decree of dissolution. (1) ENTERING DECREE.** If after a hearing the
22 court determines that one or more grounds for judicial dissolution under s. 181.1430
23 exist, it may enter a decree dissolving the corporation and specifying the effective
24 date of the dissolution, and the clerk of the court shall deliver a certified copy of the
25 decree to the department, who shall file it.

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1 **(2) EFFECT OF DECREE.** After entering the decree of dissolution, the court shall
2 direct the winding up and liquidation of the corporation's affairs in accordance with
3 s. 181.1405 and the notification of its claimants in accordance with ss. 181.1406 and
4 181.1407.

5 **181.1440 Deposit with state treasurer.** Assets of a dissolved corporation
6 that should be transferred to a creditor, claimant, or member of the corporation who
7 cannot be found or who is not competent to receive them, shall be reduced to cash
8 subject to known trust restrictions and deposited with the state treasurer for
9 safekeeping. However, in the state treasurer's discretion property may be received
10 and held in kind. When the creditor, claimant, or member furnishes satisfactory
11 proof of entitlement to the amount deposited or property held in kind, the state
12 treasurer shall deliver to the creditor, member or other person or his or her
13 representative that amount or property.

SUBCHAPTER XV

FOREIGN CORPORATIONS

14
15
16 **181.1501 Authority to transact business required. (1) IN GENERAL.** A
17 foreign corporation may not transact business in this state until it obtains a
18 certificate of authority from the department.

19 **(2) PERMITTED ACTIVITIES.** The following activities, among others, do not
20 constitute transacting business in this state within the meaning of this subchapter:

21 (a) Maintaining, defending or settling any civil, criminal, administrative or
22 investigatory proceeding.

23 (b) Holding meetings of the board or members or carrying on other activities
24 concerning internal corporate affairs.

25 (c) Maintaining bank accounts.

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1 (d) Maintaining offices or agencies for the transfer, exchange and registration
2 of the foreign corporation's memberships or maintaining trustees or depositaries
3 with respect to those memberships.

4 (e) Selling through independent contractors.

5 (f) Soliciting or obtaining orders, whether by mail or through employes or
6 agents or otherwise, if the orders require acceptance outside this state before they
7 become contracts.

8 (g) Creating or acquiring indebtedness, mortgages and security interests in
9 property.

10 (h) Securing or collecting debts or enforcing mortgages and security interests
11 in property securing the debts.

12 (i) Owning, without more, property.

13 (j) Conducting an isolated transaction that is completed within 30 days and
14 that is not one in the course of repeated transactions of a like nature.

15 (k) Transacting business in interstate commerce.

16 **181.1502 Consequences of transacting business without authority. (1)**

17 COURT PROCEEDINGS BARRED. A foreign corporation transacting business in this state
18 without a certificate of authority, if a certificate of authority is required under s.
19 181.1501, may not maintain a proceeding in any court in this state until it obtains
20 a certificate of authority.

21 **(2) SUCCESSORS TO FOREIGN CORPORATIONS.** The successor to a foreign
22 corporation that transacted business in this state without a certificate of authority
23 and the assignee of a cause of action arising out of that business may not maintain
24 a proceeding on that cause of action in any court in this state until the foreign
25 corporation or its successor obtains a certificate of authority.

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1 **(3) STAY OF PROCEEDINGS.** A court may stay a proceeding commenced by a foreign
2 corporation, its successor or its assignee until the court determines whether the
3 foreign corporation or its successor requires a certificate of authority. If it so
4 determines, the court may further stay the proceeding until the foreign corporation
5 or its successor obtains the certificate.

6 **(4) PENALTIES.** (a) Beginning on the first day of the 13th month beginning after
7 the effective date of this paragraph [revisor inserts date], a foreign corporation
8 that transacts business in this state without a certificate of authority is liable to the
9 state, for each year or any part of a year during which it transacted business in this
10 state without a certificate of authority, in an amount equal to the sum of all of the
11 following:

12 1. All fees that would have been imposed under this chapter upon the foreign
13 corporation had it applied for and received a certificate of authority when it began
14 transacting business in this state.

15 2. A fee of \$50 for each year or portion of a year during which it transacted
16 business without a certificate of authority or \$500, whichever is less.

17 (b) The foreign corporation shall pay the amount owed under par. (a) to the
18 department. The department may not issue a certificate of authority to the foreign
19 corporation until the amount owed under par. (a) is paid. The attorney general may
20 enforce a foreign corporation's obligation to pay the department any amount owed
21 under par. (a).

22 **(5) VALIDITY OF CORPORATE ACTIONS.** Notwithstanding subs. (1) and (2), the
23 failure of a foreign corporation to obtain a certificate of authority does not impair the
24 validity of its corporate acts or its title to property in this state or prevent it from

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1 defending any civil, criminal, administrative or investigatory proceeding in this
2 state.

3 **181.1503 Application for certificate of authority. (1) FILING**
4 **REQUIREMENTS.** A foreign corporation may apply for a certificate of authority to
5 transact business in this state by delivering an application to the department for
6 filing. The application shall be made on a form prescribed by the department and
7 shall include all of the following information:

8 (a) The name of the foreign corporation or, if its name is unavailable for use in
9 this state, a fictitious name that satisfies s. 181.1506.

10 (b) The name of the state or country under whose law it is incorporated.

11 (c) Its date of incorporation and period of duration.

12 (d) The street address of its principal office.

13 (e) The street address of its registered office in this state and the name of its
14 registered agent at that office.

15 (f) The name and usual business or home address of each of its current directors
16 and principal officers.

17 (g) Whether the foreign corporation has members.

18 (h) A statement that the corporation is organized without capital stock.

19 **(2) AUTHENTICATION.** The foreign corporation shall deliver with the completed
20 application a certificate of status or a document of similar import authenticated by
21 the secretary of state or other official having custody of corporate records in the state
22 or country under whose law it is incorporated. The certificate shall be dated no
23 earlier than 60 days before its delivery.

24 **181.1504 Amended certificate of authority. (1) WHEN REQUIRED.** A foreign
25 corporation authorized to transact business in this state shall obtain an amended

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1 certificate of authority from the department if the foreign corporation changes any
2 of the following:

3 (a) Its corporate name or the fictitious name under which it has been issued a
4 certificate of authority.

5 (b) The period of its duration.

6 (c) The state or country of its incorporation.

7 **(2) FILING AND AUTHENTICATION REQUIREMENTS.** The requirements of s. 181.1503
8 for obtaining an original certificate of authority apply to obtaining an amended
9 certificate under this section, except that a foreign corporation is not required to
10 deliver a certificate of status with an application solely to change a fictitious name.

11 **181.1505 Effect of certificate of authority. (1) TRANSACTION OF BUSINESS.**
12 A certificate of authority issued to a foreign corporation authorizes the foreign
13 corporation to transact business in this state subject to the right of the state to revoke
14 the certificate as provided in this chapter.

15 **(2) RIGHTS AND PRIVILEGES.** A foreign corporation with a valid certificate of
16 authority has the same rights and enjoys the same privileges as and, except as
17 otherwise provided by this chapter, is subject to the same duties, restrictions,
18 penalties and liabilities now or later imposed on, a domestic corporation of like
19 character.

20 **(3) INTERNAL AFFAIRS.** This chapter does not authorize this state to regulate the
21 organization or internal affairs of a foreign corporation authorized to transact
22 business in this state.

23 **181.1506 Corporate name of foreign corporation. (1) FICTITIOUS NAME.**
24 If the corporate name of a foreign corporation is not available under sub. (2), the
25 foreign corporation, to obtain or maintain a certificate of authority to transact

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1 business in this state, may use a fictitious name to transact business in this state if
2 it delivers to the department for filing a copy of the resolution of its board of directors,
3 certified by any of its officers, adopting the fictitious name.

4 **(2) DISTINGUISHABILITY GENERALLY REQUIRED.** (a) Except as authorized under
5 subs. (3) and (4), the corporate name, including a fictitious name, of a foreign
6 corporation must be distinguishable upon the records of the department from all of
7 the following names:

8 1. The corporate name of a domestic corporation or a foreign corporation
9 authorized to transact business in this state.

10 2. The corporate name of a stock corporation or a foreign stock corporation
11 authorized to transact business in this state.

12 3. A name reserved or registered under this chapter or ch. 178, 179, 180, 183
13 or 185.

14 4. The corporate name of a dissolved corporation or stock corporation that has
15 retained the exclusive use of its name under s. 181.1404 (3) or under s. 180.1405 (3),
16 respectively.

17 5. The fictitious name adopted by a foreign corporation or a foreign stock
18 corporation authorized to transact business in this state.

19 6. The name of a limited partnership formed under the laws of, or registered
20 in, this state.

21 7. The name of a cooperative association incorporated or authorized to transact
22 business in this state.

23 8. The name of a limited liability company organized under the laws of, or
24 registered in, this state.

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1 9. The name of a limited liability partnership formed under the laws of, or
2 registered in, this state.

3 (b) The corporate name of a corporation is not distinguishable from a name
4 referred to in par. (a) 1. to 9. if the only difference between it and the other name is
5 the inclusion or absence of a word or words referred to in s. 181.0401 (1) (a) 1. or of
6 the words “limited partnership”, “limited liability partnership”, “cooperative” or
7 “limited liability company” or an abbreviation of these words.

8 **(3) APPLICATION TO USE NONDISTINGUISHABLE NAME.** A foreign corporation may
9 apply to the department for authorization to use in this state a name that is not
10 distinguishable upon the records of the department from one or more of the names
11 described under sub. (2). The department shall authorize use of the name applied
12 for if any of the following conditions exists:

13 (a) The other foreign corporation or the domestic corporation, limited liability
14 company, nonstock corporation, limited partnership, limited liability partnership or
15 cooperative association consents to the use in writing and submits an undertaking
16 in a form satisfactory to the department to change its name to a name that is
17 distinguishable upon the records of the department from the name of the applicant.

18 (b) The applicant delivers to the department a certified copy of a final judgment
19 of a court of competent jurisdiction establishing the applicant’s right to use the name
20 applied for in this state.

21 **(4) CORPORATE REORGANIZATIONS.** A foreign corporation may use in this state the
22 name, including the fictitious name, of another domestic or foreign corporation or
23 stock corporation that is used in this state if the other corporation or stock
24 corporation is incorporated or authorized to transact business in this state and the
25 foreign corporation has done any of the following:

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1 (a) Merged with the other domestic or foreign corporation or stock corporation.

2 (b) Been formed by reorganization of the other domestic or foreign corporation
3 or stock corporation.

4 (c) Acquired all or substantially all of the assets, including the corporate name,
5 of the other domestic or foreign corporation or stock corporation.

6 **(5) FAILURE TO COMPLY.** If a foreign corporation authorized to transact business
7 in this state changes its corporate name to one that does not satisfy the requirements
8 of sub. (2), it shall not transact business in this state under the changed name until
9 it adopts a name satisfying the requirements of sub. (2) and obtains an amended
10 certificate of authority under s. 181.1504.

11 **181.1507 Registered office and registered agent.** Each foreign
12 corporation shall continuously maintain in this state a registered office and
13 registered agent. The registered office may, but need not, be the same as any of its
14 places of business. The registered agent shall be any of the following:

15 **(1) INDIVIDUALS.** An individual who resides in this state and whose business
16 office is identical with the registered office.

17 **(2) DOMESTIC ENTITIES.** A domestic corporation, stock corporation or limited
18 liability company, incorporated or organized in this state, whose business office is
19 identical with the registered office.

20 **(3) FOREIGN ENTITIES.** A foreign corporation, stock corporation or limited
21 liability company, authorized to transact business in this state, whose business office
22 is identical with the registered office.

23 **181.1508 Change of registered office or registered agent of foreign**
24 **corporation.** **(1) FILING REQUIREMENTS.** A foreign corporation authorized to
25 transact business in this state may change its registered office or registered agent,

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1 or both, by delivering to the department for filing a statement of change that, except
2 as provided in sub. (2), includes all of the following information.

3 (a) The name of the foreign corporation and the name of the state or country
4 under whose law it is incorporated.

5 (b) The street address of its registered office, as changed.

6 (c) The name of its registered agent, as changed.

7 (d) A statement that, after the change or changes are made, the street
8 addresses of its registered office and the office of its registered agent will be identical.

9 **(2) AGENT CHANGE OF ADDRESS.** If a registered agent changes the street address
10 of its business office, the agent may change the street address of the registered office
11 of any foreign corporation for which the agent is the registered agent by notifying the
12 foreign corporation in writing of the change and signing, either manually or in
13 facsimile, and delivering to the department for filing a statement of change that
14 complies with sub. (1) and recites that the foreign corporation has been notified of
15 the change.

16 **181.1509 Resignation of registered agent of foreign corporation. (1)**
17 **HOW AGENT MAY RESIGN.** The registered agent of a foreign corporation may resign by
18 signing and delivering to the department for filing a statement of resignation that
19 includes all of the following information:

20 (a) The name of the foreign corporation for which the registered agent is acting.

21 (b) The name of the registered agent.

22 (c) The street address of the foreign corporation's current registered office and
23 its principal office.

24 (d) A statement that the registered agent resigns.

25 (e) If applicable, a statement that the registered office is also discontinued.

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1 **(2) NOTICE TO CORPORATION.** After filing the statement, the department shall
2 mail a copy to the foreign corporation at its principal office.

3 **(3) EFFECTIVE DATE.** The resignation is effective and, if applicable, the
4 registered office is discontinued on the earlier of the following:

5 (a) Sixty days after the department receives the statement of resignation for
6 filing.

7 (b) The date on which the appointment of a successor registered agent is
8 effective.

9 **181.1510 Service on foreign corporation. (1) REGISTERED AGENT.** Except
10 as provided in subs. (2) and (3), the registered agent of a foreign corporation
11 authorized to transact business in this state is the foreign corporation's agent for
12 service of process, notice or demand required or permitted by law to be served on the
13 foreign corporation.

14 **(2) FOREIGN CORPORATION AUTHORIZED TO TRANSACT BUSINESS.** A foreign
15 corporation authorized to transact business in this state may be served in the
16 manner provided in sub. (4) if the foreign corporation has no registered agent or its
17 registered agent cannot, with reasonable diligence, be served.

18 **(3) FOREIGN CORPORATION FORMERLY AUTHORIZED TO TRANSACT BUSINESS.** A foreign
19 corporation formerly authorized to transact business in this state may be served in
20 the manner provided in sub. (4) in any civil, criminal, administrative or investigatory
21 proceeding based on a cause of action arising while it was authorized to transact
22 business in this state, if the foreign corporation has done any of the following:

23 (a) Withdrawn from transacting business in this state under s. 181.1520.

24 (b) Had its certificate of authority revoked under s. 181.1531.

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1 **(4) MANNER OF SERVICE ON FOREIGN CORPORATION.** (a) With respect to a foreign
2 corporation described in sub. (2) or (3), the foreign corporation may be served by
3 registered or certified mail, return receipt requested, addressed to the foreign
4 corporation at its principal office as shown on the records of the department, except
5 as provided in par. (b). Service is perfected under this paragraph at the earliest of
6 the following:

7 1. The date on which the foreign corporation receives the mail.

8 2. The date shown on the return receipt, if signed on behalf of the foreign
9 corporation.

10 3. Five days after it is deposited in the U.S. mail, if mailed postpaid and
11 correctly addressed.

12 (b) 1. Except as provided in subd. 2., if the address of the foreign corporation's
13 principal office cannot be determined from the records of the department, the foreign
14 corporation may be served by publishing a class 3 notice, under ch. 985, in the
15 community where the foreign corporation's principal office or registered office, as
16 most recently designated in the records of the department, is located.

17 2. If a process, notice or demand is served by the department on a foreign
18 corporation under s. 181.1531 and the address of the foreign corporation's principal
19 office cannot be determined from the records of the department, the foreign
20 corporation may be served by publishing a class 2 notice, under ch. 985, in the official
21 state newspaper.

22 **(5) OTHER METHODS OF SERVICE.** This section does not limit or affect the right
23 to serve any process, notice or demand required or permitted by law to be served upon
24 a foreign corporation in any other manner permitted by law.

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1 **181.1520 Withdrawal of foreign corporation. (1) CERTIFICATE REQUIRED.**

2 A foreign corporation authorized to transact business in this state may not withdraw
3 from this state until it obtains a certificate of withdrawal from the department.

4 **(2) APPLICATION FOR CERTIFICATE.** A foreign corporation authorized to transact
5 business in this state may apply for a certificate of withdrawal by delivering an
6 application to the department for filing. The application shall include all of the
7 following information:

8 (a) The name of the foreign corporation and the name of the state or country
9 under whose law it is incorporated.

10 (b) A statement that it is not transacting business in this state and that it
11 surrenders its authority to transact business in this state.

12 (c) A statement that it revokes the authority of its registered agent to accept
13 service on its behalf and that it consents to service of process under s. 181.1510 (3)
14 and (4) in any civil, criminal, administrative or investigatory proceeding based on a
15 cause of action arising during the time it was authorized to transact business in this
16 state.

17 (d) The mailing address of its principal office, if different from that shown on
18 its most recent annual report.

19 (e) A commitment to notify the department in the future of any change in the
20 mailing address of its principal office.

21 **181.1530 Grounds for revocation. (1) PERMISSIVE REVOCATION BY**
22 DEPARTMENT. Except as provided in sub. (1m), the department may bring a proceeding
23 under s. 181.1531 to revoke the certificate of authority of a foreign corporation
24 authorized to transact business in this state if any of the following applies:

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1 (a) The foreign corporation fails to file its annual report with the department
2 within 4 months after it is due.

3 (b) The foreign corporation does not pay, within 4 months after they are due,
4 any fees or penalties due the department under this chapter.

5 (c) The foreign corporation is without a registered agent or registered office in
6 this state for at least 6 months.

7 (d) The foreign corporation does not inform the department under s. 181.1508
8 or 181.1509 that its registered agent or registered office has changed, that its
9 registered agent has resigned or that its registered office has been discontinued,
10 within 6 months of the change, resignation or discontinuance.

11 (e) The foreign corporation obtained its certificate of authority through fraud.

12 (f) The department receives a duly authenticated certificate from the secretary
13 of state or other official having custody of corporate records in the state or country
14 under whose law the foreign corporation is incorporated stating that it has been
15 dissolved or has disappeared as the result of a merger.

16 **(1m) MANDATORY REVOCATION BY DEPARTMENT.** If the department receives a
17 certificate under sub. (1) (f) and a statement by the foreign corporation that the
18 certificate is submitted by the foreign corporation to terminate its authority to
19 transact business in this state, the department shall issue a certificate of revocation
20 under s. 181.1531 (2) (b).

21 **(2) REVOCATION BY A COURT.** A court may revoke, under s. 946.87, the certificate
22 of authority of a foreign corporation authorized to transact business in this state.
23 The court shall notify the department of the action, and the department shall issue
24 a certificate of revocation under s. 181.1531 (2) (b).

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1 **181.1531 Procedure for and effect of revocation.** (1) NOTICE OF
2 PROCEEDING BY DEPARTMENT. If the department determines that one or more grounds
3 exist under s. 181.1530 (1) for revocation of a certificate of authority, the department
4 shall serve the foreign corporation under s. 181.1510 with written notice of the
5 determination.

6 **(2) CURE, REVOCATION AND REINSTATEMENT.** (a) Within 60 days after service of
7 the notice is perfected under s. 181.1510, the foreign corporation shall correct each
8 ground for revocation or demonstrate to the reasonable satisfaction of the
9 department that each ground determined by the department does not exist.

10 (b) If the foreign corporation fails to satisfy par. (a), the department may revoke
11 the foreign corporation's certificate of authority by issuing a certificate of revocation
12 that recites each ground for revocation and the certificate's effective date. The
13 department shall file the original certificate and serve a copy on the foreign
14 corporation under s. 181.1510.

15 (c) 1. If a foreign corporation's certificate of authority is revoked, the
16 department shall reinstate the certificate of authority if the foreign corporation does
17 all of the following within 6 months after the effective date of the certificate of
18 revocation:

19 a. Corrects each ground for revocation.

20 b. Pays any fees or penalties due the department under s. 181.1502 (4) (a) or
21 \$500, whichever is less.

22 2. A reinstatement under this paragraph shall relate back to and take effect
23 as of the effective date of the revocation, and the foreign corporation may resume
24 carrying on its business as if the revocation never occurred.

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1 **(3) EFFECT OF REVOCATION.** The authority of a foreign corporation to transact
2 business in this state, ends on the date shown on the certificate revoking its
3 certificate of authority.

4 **(4) SERVICE ON CORPORATION AFTER REVOCATION.** If the department or a court
5 revokes a foreign corporation's certificate of authority, the foreign corporation may
6 be served under s. 181.1510 (3) and (4) or the foreign corporation's registered agent
7 may be served until the registered agent's authority is terminated, in any civil,
8 criminal, administrative or investigatory proceeding based on a cause of action
9 which arose while the foreign corporation was authorized to transact business in this
10 state.

11 **(5) AUTHORITY OF REGISTERED AGENT.** Revocation of a foreign corporation's
12 certificate of authority does not terminate the authority of its registered agent.

13 **181.1532 Appeal from revocation. (1) RIGHT TO APPEAL.** A foreign
14 corporation may appeal the department's revocation of its certificate of authority
15 under s. 181.1530 (1) to the circuit court for the county where the foreign
16 corporation's principal office or, if none exists in this state, its registered office is
17 located, within 30 days after service of the certificate of revocation is perfected under
18 s. 181.1510. The foreign corporation shall appeal by petitioning the court to set aside
19 the revocation and attaching to the petition copies of its certificate of authority and
20 the department's certificate of revocation.

21 **(2) PERMISSIBLE REMEDIES.** The court may order the department to reinstate the
22 certificate of authority or may take any other action that the court considers
23 appropriate.

24 **(3) APPEAL OF JUDICIAL DECISION.** The court's final decision may be appealed as
25 in other civil proceedings.

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1 **181.1533 Domestication of a foreign corporation. (1)** ARTICLES OF
2 DOMESTICATION AND CERTIFICATE OF AUTHENTICATION. (a) *In general.* A foreign
3 corporation may become a domestic corporation by filing articles of domestication
4 under par. (b) and a certificate of authentication under par. (c).

5 (b) *Articles of domestication.* Articles of domestication shall contain all of the
6 following information:

7 1. The name of the corporation, which shall comply with s. 181.0401.

8 2. The text of restated articles of incorporation of the corporation, which shall
9 comply with s. 181.0202.

10 3. A statement that the corporation has adopted an election to domesticate in
11 accordance with sub. (2).

12 4. A statement that the corporation will file, with the appropriate entity in the
13 jurisdiction where the foreign corporation is organized, articles of dissolution or an
14 equivalent document having the effect of terminating the corporation's existence as
15 a corporation organized under the laws of that jurisdiction.

16 (c) *Certificate of authentication.* A certificate of status or a document of similar
17 import authenticated by the secretary of state or other official having custody of
18 corporate records in the state or country under whose law the domesticating
19 corporation is incorporated. The certificate or document shall include the
20 corporation's name and date of incorporation, and shall be dated no earlier than 60
21 days before its delivery.

22 **(2) ELECTION TO DOMESTICATE.** An election by a foreign corporation to become
23 a domestic corporation shall be adopted in the same manner as is required, under the
24 law of the jurisdiction where the domesticating corporation is organized, for a merger
25 of that corporation into a domestic corporation.

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1 **(2) ACCOUNTING RECORDS.** A corporation shall maintain appropriate accounting
2 records.

3 **(3) MEMBERSHIP RECORDS.** A corporation or its agent shall maintain a record of
4 its members in a form that permits preparation of a list of the name and address of
5 all members, in alphabetical order by class, showing the number of votes each
6 member is entitled to cast.

7 **(4) FORM.** A corporation shall maintain its records in written form or in another
8 form capable of conversion into written form within a reasonable time.

9 **(5) COPIES AT PRINCIPAL OFFICE.** A corporation shall keep a copy of all of the
10 following records at its principal office:

11 (a) Its articles of incorporation and all amendments to them currently in effect.

12 (b) Its bylaws or restated bylaws and all amendments to them currently in
13 effect.

14 (c) Resolutions adopted by its board relating to the characteristics,
15 qualifications, rights, limitations and obligations of members or any class or category
16 of members.

17 (d) The minutes of all meetings of members and records of all actions approved
18 by the members for the past 3 years.

19 (e) The financial statements furnished for the past 3 years under s. 181.1620.

20 (f) A list of the names and business or home addresses of its current directors
21 and officers.

22 (g) Its most recent annual report delivered to the department under s.
23 181.1622.

24 **181.1602 Inspection of records by members. (1) RECORDS AT PRINCIPAL**
25 OFFICE. Subject to s. 181.1603 (3), a member is entitled to inspect and copy, at a

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1 reasonable time and location specified by the corporation, any of the records of the
2 corporation described in s. 181.1601 (5) if the member gives the corporation written
3 notice or a written demand at least 5 business days before the date on which the
4 member wishes to inspect and copy.

5 **(2) OTHER RECORDS THAT MAY BE INSPECTED.** A member is entitled to inspect and
6 copy, at a reasonable time and reasonable location specified by the corporation, any
7 of the following records of the corporation if the member meets the requirements of
8 sub. (3) and gives the corporation written notice at least 5 business days before the
9 date on which the member wishes to inspect and copy:

10 (a) Excerpts from any records required to be maintained under s. 181.1601 (1),
11 to the extent not subject to inspection under sub. (1).

12 (b) Accounting records of the corporation.

13 (c) Subject to s. 181.1605, the membership list.

14 **(3) WHEN OTHER RECORDS MAY BE INSPECTED.** A member may inspect and copy
15 the records identified in sub. (2) only if all of the following apply:

16 (a) The member's demand is made in good faith and for a proper purpose.

17 (b) The member describes with reasonable particularity the purpose and the
18 records the member desires to inspect.

19 (c) The records are directly connected with this purpose.

20 **(4) APPLICABILITY.** This section does not affect any of the following:

21 (a) The right of a member to inspect records under s. 181.0720 or, if the member
22 is in litigation with the corporation, to the same extent as any other litigant.

23 (b) The power of a court, independently of this chapter, to compel the production
24 of corporate records for examination.

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1 **181.1603 Scope of inspection rights. (1) AGENTS AND ATTORNEYS.** A
2 member's agent or attorney has the same inspection and copying rights as the
3 member who the agent or attorney represents.

4 **(2) COPIES.** The right to copy records under s. 181.1602 includes, if reasonable,
5 the right to receive copies made by photographic, xerographic, or other means.

6 **(3) REASONABLE CHARGES.** The corporation may impose a reasonable charge,
7 covering the costs of labor and material, for copies of any documents provided to the
8 member. The charge may not exceed the estimated cost of production or reproduction
9 of the records.

10 **(4) DATE OF MEMBERSHIP LIST.** The corporation may comply with a member's
11 demand to inspect the record of members under s. 181.1602 (2) (c) by providing the
12 member with a list of its members that was compiled no earlier than the date of the
13 member's demand.

14 **181.1604 Court-ordered inspection. (1) RECORDS AT PRINCIPAL OFFICE.** If
15 a corporation does not allow a member who complies with s. 181.1602 (1) to inspect
16 and copy any records required by that subsection to be available for inspection, the
17 circuit court for the county where the corporation's principal office or, if none in this
18 state, its registered office is located may summarily order inspection and copying of
19 the records demanded at the corporation's expense upon application of the member.

20 **(2) OTHER RECORDS.** If a corporation does not within a reasonable time allow
21 a member to inspect and copy any other record, the member who complies with s.
22 181.1602 (2) and (3) may apply to the circuit court for the county where the
23 corporation's principal office or, if none in this state, its registered office is located for
24 an order to permit inspection and copying of the records demanded. The court shall
25 dispose of an application under this subsection on an expedited basis.

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1 **(3) PAYMENT OF COSTS.** If the court orders inspection and copying of the records
2 demanded, it shall also order the corporation to pay the member's costs, including
3 reasonable attorney fees, incurred to obtain the order unless the corporation proves
4 that it refused inspection in good faith because it had a reasonable basis for doubt
5 about the right of the member to inspect the records demanded.

6 **(4) RESTRICTIONS ON DISTRIBUTION OF RECORDS.** If the court orders inspection and
7 copying of the records demanded, it may impose reasonable restrictions on the use
8 or distribution of the records by the demanding member.

9 **181.1605 Limitations on use of membership list.** Without consent of the
10 board, a membership list or any part of a membership list may not be obtained or
11 used by any person for any purpose unrelated to a member's interest as a member.
12 Without limiting the generality of the foregoing, without the consent of the board a
13 membership list or any part of a membership list may not be used for any of the
14 following:

15 **(1) SOLICITATION.** To solicit money or property unless such money or property
16 will be used solely to solicit the votes of the members in an election to be held by the
17 corporation.

18 **(2) COMMERCIAL PURPOSES.** For any commercial purpose.

19 **(3) SALE OF LIST.** To be sold to or purchased by any person.

20 **181.1620 Financial statements for members. (1) MEMBER MAY DEMAND.**
21 A corporation upon written demand from a member shall furnish that member its
22 latest annual financial statements, which may be consolidated or combined
23 statements of the corporation and one or more of its subsidiaries or affiliates, as
24 appropriate, that include a balance sheet as of the end of the fiscal year and
25 statement of operations for that year. If financial statements are prepared for the

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1 corporation on the basis of generally accepted accounting principles, the annual
2 financial statements must also be prepared on that basis.

3 **(2) ACCOUNTANT'S REPORT OR OFFICER'S STATEMENT.** If annual financial
4 statements are reported upon by a public accountant, the accountant's report must
5 accompany them. If not, the statements must be accompanied by a statement of the
6 president or the person responsible for the corporation's financial accounting records
7 that includes all of the following:

8 (a) A statement of the president's or other person's reasonable belief as to
9 whether the statements were prepared on the basis of generally accepted accounting
10 principles and, if not, describing the basis of preparation.

11 (b) A description of any respects in which the statements were not prepared on
12 a basis of accounting consistent with the statements prepared for the preceding year.

13 **181.1621 Report of indemnification to members.** If a corporation
14 indemnifies or advances expenses to a director under s. 181.0874, 181.0877 or
15 181.0881 in connection with a proceeding by or in the right of the corporation, the
16 corporation shall report the indemnification or advance in writing to the members
17 with or before the notice of the next meeting of members.

18 **181.1622 Annual report for department.** (1) **CONTENT.** Each domestic
19 corporation and each foreign corporation authorized to transact business in this
20 state shall file with the department an annual report under this section. The
21 department shall forward by 1st class mail a report form to every corporation that
22 has filed an annual report during the past 2 years. The department shall mail the
23 report form no later than 60 days before the date on which the corporation is required
24 by this chapter to file an annual report. The annual report shall include all of the
25 following information:

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1 (a) The name of the domestic corporation or foreign corporation and the state
2 or country under whose law it is incorporated.

3 (b) The mailing address of its registered office and the name of its registered
4 agent at that office in this state.

5 (c) The mailing address of its current principal office.

6 (d) The name and business address of each director and principal officer.

7 (e) A brief description of the nature of its business.

8 (f) Whether the corporation has members.

9 **(2) ACCURACY.** Information in the annual report shall be current as of the date
10 on which the annual report is executed on behalf of a domestic corporation.

11 **(3) FILING DEADLINE.** (a) A domestic corporation shall deliver its annual report
12 to the department in each year following the calendar year in which the domestic
13 corporation was incorporated or domesticated under s. 181.1533, during the
14 calendar year quarter in which the anniversary date of incorporation occurs.

15 (b) A foreign corporation authorized to transact business in this state shall
16 deliver its annual report to the department during the first calendar quarter of each
17 year following the calendar year in which the foreign corporation becomes
18 authorized to transact business in this state.

19 **(4) FAILURE TO CONTAIN REQUIRED INFORMATION.** If an annual report does not
20 contain the information required by this section, the department shall promptly
21 notify the reporting domestic corporation or foreign corporation in writing and
22 return the report to it for correction. The notice shall comply with s. 181.0141. If the
23 annual report is corrected to contain the information required by this section and
24 delivered to the department within 30 days after the effective date of the notice under
25 s. 181.0141 (5), the annual report is timely filed.

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1 **(2) FOREIGN CORPORATIONS.** This chapter applies to all foreign corporations
2 transacting business in this state beginning on the effective date of this subsection
3 [revisor inserts date].

4 **181.1703 Saving provisions. (1) EFFECT OF REPEAL.** Except as provided in
5 sub. (2), the repeal of a statute by this chapter does not affect any of the following:

6 (a) The operation of the statute or any action taken under it before its repeal.

7 (b) Any ratification, right, remedy, privilege, obligation, or liability acquired,
8 accrued, or incurred under the statute before its repeal.

9 (c) Any violation of the statute or any penalty, forfeiture, or punishment
10 incurred because of the violation, before its repeal.

11 (d) Any proceeding, reorganization, or dissolution commenced under the
12 statute before its repeal, and the proceeding, reorganization, or dissolution may be
13 completed in accordance with the statute as if it had not been repealed.

14 (e) Any meeting of members or the board or action by written consent noticed
15 or any action taken before its repeal as a result of a meeting of members or a board
16 or action by written consent.

17 **(2) PENALTIES AND PUNISHMENTS.** If a penalty or punishment imposed for
18 violation of a statute repealed by this chapter is reduced by this chapter, the penalty
19 or punishment if not already imposed shall be imposed in accordance with this
20 chapter.

21 **(3) REINSTATEMENT OF DISSOLVED CORPORATION.** Section 181.1422 applies to any
22 involuntary or administrative dissolution, even if the dissolution occurred before the
23 effective date of this subsection.

24 **SECTION 49.** 182.031 (2) of the statutes is amended to read:

ASSEMBLY BILL 765**SECTION 49**

1 182.031 **(2)** POWERS; PLACE OF BUSINESS. Every such corporation shall possess
2 all the rights and powers conferred upon corporations by chs. 180 and 184. It may
3 have its principal place of business without the state. If its principal place of business
4 is outside the state, process in actions against it may be served as provided in s.
5 180.1510 for service on a foreign stock corporation authorized to transact business
6 in this state ~~or upon the department of financial institutions as provided in s. 181.66~~
7 ~~(2) for service upon a foreign nonprofit corporation.~~

8 **SECTION 50.** 185.033 (1) of the statutes is amended to read:

9 185.033 **(1)** If the articles contain a prohibition on changes to the provision
10 establishing the basis of distribution as provided in s. 185.05 (1) (j), no changes may
11 be made to the provision including by amendment under s. 185.51 or 185.52,
12 approval of a plan of division under s. 185.63, adoption of restated articles under s.
13 185.54, approval of a plan of merger or consolidation under s. 185.61 and conversion
14 to a nonstock corporation under s. ~~181.485~~ 181.1150.

15 **SECTION 51.** 187.01 (7) of the statutes is amended to read:

16 187.01 **(7)** AMENDMENT OF ARTICLES. Such corporation may amend its articles
17 of organization or constitution at a regular meeting of said corporation by the
18 majority vote of the members present so that such corporation has the right to merge
19 with and transfer all of its real estate and personal property to another corporation
20 of the same religious denomination. Any other amendments to either the articles of
21 organization or to the constitution of such corporation shall be made in accordance
22 with s. ~~181.36~~ ss. 181.1002 to 181.1004.

23 **SECTION 52.** 187.22 (3) of the statutes is amended to read:

24 187.22 **(3)** By an affirmative vote of members as provided in s. ~~181.17~~ ss.
25 181.0722 and ss. 181.0723, if there are members having voting rights. Membership

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1 rights owned by, or voted under the control of, persons who are at the time parties
2 to the same or related proceedings, whether as plaintiffs or defendants or in any
3 other capacity, may not be voted in making the determination.

4 **SECTION 53.** 188.08 (3) of the statutes is amended to read:

5 188.08 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
6 corporations organized under s. 188.08. In the execution of any conveyance or
7 encumbrance by such corporations, the post, county or district, or department
8 commander, and the post, county or district council, or department adjutant, or like
9 or similar officers, shall have the powers and duties granted to presidents and
10 secretaries respectively under s. 706.03 (2) and (3). The provisions of this section
11 shall apply to all corporations incorporated hereunder whether incorporated before
12 or after May 14, 1937.

13 **SECTION 54.** 188.085 of the statutes is amended to read:

14 **188.085 Changing names and dissolving units of the American Legion.**

15 Any post, county, district council, department or other unit of the American Legion
16 or of the auxiliary of the American Legion which has become a body corporate under
17 the provisions of s. 188.08 may change its name or dissolve by the adoption of a
18 written resolution to that effect, by a vote of a majority of its members present at a
19 meeting called for that purpose and by filing the same as herein provided. Such
20 resolution, with a certificate thereto affixed, signed by the commander and adjutant,
21 or like or similar officers, stating the facts, including the date of the adoption of such
22 resolution, the number of members present at such meeting, and the number of
23 members who voted for the adoption of the resolution, shall be forwarded to and filed
24 with the department of financial institutions, and thereupon the name of such
25 corporation shall be changed or the corporation shall cease to exist, as the case may

ASSEMBLY BILL 765**SECTION 54**

1 be. In lieu of the foregoing method of dissolution, any corporation formed under s.
2 188.08 may be dissolved by the filing of a certificate with the department of financial
3 institutions reciting that such corporation has ceased to be a unit of the American
4 Legion or its auxiliary. Such certificate shall be signed by the national commander
5 and national adjutant of the American Legion or by the state commander and state
6 adjutant of the American Legion, department of Wisconsin. In the case of units of
7 the auxiliary the certificates shall be signed by the national president and national
8 secretary or the department president and department secretary. Corporations
9 dissolved under this section shall continue to have corporate existence ~~for the time~~
10 ~~and purposes specified in s. 181.65, subject to the limitations on their activities under~~
11 s. 181.1405. No fee shall be charged by the department of financial institutions for
12 such filing.

13 **SECTION 55.** 188.09 (3) of the statutes is amended to read:

14 188.09 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
15 corporations organized under s. 188.09. In the execution of any conveyance or
16 encumbrance by such corporations, the chapter or department commander and the
17 chapter or department adjutant, or like or similar officers of any of the affiliated or
18 auxiliary organizations, shall have the powers and duties granted to presidents and
19 secretaries respectively under s. 706.03 (2) and (3). The provisions of this section
20 shall apply to all corporations incorporated hereunder whether incorporated before
21 or after May 14, 1937.

22 **SECTION 56.** 188.11 (3) of the statutes is amended to read:

23 188.11 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
24 corporations organized under s. 188.11. In the execution of any conveyance or
25 encumbrance by such corporations, the post or department commander and the post

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1 or department adjutant, or like or similar officers, shall have the powers and duties
2 granted to presidents and secretaries respectively under s. 706.03 (2) and (3). The
3 provisions of this section shall apply to all corporations incorporated hereunder
4 whether incorporated before or after May 14, 1937.

5 **SECTION 57.** 188.13 (3) of the statutes is amended to read:

6 188.13 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
7 corporations organized under s. 188.13. The provisions of this section shall apply to
8 all corporations incorporated hereunder whether incorporated before or after March
9 28, 1939.

10 **SECTION 58.** 188.15 (3) of the statutes is amended to read:

11 188.15 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
12 corporations organized under s. 188.15. In the execution of any conveyance or
13 encumbrance by such corporations, the detachment or department commandant and
14 the detachment or department adjutant, or like or similar officers, shall have the
15 powers and duties granted to presidents and secretaries, respectively, under s.
16 706.03 (2) and (3). The provisions of this section shall apply to all corporations
17 incorporated hereunder whether incorporated before or after June 4, 1941.

18 **SECTION 59.** 188.16 (3) of the statutes is amended to read:

19 188.16 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
20 corporations organized under this section. In the execution of any conveyance or
21 encumbrance by such corporations, the chapter, county or district, or department
22 commander, and the chapter, county or district council, or department adjutant, or
23 like or similar officers, shall have the powers and duties granted to presidents and
24 secretaries respectively under s. 706.03 (2) and (3). The provisions of subs. (1) and

ASSEMBLY BILL 765**SECTION 59**

1 (2) shall apply to all corporations incorporated thereunder whether incorporated
2 before or after March 28, 1943.

3 **SECTION 60.** 188.17 (3) of the statutes is amended to read:

4 188.17 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
5 corporations organized under s. 188.17. In the execution of any conveyance or
6 encumbrance by such corporation the commandant and the ship's writer, or like or
7 similar officers, shall have the powers and duties granted to presidents and
8 secretaries respectively under s. 706.03 (2) and (3). The provisions of this section
9 shall apply to all corporations incorporated hereunder whether incorporated before
10 or after April 8, 1943.

11 **SECTION 61.** 188.18 (2) of the statutes is amended to read:

12 188.18 (2) All acts done by the department or any chapter or other unit so
13 incorporated or its constituted authorities shall be considered acts of such
14 department, chapter or other unit as a body corporate and no personal liability shall
15 be attached to any member thereof. The provisions of ss. 180.0203 and ~~181.32~~
16 181.0203 shall not apply to corporations organized under this section.

17 **SECTION 62.** 188.19 (3) of the statutes is amended to read:

18 188.19 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
19 corporations organized under s. 188.19. In the execution of any conveyance or
20 encumbrance by such corporations, the post, county or district, or department
21 commander, or the post, county or district council, or department adjutant or like or
22 similar officers, shall have the powers and duties granted to presidents and
23 secretaries respectively under s. 706.03 (2) and (3).

24 **SECTION 63.** 188.20 of the statutes is amended to read:

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1 **188.20 Changing names and dissolving units.** Any post, county, district
2 council, department or other unit of the American Veterans of World War II
3 (AMVETS) or of the auxiliary of the American Veterans of World War II (AMVETS)
4 which has become a body corporate under the provisions of s. 188.19 may change its
5 name or dissolve by the adoption of a written resolution to that effect by a vote of a
6 majority of its members present at a meeting called for that purpose and by filing the
7 same as herein provided. Such resolution, with a certificate thereto affixed, signed
8 by the commander and adjutant, or like or similar officers, stating the fact, including
9 the date of the adoption of such resolution, the number of members present at such
10 meeting, and the number of members who voted for the adoption of the resolution,
11 shall be forwarded to and filed with the department of financial institutions, and
12 thereupon the name of such corporation shall be changed or the corporation shall
13 cease to exist, as the case may be. Or any corporation formed under s. 188.19 may
14 be dissolved by the filing of a certificate in the office of the department of financial
15 institutions reciting that such corporation has ceased to be a unit of the American
16 Veterans of World War II (AMVETS) auxiliary. Such certificate shall be signed by
17 the national commander and national adjutant of the American Veterans of World
18 War II (AMVETS) or by the state commander and state adjutant of the American
19 Veterans of World War II (AMVETS) department of Wisconsin. In the case of units
20 of the auxiliary the certificates shall be signed by the national president and national
21 secretary or the department president and department secretary. Corporations
22 dissolved under this section shall continue to have corporate existence ~~for the time~~
23 ~~and purposes specified in s. 181.65, subject to the limitations on their activities under~~
24 s. 181.1405. No fee shall be charged by the department of financial institutions for
25 such filing.

ASSEMBLY BILL 765**SECTION 64**

1 **SECTION 64.** 188.21 (3) of the statutes is amended to read:

2 188.21 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
3 corporations organized under s. 188.21. In the execution of any conveyance or
4 encumbrance by such corporations, the department of Wisconsin, post, barracks,
5 unit, department or auxiliary commander, and adjutant or like or similar officers,
6 shall have the powers and duties granted to presidents and secretaries respectively
7 under s. 706.03 (2) and (3).

8 **SECTION 65.** 188.22 (3) of the statutes is amended to read:

9 188.22 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
10 corporations organized under this section. In the execution of any conveyance or
11 encumbrance by such corporation the post, county or district or department
12 commander and the post, county or district council or department adjutant, or like
13 or similar officers, shall have the powers and duties granted to presidents and
14 secretaries respectively under s. 706.03 (2) and (3). This section shall apply to all
15 corporations incorporated hereunder whether incorporated before or after May 14,
16 1937.

17 **SECTION 66.** 188.23 (3) of the statutes is amended to read:

18 188.23 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
19 corporations organized under this section. In the execution of any conveyance or
20 encumbrance by such corporation the post, county or district or department
21 commander and the post, county or district council or department adjutant, or like
22 or similar officers, shall have the powers and duties granted to presidents and
23 secretaries respectively under s. 706.03 (2) and (3). This section shall apply to all
24 corporations incorporated hereunder whether incorporated before or after May 14,
25 1937.

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1 **SECTION 67.** 188.235 (3) of the statutes is amended to read:

2 188.235 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
3 corporations organized under this section. In the execution of any conveyance or
4 encumbrance by such corporation the post, county or district or department
5 commander and the post, county or district council or department adjutant, or like
6 or similar officers, shall have the powers and duties granted to presidents and
7 secretaries respectively under s. 706.03 (2) and (3).

8 **SECTION 68.** 188.24 (3) of the statutes is amended to read:

9 188.24 (3) Sections 180.0203 and ~~181.32~~ 181.0203 shall not apply to
10 corporations organized under this section. In the execution of any conveyance or
11 encumbrance by such corporation the post, county or district or department
12 commander and the post, county or district council or department adjutant, or like
13 or similar officers, shall have the powers and duties granted to presidents and
14 secretaries respectively under s. 706.03 (2) and (3). This section shall apply to all
15 corporations incorporated hereunder whether incorporated before or after May 14,
16 1937.

17 **SECTION 69.** 198.13 (4) of the statutes is amended to read:

18 198.13 (4) Any district dissolved in accordance with sub. (3) shall nevertheless
19 continue to be a body corporate ~~for the time and purposes set forth in s. 181.65 and~~
20 ~~for such additional period as may be necessary for the district to retire all its~~
21 ~~outstanding bonds, subject to the limitations on its activities under s. 181.1405.~~

22 **SECTION 70.** 199.08 of the statutes is amended to read:

23 **199.08 Annual membership meeting.** All members shall be eligible to
24 attend, participate in and vote in the annual membership meeting called by the
25 board under s. 199.07 (3). The form of the meeting shall be as provided under ss.

ASSEMBLY BILL 765**SECTION 70**

1 ~~181.14 to 181.18~~ subch. VII of ch. 181. The meeting shall be open to the public and
2 shall be held in different districts on a rotating basis.

3 **SECTION 71.** 199.17 of the statutes is amended to read:

4 **199.17 Dissolution.** The corporation may dissolve under ~~ss. 181.50 to 181.65~~
5 subch. XIV of ch. 181.

6 **SECTION 72.** 227.485 (2) (b) of the statutes is amended to read:

7 227.485 (2) (b) "Nonprofit corporation" has the meaning designated in s. ~~181.02~~
8 ~~(8)~~ 181.0103 (17).

9 **SECTION 73.** 232.07 (2) of the statutes is amended to read:

10 232.07 (2) Promptly upon issuance of the certificate of involuntary dissolution,
11 the corporation shall pay, discharge or make adequate provision for its debts,
12 liabilities and obligations, including any judgment, order or decree which may be
13 entered against it in any pending legal action, and shall transfer all remaining assets
14 to the state. The corporation's existence shall continue ~~for purposes of pending legal~~
15 ~~actions and s. 181.65, subject to the limitations on its activities under s. 181.1405.~~

16 **SECTION 74.** 234.94 (2) (b) (intro.) of the statutes is amended to read:

17 234.94 (2) (b) (intro.) A ~~nonprofit~~ corporation organized under ch. 181:

18 **SECTION 75.** 234.94 (2) (b) 2m. of the statutes is created to read:

19 234.94 (2) (b) 2m. That is a nonprofit corporation, as defined in s. 181.0103 (17).

20 **SECTION 76.** 252.12 (1) (c) of the statutes is amended to read:

21 252.12 (1) (c) "Nonprofit corporation" means a nonstock, ~~nonprofit~~ corporation
22 organized under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17).

23 **SECTION 77.** 255.05 (1) (b) of the statutes is amended to read:

24 255.05 (1) (b) "Nonprofit corporation" means a nonstock, ~~nonprofit~~ corporation
25 organized under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17).

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1 **SECTION 78.** 255.06 (1) (c) of the statutes is amended to read:

2 255.06 (1) (c) “Nonprofit corporation” means a nonstock, ~~nonprofit~~ corporation
3 organized under ch. 181, that is a nonprofit corporation as defined in s. 181.0103 (17),
4 or a nonprofit corporation organized under ch. 180 before July 1, 1953.

5 **SECTION 79.** 281.68 (1) (e) of the statutes is amended to read:

6 281.68 (1) (e) Does not have articles of incorporation or bylaws which limit or
7 deny the right of any member or any class of members to vote as provided permitted
8 under s. ~~181.16~~ 181.0721 (1).

9 **SECTION 80.** 301.235 (1) (c) of the statutes is amended to read:

10 301.235 (1) (c) “Nonprofit corporation” means a nonstock, ~~nonprofit~~
11 corporation organized under ch. 181 that is a nonprofit corporation, as defined in s.
12 181.0103 (17).

13 **SECTION 81.** 440.03 (2) of the statutes is amended to read:

14 440.03 (2) The department may provide examination development services,
15 consultation and technical assistance to other state agencies, federal agencies,
16 counties, cities, villages, towns, national or regional organizations of state
17 credentialing agencies, similar credentialing agencies in other states, national or
18 regional accrediting associations, and nonprofit organizations. The department may
19 charge a fee sufficient to reimburse the department for the costs of providing such
20 services. In this subsection, “nonprofit organization” means a nonprofit corporation,
21 as defined in s. ~~181.02(4)~~ 181.0103 (17), and an organization exempt from tax under
22 26 USC 501.

23 **SECTION 82.** 440.92 (6) (b) 1. of the statutes is amended to read:

24 440.92 (6) (b) 1. If the preneed seller is a corporation that is required to file a
25 report under s. 180.1622 or ~~181.651~~ 181.1622, a copy of that report and the name,

ASSEMBLY BILL 765**SECTION 82**

1 residence address and business address of each shareholder who beneficially owns,
2 holds or has the power to vote 5% or more of any class of securities issued by the
3 corporation.

4 **SECTION 83.** 560.05 (1) (a) of the statutes is amended to read:

5 560.05 (1) (a) The term “corporation” in relation to any conveyance, lease or
6 sublease made under sub. (2) means a nonstock, ~~nonprofit~~ corporation organized
7 under ch. 181 ~~or any law amendatory thereof or supplemental thereto~~ that is a
8 nonprofit corporation, as defined in s. 181.0103 (17).

9 **SECTION 84.** 560.20 (1) (d) of the statutes is amended to read:

10 560.20 (1) (d) “Nonprofit organization” means a nonprofit corporation, as
11 defined in s. ~~181.02(8)~~ 181.0103 (17), and any organization described in section 501
12 (c) (3) of the internal revenue code that is exempt from federal income tax under
13 section 501 (a) of the internal revenue code.

14 **SECTION 85.** 560.60 (18m) of the statutes is amended to read:

15 560.60 (18m) “Technology-based nonprofit organization” means a nonprofit
16 corporation ~~that is organized under ch. 181, as defined in s. 181.0103 (17)~~, or an
17 organization described in section 501 (c) (3) of the internal revenue code that is
18 exempt from federal income tax under section 501 (a) of the internal revenue code,
19 and that has as a mission the transfer of technology to businesses in this state.

20 **SECTION 86.** 560.80 (7) (b) (intro.) of the statutes is amended to read:

21 560.80 (7) (b) (intro.) A ~~nonprofit~~ corporation organized under ch. 181 that is
22 a nonprofit corporation as defined in s. 181.0103 (17), that is at least 51% controlled
23 and actively managed by minority group members and that does all of the following:

24 **SECTION 87.** 611.01 (2) of the statutes is amended to read:

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1 611.01 (2) MUTUAL CORPORATIONS. The definitions in s. ~~181.02 (1) to (3), (8) and~~
2 ~~(9)~~ 181.0103 (3) and (18) apply to mutuals.

3 **SECTION 88.** 611.07 (1) of the statutes is amended to read:

4 611.07 (1) POWERS. ~~Section Subject to s. 611.63, s. 180.0302~~ applies to stock
5 corporations and s. ~~181.04 (1) to (14) and (16)~~ 181.0302 (intro.), (1) to (15), (18) and
6 (19) applies to mutuals.

7 **SECTION 89.** 611.07 (2) of the statutes is amended to read:

8 611.07 (2) EFFECT OF UNAUTHORIZED CORPORATE ACTS. Section 180.0304 applies
9 to stock corporations and s. ~~181.057~~ 181.0304 applies to mutuals, except that
10 references to “attorney general” shall be read as “commissioner”.

11 **SECTION 90.** 611.07 (3) of the statutes is repealed.

12 **SECTION 91.** 611.07 (4) of the statutes is amended to read:

13 611.07 (4) (title) WAIVER OF NOTICE AND INFORMAL ACTION BY SHAREHOLDERS,
14 MEMBERS OR DIRECTORS. Sections 180.0704, 180.0706, 180.0821 and 180.0823 apply
15 to stock corporations and ss. ~~181.70 and 181.72~~ 181.0704, 181.0706, 181.0821 and
16 181.0823 apply to mutuals. Section 181.0821 also applies to a committee of the board
17 of a mutual, except that references to “board” shall be read as “committee”.

18 **SECTION 92.** 611.10 of the statutes is amended to read:

19 **611.10 Reservation of corporate name.** Sections 180.0402 and 180.0403
20 (2), (3) and (3m) apply to stock corporations and s. ~~181.07~~ applies ss. 181.0402 and
21 181.0403 (2), (3) and (3m) apply to mutuals. ~~For such purposes references therein~~
22 ~~to “this chapter” shall include this chapter.~~

23 **SECTION 93.** 611.12 (2) (intro.) of the statutes is amended to read:

24 611.12 (2) MUTUALS. (intro.) Section ~~181.31~~ 181.0202 applies to the articles of
25 a mutual, ~~except,~~ that:

ASSEMBLY BILL 765**SECTION 94**

1 **SECTION 94.** 611.12 (2) (a) of the statutes is amended to read:

2 611.12 (2) (a) The name of the corporation shall include the words “mutual” and
3 “insurance” or terms of equivalent meaning and shall comply with s. ~~181.06 (3)~~
4 181.0401 (2) to (4);

5 **SECTION 95.** 611.12 (2) (am) of the statutes is created to read:

6 611.12 (2) (am) The articles shall include a statement that the corporation is
7 organized under this chapter.

8 **SECTION 96.** 611.12 (3) of the statutes is amended to read:

9 611.12 (3) PRINCIPAL OFFICERS. Sections 180.0840 and 180.0841 apply to stock
10 corporations and s. ~~181.25 (1) and (2)~~ applies ss. 181.0840 and 181.0841 apply to
11 mutuals. Notwithstanding s. 180.0840 (1) or 181.0840 (1), the articles or bylaws
12 shall specifically designate 3 or more offices, the holders of which shall be the
13 principal officers of the corporation. Notwithstanding s. 180.0840 (3) or 181.0840 (3),
14 the principal offices shall be held by at least 3 separate ~~natural persons~~ individuals.

15 **SECTION 97.** 611.12 (4) of the statutes is amended to read:

16 611.12 (4) BYLAWS. The bylaws of a domestic corporation shall comply with this
17 chapter, and a copy of the bylaws and any amendments thereto shall be filed with the
18 commissioner within 60 days after adoption. Subject to this subsection, to ss. 611.13
19 (2) (d) and (5) and 611.22 (4), ss. 180.0206 and 180.1020 to 180.1022 apply to stock
20 corporations and s. ~~181.13~~ applies ss. 181.0206, 181.0207 and 181.1021 apply to
21 mutuals.

22 **SECTION 98.** 611.29 (1) of the statutes is amended to read:

23 611.29 (1) RIGHT TO AMEND ARTICLES. A stock corporation may amend its articles
24 under ss. 180.0726, 180.1001 to 180.1007, 180.1706, 180.1707 and 180.1708 (4) and
25 a mutual may amend its articles under ss. ~~181.35 to 181.37 and 181.39~~ 181.1001,

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1 181.1002 (1), 181.1003, 181.1005 and 181.1006, subject to sub. (3), in any desired
2 respect including substantial changes of its original purposes. No amendment may
3 be made contrary to s. 611.12 (1) to (3).

4 **SECTION 99.** 611.29 (3) of the statutes is amended to read:

5 611.29 (3) ARTICLES OF AMENDMENT; MUTUALS. In addition to the requirements
6 of s. ~~181.37~~ 181.1005, the articles of amendment of a mutual shall, if mail voting is
7 used, state the number of policyholders voting by mail and the number of such
8 policyholders voting for and against the amendment.

9 **SECTION 100.** 611.29 (5) of the statutes is amended to read:

10 611.29 (5) EFFECT OF AMENDMENT OF ARTICLES. Section 180.1009 applies to stock
11 corporations and s. ~~181.41~~ 181.1008 applies to mutuals.

12 **SECTION 101.** 611.42 (1) of the statutes is amended to read:

13 611.42 (1) GENERAL. Subject to this section and s. 611.53, ~~ss. 181.14, 181.15 and~~
14 ~~181.17~~ 181.0701, 181.0702, 181.0705 (1) to (4), 181.0722 (1) to (3), 181.0723,
15 181.0724 and 181.0727 apply to mutuals. ~~Subject to this section and s. 611.53, s.~~
16 ~~181.16 applies to mutuals.~~

17 **SECTION 102.** 611.42 (1e) of the statutes is created to read:

18 611.42 (1e) COURT-ORDERED MEETINGS. (a) The circuit court for the county
19 where a mutual's principal office is located, or, if the mutual does not have its
20 principal office in this state, where its registered office is located, may, after notice
21 and an opportunity to be heard, order a meeting to be held on petition of a
22 policyholder of the mutual who meets any of the following conditions:

23 1. The policyholder is entitled to participate in an annual meeting and the
24 annual meeting has not been held within 15 months after the mutual's last annual
25 meeting.

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1 2. The policyholder has signed a demand for a special meeting that meets the
2 requirements of s. 181.0702 and the mutual has failed to do any of the following:

3 a. Give notice of the special meeting within 30 days after the date that the
4 demand was delivered to the mutual.

5 b. Hold the special meeting in accordance with the notice.

6 (b) The court may fix the time and place of the meeting. The court shall require
7 that the meeting be called and conducted in accordance with the mutual's articles of
8 incorporation and bylaws, in so far as possible, except that the court may do all of the
9 following:

10 1. Fix the quorum required for specific matters to be considered at the meeting
11 or direct that the votes represented at the meeting constitute a quorum for action on
12 those matters.

13 2. Enter any other orders necessary to accomplish the purpose of the meeting.

14 **SECTION 103.** 611.42 (1m) of the statutes is created to read:

15 611.42 (1m) RECORD DATE. Section 181.0707 applies to mutuals.

16 **SECTION 104.** 611.51 (1) of the statutes is amended to read:

17 611.51 (1) GENERAL. Subject to this section, ss. 180.0801 and 180.0802 apply
18 to stock corporations and ~~s. 181.18~~ applies ss. 181.0801 (1) and (2) and 181.0802
19 apply to mutuals.

20 **SECTION 105.** 611.51 (6) of the statutes is amended to read:

21 611.51 (6) UNLAWFUL DELEGATION. The board shall manage the business and
22 affairs of the corporation and may not delegate its power or responsibility to do so,
23 except to the extent authorized by ss. 180.0841, ~~181.25 (2)~~ 181.0841, 611.56 and
24 611.67.

25 **SECTION 106.** 611.51 (7) of the statutes is amended to read:

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1 611.51 (7) QUORUM AND VOTING. Section 180.0824 applies to the board of a stock
2 corporation and s. ~~181.22~~ 181.0824 applies to the board of a mutual except as
3 modified by s. 611.60.

4 **SECTION 107.** 611.51 (8) of the statutes is amended to read:

5 611.51 (8) PLACE AND NOTICE OF DIRECTORS' MEETINGS. Sections 180.0820,
6 180.0822 and 180.0823 apply to stock corporations. ~~Section 181.24 applies~~ Sections
7 181.0820, 181.0822 and 181.0823 apply to mutuals.

8 **SECTION 108.** 611.51 (9) (a) of the statutes is amended to read:

9 611.51 (9) (a) (title) Stock corporations. Sections 180.1601 to 180.1620 apply
10 to stock corporations. ~~Section 181.27 applies to mutuals, but inspection of the~~
11 ~~records of the names and addresses of policyholders of mutuals entitled to vote shall~~
12 ~~be permitted only for the purpose of communicating with other policyholders with~~
13 ~~regard to the nomination and election of candidates for the board or other corporate~~
14 ~~matters which may be submitted to a vote of the policyholders. No person may,~~
15 ~~directly or indirectly, use any information so obtained for any other purpose.~~

16 **SECTION 109.** 611.51 (9) (am) of the statutes is created to read:

17 611.51 (9) (am) *Mutuals*. 1. Each mutual shall keep correct and complete books
18 and records of account and shall also keep minutes of the proceedings of its members,
19 board of directors and committees having any authority of the board of directors.
20 Each mutual shall keep at its principal office or at the office of its secretary a record
21 giving the names and addresses of policyholders entitled to vote, or records showing
22 where such information can be obtained.

23 2. Except for the records of the names and addresses of policyholders entitled
24 to vote, all relevant books and records of a mutual may be inspected by any
25 policyholder or the policyholder's agent or attorney for any proper purpose at any

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1 reasonable time. Inspection of the records of the names and addresses of
2 policyholders of mutuals entitled to vote shall be permitted only for the purpose of
3 communicating with other policyholders with regard to the nomination and election
4 of candidates for the board or other corporate matters which may be submitted to a
5 vote of the policyholders. No person may, directly or indirectly, use any information
6 so obtained for any other purpose.

7 3. In any pending action or proceeding, or upon petition, a court of record in this
8 state may, upon notice fixed by the court, hearing and a showing of proper cause, and
9 upon suitable terms, order any books and records of account, minutes and records
10 of members of a mutual and any other pertinent documents in the mutual's
11 possession, or transcripts from or duly authenticated copies thereof, to be brought
12 within this state and kept at such place and for such time and for such purposes as
13 may be designated in the order. A mutual failing to comply with an order under this
14 subdivision is subject to involuntary dissolution under this chapter and all of its
15 directors and officers may be punished for contempt of court for disobedience of the
16 order.

17 **SECTION 110.** 611.51 (9) (b) (title) of the statutes is created to read:

18 611.51 (9) (b) (title) *Form of books, records or minutes.*

19 **SECTION 111.** 611.51 (9) (c) (title) of the statutes is created to read:

20 611.51 (9) (c) (title) *Records of policyholders entitled to vote.*

21 **SECTION 112.** 611.53 (3) of the statutes is amended to read:

22 611.53 (3) (title) ~~REMOVAL~~ RESIGNATION, VACANCIES AND REMOVAL OF DIRECTORS.

23 Subject to subs. (1) and (2), ss. 181.0807 and 181.0811 apply to a mutual. A director
24 may be removed from office for cause by an affirmative vote of a majority of the full
25 board at a meeting of the board called for that purpose.

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1 **SECTION 113.** 611.53 (4) of the statutes is amended to read:

2 611.53 (4) (title) ~~VACANCIES~~ RESIGNATION, VACANCIES AND REMOVAL OF OFFICERS.
3 ~~Subject to subs. (1) to (3), ss. 181.21 and 181.26~~ Sections 181.0843 and 181.0844
4 apply to a mutual.

5 **SECTION 114.** 611.54 (2) of the statutes is amended to read:

6 611.54 (2) REPORT OF REMOVAL. Whenever a director or principal officer of a
7 corporation is removed under s. 180.0843 (2), ~~181.26~~ 181.0843 (2) or 611.53 (3), the
8 removal shall be reported to the commissioner immediately together with a
9 statement of the reasons for the removal.

10 **SECTION 115.** 611.56 (3) (d) of the statutes is amended to read:

11 611.56 (3) (d) ~~Merger or consolidation~~ under s. 611.72 or 611.73, stock
12 exchanges under s. 611.71, conversion under s. 611.75 or 611.76, voluntary
13 dissolution under s. 611.74 or transfer of business or assets under s. 611.78;

14 **SECTION 116.** 611.56 (5) of the statutes is amended to read:

15 611.56 (5) QUORUM AND VOTING. Section 180.0824 applies to a committee of the
16 board of a stock corporation, except references to a committee "created under s.
17 180.0825" shall be read as a committee "created under this section". Sections
18 181.0821 and 181.0824 apply to a committee of the board of a mutual, except that
19 references to "board" shall be read as "committee", "majority" in s. 181.0824 (1) shall
20 mean a majority of the members appointed to serve on the committee, and "majority"
21 in s. 181.0824 (2) shall mean a majority of the members appointed to serve on the
22 committee who are present at the meeting.

23 **SECTION 117.** 611.62 (1) of the statutes is amended to read:

ASSEMBLY BILL 765**SECTION 117**

1 611.62 (1) LIABILITY. Sections 180.0826 to 180.0828, 180.0832 and 180.0833
2 apply to stock corporations and ss. ~~181.283 to 181.29~~ 181.0850 to 181.0855, except
3 s. 181.0855 (2) (c), apply to mutuals.

4 **SECTION 118.** 611.62 (2) of the statutes is amended to read:

5 611.62 (2) INDEMNIFICATION. Sections 180.0850 to 180.0856, 180.0858 and
6 180.0859 apply to stock corporations and ss. ~~181.041 to 181.051~~ 181.0871 to 181.0881
7 and 181.0889 apply to mutuals but no indemnification may be made until at least 30
8 days after notice to the commissioner, containing full details about the proposed
9 indemnification.

10 **SECTION 119.** 611.62 (3) of the statutes is amended to read:

11 611.62 (3) INSURANCE. Section 180.0857 applies to stock corporations and s.
12 ~~181.053~~ 181.0883 applies to mutuals.

13 **SECTION 120.** 611.62 (4) of the statutes is amended to read:

14 611.62 (4) DERIVATIVE ACTIONS. Sections 180.0740 to 180.0747 and 180.1708
15 (3m) apply to stock corporations and s. ~~181.295~~ applies ss. 181.0740 to 181.0747
16 apply to mutuals.

17 **SECTION 121.** 611.63 (1) of the statutes is amended to read:

18 611.63 (1) GENERAL POWER. Subject to this section, ss. 180.0302 (11), (12) and
19 (16) and 180.0811 apply to stock corporations and ss. ~~181.04 (15) and 181.19~~ apply
20 s. 181.0302 (11) to (14) applies to mutuals.

21 **SECTION 122.** 611.73 (title) of the statutes is amended to read:

22 **611.73 (title) Merger and consolidation of mutuals.**

23 **SECTION 123.** 611.73 (1) of the statutes is renumbered 611.73 (1) (a) and
24 amended to read:

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1 611.73 (1) (a) (title) *In general.* Any 2 or more domestic mutuals may merge
2 or consolidate under the procedures of this section and ss. 181.42 to 181.47 181.1105
3 and 181.1106, except that papers required by those sections to be filed with the
4 department of financial institutions shall instead be filed with the commissioner.

5 **SECTION 124.** 611.73 (1) (b) of the statutes is created to read:

6 611.73 (1) (b) *Plan of merger and board resolution.* The board of directors of
7 each mutual shall, by resolution adopted by each such board, approve a plan of
8 merger that includes all of the following:

9 1. The names of the mutuals proposing to merge and the name of the surviving
10 mutual into which they propose to merge.

11 2. The terms and conditions of the proposed merger.

12 3. The respective interests and rights of the members of the merging mutuals
13 in the surviving mutual.

14 4. Any change in the articles of incorporation of the surviving mutual to be
15 effected by the merger.

16 5. Other provisions with respect to the proposed merger that are considered
17 necessary and desirable.

18 **SECTION 125.** 611.73 (1) (c) of the statutes is created to read:

19 611.73 (1) (c) *Approval of merger.* A plan of merger may be adopted only in the
20 following manner:

21 1. If the articles of incorporation or bylaws of a merging mutual give members
22 the right to vote on the merger, the board of directors of the mutual shall adopt a
23 resolution approving the proposed plan and directing that it be submitted to a vote
24 at a meeting of members, which may be either an annual or a special meeting.
25 Written notice setting forth the proposed plan or summary of the plan shall be given

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1 to each member entitled to vote at the meeting within the time and in the manner
2 provided in this chapter for the giving of notice of meetings of members. The
3 proposed plan shall be adopted by at least two-thirds of the votes entitled to be cast
4 by the members present or represented by proxy at the meeting.

5 2. If the articles of incorporation or bylaws of any merging mutual do not give
6 the members the right to vote on the merger, a plan of merger shall be adopted at a
7 meeting of the board of directors of each mutual by at least a majority of the directors
8 in office.

9 **SECTION 126.** 611.73 (1) (d) of the statutes is created to read:

10 611.73 (1) (d) *Abandonment of merger.* After approval under par. (c) and prior
11 to the filing of the articles of merger, the merger may be abandoned pursuant to the
12 provisions for abandonment, if any, set forth in the plan of merger.

13 **SECTION 127.** 611.73 (2) of the statutes is renumbered 611.73 (2) (a) and
14 amended to read:

15 611.73 (2) (a) (title) *In general.* Any 2 or more domestic and foreign mutuals
16 may merge ~~or consolidate under s. 181.48~~ if the merger is permitted by the laws of
17 the state in which the foreign mutuals are organized. Each domestic mutual shall
18 comply with the provisions of this section with respect to the merger of domestic
19 corporations and each foreign mutual shall comply with the applicable provisions of
20 the laws of the state under which it is organized.

21 **SECTION 128.** 611.73 (2) (b) of the statutes is created to read:

22 611.73 (2) (b) *Effect of merger.* The effect of a merger under this subsection is
23 the same as in the case of the merger of domestic mutuals, if the surviving mutual
24 is to be governed by the laws of this state. If the surviving mutual is to be governed
25 by the laws of a state other than this state, the effect of the merger is the same as in

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1 the case of the merger of domestic mutuals except as provided by the laws of that
2 other state.

3 **SECTION 129.** 611.73 (3) of the statutes is amended to read:

4 611.73 (3) APPROVAL BY THE COMMISSIONER. The plan of merger ~~or consolidation~~
5 shall be submitted to the commissioner for his or her approval after any necessary
6 action by the boards and before any necessary action by the policyholders. The
7 commissioner shall approve the plan unless he or she finds, after a hearing, that the
8 proposed merger ~~or consolidation~~ would be contrary to the law or to the interests of
9 the insureds of any participating domestic corporation or the Wisconsin insureds of
10 any participating nondomestic corporation.

11 **SECTION 130.** 611.74 (1) of the statutes is amended to read:

12 611.74 (1) PLAN OF DISSOLUTION. At least 60 days prior to the submission to
13 shareholders or policyholders of any proposed voluntary dissolution of an insurance
14 corporation under s. 180.1402 or ~~181.50~~ 181.1401 the plan shall be filed with the
15 commissioner. The commissioner may require the submission of additional
16 information to establish the financial condition of the corporation or other facts
17 relevant to the proposed dissolution. If the shareholders or policyholders adopt the
18 resolution to dissolve, the commissioner shall, within 30 days after the adoption of
19 the resolution, begin to examine the corporation. The commissioner shall approve
20 the dissolution unless, after a hearing, the commissioner finds that it is insolvent or
21 may become insolvent in the process of dissolution. ~~Upon~~ Subject to chs. 600 to 645,
22 upon approval, the corporation may dissolve under ss. 180.1402 to 180.1408 and
23 180.1706, or ss. ~~181.51 to 181.555~~ 181.1401 to 181.1407, except that the last sentence
24 of s. ~~181.555~~ does not apply and papers required by those sections to be filed with the
25 department of financial institutions shall instead be filed with the commissioner.

ASSEMBLY BILL 765**SECTION 130**

1 Upon disapproval, the commissioner shall petition the court for liquidation or for
2 rehabilitation under ch. 645.

3 **SECTION 131.** 611.74 (2) of the statutes is amended to read:

4 611.74 (2) CONVERSION TO INVOLUNTARY LIQUIDATION. The corporation may at
5 any time during the liquidation under ss. 180.1402 to 180.1408 or under ss. ~~181.51~~
6 ~~to 181.555~~ 181.1401 to 181.1407 apply to the commissioner to have the liquidation
7 continued under the commissioner's supervision; thereupon the commissioner shall
8 apply to the court for liquidation under s. 645.41 (10).

9 **SECTION 132.** 611.74 (3) of the statutes is amended to read:

10 611.74 (3) REVOCATION OF VOLUNTARY DISSOLUTION. If the corporation revokes
11 the voluntary dissolution proceedings under ss. 180.1404 and 180.1706 or under s.
12 ~~181.53~~ 181.1404, a copy of the articles of revocation of dissolution prepared under s.
13 180.1404 or ~~the resolution revoking the voluntary dissolution proceedings adopted~~
14 ~~under s. 181.53~~ 181.1404 shall be filed with the commissioner.

15 **SECTION 133.** 611.76 (1) (c) of the statutes is amended to read:

16 611.76 (1) (c) *Conversion and merger.* A domestic mutual may adopt a plan of
17 acquisition, or merger ~~or consolidation~~ as part of a plan of conversion under this
18 section. The commissioner shall approve the plan of acquisition, or merger ~~or~~
19 ~~consolidation~~ as part of the plan of conversion unless grounds for disapproval exist
20 under s. 611.72 (3).

21 **SECTION 134.** 611.78 (1) of the statutes is amended to read:

22 611.78 (1) (title) SALE, LEASE, EXCHANGE OR MORTGAGE OF A STOCK CORPORATION'S
23 ~~ASSETS WITH OR WITHOUT SHAREHOLDER ACTION.~~ Except as modified by subs. (2) and (3),
24 ss. ~~180.1201~~, 180.1202, 180.1706 and 180.1708 (6) apply to stock corporations and
25 ~~s. 181.49 applies to mutuals.~~

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1 **SECTION 135.** 611.78 (1m) of the statutes is created to read:

2 611.78 **(1m)** SALE, LEASE, EXCHANGE OR MORTGAGE OF A MUTUAL'S ASSETS. (a)
3 Except as modified by subs. (2) and (3), a sale, lease, exchange or other disposition
4 of less than substantially all of the property and assets of a mutual, and the mortgage
5 or pledge of any or all property and assets of a mutual, whether or not made in the
6 usual and regular course of its affairs, may be made upon the terms and conditions
7 authorized by the mutual's board of directors. Unless otherwise provided by the
8 articles of incorporation, consent of the members is not required for a sale, lease,
9 exchange or other disposition of property, or for a mortgage or pledge of property,
10 authorized under this paragraph.

11 (b) A sale, lease, exchange or other disposition of property and assets under par.
12 (a) may be authorized only in the following manner:

13 1. If the articles of incorporation give members the right to vote on the sale,
14 lease, exchange or other disposition of all or substantially all of the mutual's property
15 and assets, the board of directors shall adopt a resolution recommending the sale,
16 lease, exchange or other disposition and directing that it be submitted to a vote at
17 an annual or special meeting of the members. Written notice stating that the
18 purpose, or one of the purposes, of the meeting is to consider the sale, lease, exchange
19 or other disposition of all, or substantially all, of the property and assets of the
20 mutual shall be given to each member entitled to vote at the meeting, within the time
21 and in the manner provided by this chapter for providing notice of member meetings.
22 At the meeting, the members may authorize the sale, lease, exchange or other
23 disposition and may authorize the board of directors to fix any or all of the terms and
24 conditions of the sale, lease, exchange or other disposition. The authorization shall
25 be by the affirmative vote of at least two-thirds of the members present or

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1 represented by proxy at the meeting. After the authorization by a vote of the
2 members, the board of directors, nevertheless, in its discretion, may abandon the
3 sale, lease, exchange or other disposition, subject to the rights of 3rd parties under
4 any contracts relating thereto, without further action or approval by the members.

5 2. If the articles of incorporation do not give members the right to vote on the
6 sale, lease, exchange or other disposition of all or substantially all of a mutual's
7 property and assets, the sale, lease, exchange or other disposition may be authorized
8 by the vote of the majority of the directors in office.

9 **SECTION 136.** 612.01 (4) of the statutes is amended to read:

10 612.01 (4) APPLICABLE DEFINITIONS. The definitions in ss. ~~181.02 (1) to (3), (8)~~
11 ~~and (9)~~ 181.0103 (3) and (18), 600.03 and 610.01 (1), (2) and (4) apply to town
12 mutuals.

13 **SECTION 137.** 612.03 of the statutes is amended to read:

14 **612.03 General powers and effect of unauthorized corporate acts.**

15 Sections ~~181.04 (intro.), (1) to (8), (10), (11) and (14) to (16)~~ 181.0302 (intro.), (1) to
16 (8), (11) to (13), (18) and (19) and ~~181.057 (intro.), (1) and (2)~~ 181.0304 apply to town
17 mutuals, except that references to "attorney general" shall be read as
18 "commissioner". Section ~~181.04~~ 181.0302 (7) is subject to s. 612.35.

19 **SECTION 138.** 612.04 (1) of the statutes is amended to read:

20 612.04 (1) RIGHT TO AMEND ARTICLES AND MAKE AND AMEND BYLAWS. ~~Section~~
21 ~~181.35 applies~~ Sections 181.0207 and 181.1001 apply to town mutuals. A town
22 mutual may make and amend bylaws as provided by the articles or, in the absence
23 of any such provision, in the same manner as the articles may be made or amended.

24 **SECTION 139.** 612.04 (2) of the statutes is amended to read:

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1 612.04 (2) APPROVAL REQUIRED. No change in the articles, or bylaws or in the
2 business plan is effective until approved by the commissioner, nor may a town
3 mutual depart from its business plan except with the commissioner's approval. No
4 change may be made inconsistent with s. 612.02 (2). Section ~~181.41~~ 181.1008 applies
5 to town mutuals.

6 **SECTION 140.** 612.11 (2) (a) of the statutes is amended to read:

7 612.11 (2) (a) *Annual meeting.* Notice of the time and place of the annual
8 meeting shall be given to each member by printing it conspicuously on each policy
9 or in any other reasonable manner that the commissioner approves. A change in
10 time or place may be made by the board of directors by giving notice at least 10 days
11 prior to the original date and 30 days prior to the new date, ~~in the manner prescribed~~
12 ~~in s. 181.15 or in any other reasonable manner that the commissioner approves.~~

13 **SECTION 141.** 612.11 (2) (b) of the statutes is amended to read:

14 612.11 (2) (b) *Special meetings.* Notice of special meetings shall be given to
15 members at least 30 days prior to the date of the meeting, and shall state the
16 proposed business to be brought before the meeting, ~~in the manner prescribed in s.~~
17 ~~181.15 or in any other reasonable manner that the commissioner approves.~~

18 **SECTION 142.** 612.12 (1) (c) of the statutes is amended to read:

19 612.12 (1) (c) Merger, ~~consolidation,~~ transfer of business under s. 612.24,
20 conversion and voluntary dissolution;

21 **SECTION 143.** 612.13 (6) (b) of the statutes is amended to read:

22 612.13 (6) (b) *Officers.* ~~Section 181.26 applies~~ Sections 181.0843 and 181.0844
23 apply to town mutuals.

24 **SECTION 144.** 612.21 (title) of the statutes is amended to read:

25 **612.21 (title) Merger and consolidation of town mutuals.**

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1 **SECTION 145.** 612.21 (1) of the statutes is amended to read:

2 612.21 (1) (title) ~~CONDITIONS FOR MERGER OR CONSOLIDATION.~~ Two or more town
3 mutuals authorized to operate in all or part of the same or in contiguous territories
4 not exceeding 16 counties altogether may merge into one of the constituent town
5 mutuals, or ~~may consolidate~~ into a new town mutual, under the procedure provided
6 in this section.

7 **SECTION 146.** 612.21 (2) (intro.) of the statutes is amended to read:

8 612.21 (2) (title) ~~PLAN OF MERGER OR CONSOLIDATION.~~ (intro.) The board of each
9 participating town mutual shall adopt the same plan of merger ~~or consolidation~~ by
10 resolution stating:

11 **SECTION 147.** 612.21 (2) (b) of the statutes is amended to read:

12 612.21 (2) (b) The proposed terms, conditions and procedures for and estimated
13 expenses of implementing the merger ~~or consolidation~~;

14 **SECTION 148.** 612.21 (5) of the statutes is repealed.

15 **SECTION 149.** 612.21 (6) of the statutes is amended to read:

16 612.21 (6) **REPORTS TO COMMISSIONER.** Each participating town mutual shall file
17 with the commissioner a copy of the resolution adopted under sub. (4), stating the
18 number of members entitled to vote, the number of members voting and the number
19 of votes cast in favor of the plan, stating separately in each case the mail votes and
20 the votes cast in person. ~~Any election of directors under sub. (5) shall also be reported~~
21 ~~to the commissioner.~~

22 **SECTION 150.** 612.21 (7) of the statutes is amended to read:

23 612.21 (7) **CERTIFICATE OF AUTHORITY.** If the requirements of the law are met,
24 the commissioner shall issue a certificate of authority to the surviving ~~or new~~ town
25 mutual. Thereupon the nonsurviving town mutuals shall cease their legal existence,

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1 the corporate existence of any new town mutual shall begin, and the directors elected
2 under sub. (5) shall take office. The surviving or new town mutual shall have all the
3 assets and be liable for all of the obligations of each of the participating town
4 mutuals.

5 **SECTION 151.** 612.22 (title) of the statutes is amended to read:

6 **612.22 (title) Merger and consolidation of town mutuals into mutual**
7 **insurance corporations.**

8 **SECTION 152.** 612.22 (1) of the statutes is amended to read:

9 612.22 (1) (title) ~~CONDITIONS FOR MERGER OR CONSOLIDATION.~~ One or more town
10 mutuals may merge or consolidate with a single domestic mutual under ch. 611. The
11 surviving or new corporation shall be a mutual under ch. 611.

12 **SECTION 153.** 612.22 (2) (intro.) of the statutes is amended to read:

13 612.22 (2) (title) ~~PLAN OF MERGER OR CONSOLIDATION.~~ (intro.) The board of each
14 participating corporation shall adopt the same plan of merger under s. ~~181.42 (2) or~~
15 ~~plan of consolidation under s. 181.43 (2)~~ 181.1101 (2), by resolution stating:

16 **SECTION 154.** 612.22 (2) (b) of the statutes is amended to read:

17 612.22 (2) (b) The proposed terms, conditions and procedures for and estimated
18 expenses of implementing the merger or consolidation;

19 **SECTION 155.** 612.22 (5) of the statutes is repealed.

20 **SECTION 156.** 612.22 (6) of the statutes is amended to read:

21 612.22 (6) **REPORTS TO COMMISSIONER.** Each participating town mutual shall file
22 with the commissioner a copy of the resolution adopted under sub. (4), stating the
23 number of members entitled to vote, the number of members voting and the number
24 of votes cast in favor of the plan, stating separately in each case the mail votes and

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1 the votes cast in person. ~~Any election of directors under sub. (5) shall also be reported~~
2 ~~to the commissioner.~~

3 **SECTION 157.** 612.22 (7) of the statutes is amended to read:

4 612.22 (7) CERTIFICATE OF AUTHORITY. If the requirements of the law are met,
5 the commissioner shall issue a certificate of authority to the surviving ~~or new~~
6 mutual. Thereupon the nonsurviving corporations shall cease their legal existence,
7 ~~the corporate existence of any new mutual shall begin, and the directors elected~~
8 ~~under sub. (5) shall take office.~~ The surviving ~~or new~~ mutual shall have all the assets
9 and be liable for all of the obligations of each of the participating corporations.

10 **SECTION 158.** 612.70 of the statutes is amended to read:

11 **612.70 Waiver of notice and informal action.** Sections ~~181.70 and 181.72~~
12 181.0704, 181.0706, 181.0821 and 181.0823 apply to town mutuals. Section
13 181.0821 applies to a committee of the board except that references to "board" shall
14 be read as "committee".

15 **SECTION 159.** 613.01 (1) of the statutes is amended to read:

16 613.01 (1) ARTICLES OF INCORPORATION. "Articles of incorporation" has the
17 meaning designated under s. ~~181.02~~ 181.0103 (1).

18 **SECTION 160.** 613.01 (2) of the statutes is amended to read:

19 613.01 (2) BOARD OF DIRECTORS. "Board of directors" has the meaning
20 designated ~~for "board"~~ under s. ~~181.02~~ 181.0103 (2).

21 **SECTION 161.** 613.01 (3) of the statutes is amended to read:

22 613.01 (3) BYLAWS. "Bylaws" has the meaning designated under s. ~~181.02~~
23 181.0103 (3).

24 **SECTION 162.** 613.01 (5) of the statutes is amended to read:

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1 613.01 (5) NONPROFIT CORPORATION. “Nonprofit corporation” has the meaning
2 designated under s. ~~181.02 (8)~~ 181.0103 (17).

3 **SECTION 163.** 613.01 (6) of the statutes is amended to read:

4 613.01 (6) NONSTOCK CORPORATION. “Nonstock corporation” has the meaning
5 designated under s. ~~181.02 (9)~~ 181.0103 (18).

6 **SECTION 164.** 613.07 (1) of the statutes is amended to read:

7 613.07 (1) POWERS. Service insurance corporations have the powers specified
8 under s. ~~181.04 (1) to (12), (14) and (16)~~ 181.0302.

9 **SECTION 165.** 613.07 (2) of the statutes is amended to read:

10 613.07 (2) EFFECT OF UNAUTHORIZED CORPORATE ACTS. Section ~~181.057~~ 181.0304
11 applies to service insurance corporations.

12 **SECTION 166.** 613.07 (3) of the statutes is repealed.

13 **SECTION 167.** 613.07 (4) of the statutes is amended to read:

14 613.07 (4) (title) WAIVER OF NOTICE AND INFORMAL ACTION BY SHAREHOLDERS
15 MEMBERS OR DIRECTORS. Sections ~~181.70 and 181.72~~ 181.0704 and 181.0706 apply to
16 members of service insurance corporations and ss. 181.0821 and 181.0823 apply to
17 the board of directors and committees of the board of directors of service insurance
18 corporations.

19 **SECTION 168.** 613.10 of the statutes is amended to read:

20 **613.10** (title) **Reserved name and registered names.** A service insurance
21 corporation may reserve or register a corporate name as provided in s. ~~181.07~~ ss.
22 181.0402 and 181.0403 (2), (3) and (3m).

23 **SECTION 169.** 613.12 (1) (intro.) of the statutes is amended to read:

24 613.12 (1) CONTENTS OF ARTICLES. (intro.) The articles of a service insurance
25 corporation shall conform to s. ~~181.31~~ 181.0202, except that:

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1 **SECTION 170.** 613.12 (1) (a) of the statutes is amended to read:

2 613.12 (1) (a) The name of the corporation shall include descriptive terms to
3 indicate the general nature of the services or care to be provided, or a trade name that
4 is generally understood as indicating such service or care, and shall comply with s.
5 ~~181.06 (3)~~ 181.0401 (2) to (4);

6 **SECTION 171.** 613.12 (1) (am) of the statutes is created to read:

7 613.12 (1) (am) The articles shall include a statement that the corporation is
8 a service insurance corporation organized under this chapter.

9 **SECTION 172.** 613.12 (2) of the statutes is amended to read:

10 613.12 (2) **BYLAWS.** The bylaws of a service insurance corporation shall comply
11 with this chapter, and with all except the first sentence of s. ~~181.13~~ ss. 181.0206,
12 181.0207 and 181.1020 to 181.1022. A copy of any amendments to the bylaws shall
13 be filed with the commissioner within 60 days after adoption.

14 **SECTION 173.** 613.29 (1) of the statutes is amended to read:

15 613.29 (1) **RIGHT TO AMEND ARTICLES.** A service insurance corporation may
16 amend its articles under ss. ~~181.35 to 181.37 and 181.39~~ 181.1001 to 181.1007 in any
17 desired respect including substantial changes of its original purposes not
18 inconsistent with this chapter. No amendment may be made contrary to s. 613.12.

19 **SECTION 174.** 613.29 (3) of the statutes is amended to read:

20 613.29 (3) **EFFECT OF AMENDMENT.** Section ~~181.41~~ 181.1008 applies to service
21 insurance corporations.

22 **SECTION 175.** 613.40 (1) of the statutes is amended to read:

23 613.40 (1) **MEETINGS OF MEMBERS.** Sections ~~181.14 and 181.15~~ 181.0160,
24 181.0701, 181.0702 and 181.0705 apply to service insurance corporations.

25 **SECTION 176.** 613.40 (2) of the statutes is amended to read:

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1 613.40 (2) VOTING AND QUORUM. Sections ~~181.16 and 181.71~~ 181.0721, 181.0723
2 and 181.0724 apply to service insurance corporations and s. ~~181.17~~ 181.0722 applies
3 to service insurance corporations except as modified by ss. 613.72 (4) and 613.75 (2).

4 **SECTION 177.** 613.40 (3) of the statutes is amended to read:

5 613.40 (3) (title) ~~DIVISION INTO DISTRICTS~~ DELEGATES. Section ~~181.175~~ 181.0640
6 applies to service insurance corporations.

7 **SECTION 178.** 613.51 (1) of the statutes is repealed and recreated to read:

8 613.51 (1) GENERAL. The affairs of a corporation shall be managed by a board
9 of directors. Directors need not be residents of this state or members of the
10 corporation unless the articles of incorporation or bylaws so require. The articles of
11 incorporation or bylaws may prescribe other qualifications for directors.

12 **SECTION 179.** 613.51 (2) of the statutes is amended to read:

13 613.51 (2) NUMBER, SELECTION AND CLASSIFICATION OF DIRECTORS. Section 611.51
14 (2) and the first sentence of s. 611.51 (5) apply to service insurance corporations.
15 Sections ~~181.20 and 181.21~~ 181.0803 to 181.0811 apply to service insurance
16 corporations except as modified by ss. 613.53 and 613.54.

17 **SECTION 180.** 613.51 (4) of the statutes is amended to read:

18 613.51 (4) UNLAWFUL DELEGATION. The board shall manage the business and
19 affairs of the corporation and may not delegate its power or responsibility to do so,
20 except to the extent authorized by ss. ~~181.25 (2)~~ 181.0841 and 613.56.

21 **SECTION 181.** 613.51 (5) of the statutes is amended to read:

22 613.51 (5) (title) ~~QUORUM OF DIRECTORS~~ AND VOTING. Section ~~181.22~~ 181.0824
23 applies to service insurance corporations, except as modified by s. 613.60.

24 **SECTION 182.** 613.51 (6) of the statutes is amended to read:

ASSEMBLY BILL 765**SECTION 182**

1 613.51 (6) BOOKS AND RECORDS. ~~Section 181.27 applies~~ Sections 181.1601 to
2 181.1605 apply to service insurance corporations.

3 **SECTION 183.** 613.51 (7) of the statutes is amended to read:

4 613.51 (7) PLACE AND NOTICE OF DIRECTORS' MEETINGS. ~~Section 181.24 applies~~
5 Sections 181.0820, 181.0822 and 181.0823 apply to service insurance corporations.

6 **SECTION 184.** 613.52 (1) of the statutes is amended to read:

7 613.52 (1) GENERAL. ~~Section 181.25 applies~~ Sections 181.0840 and 181.0841
8 apply to service insurance corporations, as modified by s. 613.12 (3).

9 **SECTION 185.** 613.52 (2) of the statutes is amended to read:

10 613.52 (2) REMOVAL. ~~Section 181.26 applies~~ Sections 181.0843 and 181.0844
11 apply to service insurance corporations.

12 **SECTION 186.** 613.56 (3) (d) of the statutes is amended to read:

13 613.56 (3) (d) ~~Merger or consolidation~~ under s. 613.72, conversion under s.
14 613.75, voluntary dissolution under s. 613.74 or transfer of business or assets under
15 s. 613.78;

16 **SECTION 187.** 613.56 (5) of the statutes is created to read:

17 613.56 (5) QUORUM AND VOTING. Sections 181.0821 and 181.0824 apply to a
18 committee of the board of a service insurance corporation, except that references to
19 “board” shall be read as relating to “committee”, references to “majority” in s.
20 181.0824 (1) shall be read as referring to a majority of the members appointed to
21 serve on the committee, and references to “majority” in s. 181.0824 (2) shall be read
22 as referring to a majority of the members appointed to serve on the committee who
23 are present at the meeting.

24 **SECTION 188.** 613.62 (1) of the statutes is amended to read:

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1 613.62 (1) LIABILITY. Sections ~~181.283 to 181.29~~ 181.0833 and 181.0850 to
2 181.0855 apply to service insurance corporations.

3 **SECTION 189.** 613.62 (2) of the statutes is amended to read:

4 613.62 (2) INDEMNIFICATION. Sections ~~181.041 to 181.051~~ 181.0871 to 181.0881
5 apply to service insurance corporations but no indemnification may be made until
6 at least 30 days after notice to the commissioner, containing full details about the
7 proposed indemnification.

8 **SECTION 190.** 613.62 (3) of the statutes is amended to read:

9 613.62 (3) INSURANCE. Section ~~181.053~~ 181.0883 applies to service insurance
10 corporations.

11 **SECTION 191.** 613.63 (1) of the statutes is amended to read:

12 613.63 (1) ESTABLISHMENT OF COMPENSATION. Section ~~181.19~~ 181.0302 (11) to
13 (14) applies to service insurance corporations, except as modified by ss. 613.60 and
14 sub. (2).

15 **SECTION 192.** 613.63 (2) of the statutes is amended to read:

16 613.63 (2) RESTRICTIONS. Sections ~~181.28~~ Subchapter XIII of ch. 181 and s.
17 611.63 (3) to (6) apply to service insurance corporations.

18 **SECTION 193.** 613.69 (title) of the statutes is repealed and recreated to read:

19 **613.69 (title) Distributions.**

20 **SECTION 194.** 613.69 (1) of the statutes is amended to read:

21 613.69 (1) (title) STOCK AND DIVIDENDS GENERAL. Section ~~181.28~~ Subchapter XIII
22 of ch. 181 applies to service insurance corporations.

23 **SECTION 195.** 613.72 (title) of the statutes is amended to read:

24 **613.72 (title) Merger and consolidation of service insurance**
25 **corporations.**

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1 **SECTION 196.** 613.72 (1) of the statutes is amended to read:

2 613.72 (1) AUTHORIZATION. Any 2 or more domestic service insurance
3 corporations may merge ~~or consolidate~~, if they provide services of the same or a
4 related nature, or if the services complement one another or there are other reasons
5 that make it reasonable for a single corporation to render both. A written plan of
6 merger ~~or consolidation~~ shall be prepared, setting forth all the terms of the proposed
7 merger ~~or consolidation~~ and its effect on policyholders and members of both
8 corporations. The plan shall also contain the articles and bylaws of the proposed new
9 corporation.

10 **SECTION 197.** 613.72 (2) of the statutes is amended to read:

11 613.72 (2) COMMISSIONER'S APPROVAL REQUIRED. No proposed merger ~~or~~
12 ~~consolidation~~ plan under this section may be submitted to the members until the
13 commissioner approves it.

14 **SECTION 198.** 613.72 (5) of the statutes is amended to read:

15 613.72 (5) APPLICATION OF CH. 181. Except as otherwise provided in this section,
16 ss. ~~181.42 to 181.48~~ 181.1101 to 181.1108 apply to service insurance corporations.

17 **SECTION 199.** 613.74 (1) of the statutes is amended to read:

18 613.74 (1) GENERAL. Sections ~~181.50 to 181.555~~ 181.1401 to 181.1407 apply to
19 service insurance corporations, except as provided in subs. (2) to (4).

20 **SECTION 200.** 613.74 (2) of the statutes is amended to read:

21 613.74 (2) PLAN OF DISSOLUTION. At least 60 days prior to the submission to a
22 vote of the members of any proposed voluntary dissolution of a service insurance
23 corporation under s. ~~181.50~~ 181.1401, the plan shall be filed with the commissioner.
24 The commissioner may require the submission of such additional information as will
25 establish the financial condition of the corporation or other facts relevant to the

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1 proposed dissolution. If the members adopt the resolution to dissolve, the
2 commissioner shall, within 30 days after the adoption of the resolution, begin to
3 examine the corporation. The commissioner shall approve the dissolution unless the
4 commissioner finds, after a hearing, that it is insolvent or may become insolvent in
5 the process of dissolution. Upon approval, the corporation may dissolve under ss.
6 ~~181.51 to 181.555, except that the last sentence of s. 181.555 does not apply~~ 181.1401
7 to 181.1407. Upon disapproval, the commissioner shall petition the court for
8 liquidation or for rehabilitation under ch. 645.

9 **SECTION 201.** 613.74 (3) of the statutes is amended to read:

10 613.74 (3) CONVERSION TO INVOLUNTARY LIQUIDATION. The corporation may at
11 any time during the liquidation under ss. ~~181.51 to 181.555~~ 181.1401 to 181.1407
12 apply to the commissioner to have the liquidation continued under the
13 commissioner's supervision; thereupon the commissioner shall apply to the court for
14 liquidation under s. 645.41 (10).

15 **SECTION 202.** 613.74 (4) of the statutes is amended to read:

16 613.74 (4) REVOCATION OF VOLUNTARY DISSOLUTION. If the corporation revokes
17 the voluntary dissolution proceedings under s. ~~181.53~~ 181.1404, a copy of the
18 revocation of voluntary dissolution proceedings shall be filed with the commissioner.

19 **SECTION 203.** 613.78 (1) of the statutes is amended to read:

20 613.78 (1) GENERAL. ~~Section 181.49 applies~~ Sections 181.1201 and 181.1202
21 apply to service insurance corporations except as modified by subs. (2) and (3).

22 **SECTION 204.** 613.81 of the statutes is repealed.

23 **SECTION 205.** 614.01 (6) of the statutes is amended to read:

24 614.01 (6) The definitions in ss. ~~181.02 (1), (3), (8) and (9)~~ 181.0103 (3), (17) and
25 (18), 600.03 and 610.01 (1), (2) and (4) apply to fraternal.

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1 **SECTION 206.** 614.07 (1) of the statutes is amended to read:

2 614.07 (1) POWERS. Section ~~181.04 (1) to (14) and (16)~~ 181.0302 applies to
3 fraternals.

4 **SECTION 207.** 614.07 (2) of the statutes is amended to read:

5 614.07 (2) EFFECT OF UNAUTHORIZED CORPORATE ACTS. Section ~~181.057~~ 181.0304
6 (1) and (2) applies to fraternals.

7 **SECTION 208.** 614.07 (3) of the statutes is repealed.

8 **SECTION 209.** 614.07 (4) of the statutes is amended to read:

9 614.07 (4) WAIVER OF NOTICE AND INFORMAL ACTION. Sections ~~181.70 and 181.72~~
10 181.0704, 181.0706, 181.0821 and 181.0823 apply to fraternals.

11 **SECTION 210.** 614.09 of the statutes is amended to read:

12 **614.09 Reservation of corporate name.** Section ~~181.07~~ applies Sections
13 181.0402 and 181.0403 (2), (3) and (3m) apply to fraternals, except that “department”
14 shall be read “commissioner”.

15 **SECTION 211.** 614.12 (2) of the statutes is amended to read:

16 614.12 (2) POWERS NOT ENUMERATED. Section ~~181.31 (2)~~ 181.0202 (2), (3) and (4)
17 applies to fraternals.

18 **SECTION 212.** 614.12 (3) of the statutes is amended to read:

19 614.12 (3) PRINCIPAL OFFICERS. Section ~~181.25~~ applies Sections 181.0840 and
20 181.0841 apply to fraternals. The articles or bylaws shall specifically designate 3 or
21 more offices, the holders of which shall be the principal officers of the fraternal. The
22 principal offices shall be held by at least 3 separate natural persons. The articles of
23 incorporation or the bylaws may provide that any one or more officers of the fraternal
24 shall be members of the board of directors. The officers of a fraternal may be
25 designated by such titles as may be provided in the articles of incorporation or the

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1 bylaws. Any document required or permitted by this chapter to be signed by the
2 president, vice president, secretary or assistant secretary may be signed by such
3 officer as may be stated in the articles of incorporation or bylaws to correspond to the
4 officer so required or permitted to sign.

5 **SECTION 213.** 614.12 (4) of the statutes is amended to read:

6 614.12 (4) BYLAWS. The bylaws shall comply with the provisions of this chapter,
7 and a copy of the bylaws and any amendments to them shall be filed with the
8 commissioner promptly after adoption, and notice of amendments to the bylaws shall
9 be given promptly to members. Subject to this chapter, ~~s. 181.13~~ applies ss. 181.0206
10 and 181.1021 apply to fraternalns.

11 **SECTION 214.** 614.51 (1) of the statutes is amended to read:

12 614.51 (1) GENERAL. ~~Section 181.18~~ applies Sections 181.0801 (1) and (2) and
13 181.0802 apply to fraternalns, except that the supreme governing body may act as the
14 board of directors if it meets at least quarterly. Section 611.51 (2) to (9) applies to
15 fraternalns, except that the word "mutual" shall be read "fraternal" and the references
16 to other sections of ch. 611 shall be to the corresponding sections of this chapter.

17 **SECTION 215.** 614.53 of the statutes is amended to read:

18 **614.53 Removal of directors and officers and filling of vacancies.** A
19 director may be removed from office for cause by an affirmative vote of a majority of
20 the full board at a meeting of the board called for that purpose or may be removed
21 under ~~s. 181.26~~ ss. 181.0843 (2) and 181.0844. Any vacancy occurring in the board,
22 including a vacancy created by an increase in the number of directors, may be filled
23 until the next succeeding regular election by the affirmative vote of a majority of the
24 directors then in office, although less than a quorum. If the laws of the fraternal
25 provide that at least two-thirds of the directors are elected by the members, elected

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1 director vacancies may be filled for the remainder of the terms for which there is a
2 vacancy. If the vacancy is one to be filled in some manner other than by a regular
3 election, the election by the board is effective only until a reasonable time has elapsed
4 for choosing the director in that other manner. ~~Section 181.21 (2) applies to~~
5 ~~fraternals~~ In the event that the board of directors ceases to exist and there are no
6 members having voting rights, the members without voting rights shall thereupon
7 have power to elect a new board. A director elected under this section to fill the
8 unexpired term of an elected director is an elected director within the meaning of s.
9 614.42 (1) (a).

10 **SECTION 216.** 614.74 (1) of the statutes is amended to read:

11 614.74 (1) PLAN OF DISSOLUTION. At least 60 days prior to the submission to the
12 supreme governing body or the members of any proposed voluntary dissolution, the
13 proposal shall be filed with the commissioner. The commissioner may require the
14 submission of additional information necessary to establish the financial condition
15 of the fraternal or other facts relevant to the proposed dissolution. If the supreme
16 governing body or the members adopt the resolution to dissolve by a majority of those
17 voting or such larger number as the laws of the fraternal require, the commissioner
18 shall, within 30 days after the adoption of the resolution, begin to examine the
19 fraternal. The commissioner shall approve the dissolution unless finding, after a
20 hearing, that it is insolvent or may become insolvent in the process of dissolution.
21 Upon approval, the fraternal may dissolve under ss. ~~181.51 to 181.555~~, except that
22 ~~the last sentence of s. 181.555 does not apply~~ 181.1401 to 181.1407. Upon
23 disapproval, the commissioner shall petition the court for liquidation under s. 645.41
24 (10).

25 **SECTION 217.** 614.74 (2) of the statutes is amended to read:

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1 614.74 (2) CONVERSION TO INVOLUNTARY LIQUIDATION. The fraternal may at any
2 time during the liquidation under ss. ~~181.51 to 181.555~~ 181.1401 to 181.1407 apply
3 to the commissioner to have the liquidation continued under the commissioner's
4 supervision; thereupon the commissioner shall apply to the court for liquidation
5 under s. 645.41 (10).

6 **SECTION 218.** 614.74 (3) of the statutes is amended to read:

7 614.74 (3) REVOCATION OF VOLUNTARY DISSOLUTION. If the fraternal revokes the
8 voluntary dissolution proceedings under s. ~~181.53~~ 181.1404, a copy of the revocation
9 of voluntary dissolution proceedings shall be filed with the commissioner.

10 **SECTION 219.** 618.21 (title) of the statutes is amended to read:

11 **618.21 (title) Corporation law requirements from chs. 180, 181, 610, 611**
12 **and 623 applicable to nondomestic corporations.**

13 **SECTION 220.** 814.245 (2) (a) of the statutes is amended to read:

14 814.245 (2) (a) "Nonprofit corporation" has the meaning designated in s. ~~181.02~~
15 ~~(8)~~ 181.0103 (17).

16 **SECTION 221.** 946.82 (4) of the statutes is amended to read:

17 946.82 (4) "Racketeering activity" means any activity specified in 18 USC 1961
18 (1) in effect as of April 27, 1982 or the attempt, conspiracy to commit, or commission
19 of any of the felonies specified in: chs. 945 and 961 and ss. 49.49, 134.05, 139.44 (1),
20 180.0129, ~~181.69~~ 181.0129, 184.09 (2), 185.825, 215.12, 221.0625, 221.0636,
21 221.0637, 221.1004, 551.41, 551.42, 551.43, 551.44, 553.41 (3) and (4), 553.52 (2),
22 940.01, 940.19 (3) to (6), 940.20, 940.203, 940.21, 940.30, 940.305, 940.31, 941.20 (2)
23 and (3), 941.26, 941.28, 941.298, 941.31, 941.32, 943.01 (2) or (2g), 943.012, 943.013,
24 943.02, 943.03, 943.04, 943.05, 943.06, 943.10, 943.20 (3) (b) to (d), 943.23 (1g), (1m),
25 (1r), (2) and (3), 943.24 (2), 943.25, 943.27, 943.28, 943.30, 943.32, 943.34 (1) (b) and

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1 (c), 943.38, 943.39, 943.40, 943.41 (8) (b) and (c), 943.50 (4) (b) and (c), 943.60, 943.70,
2 944.205, 944.21 (5) (c) and (e), 944.32, 944.33 (2), 944.34, 945.03, 945.04, 945.05,
3 945.08, 946.10, 946.11, 946.12, 946.13, 946.31, 946.32 (1), 946.48, 946.49, 946.61,
4 946.64, 946.65, 946.72, 946.76, 947.015, 948.05, 948.08, 948.12 and 948.30.

5 **SECTION 222. Effective date.**

6 (1) This act takes effect on January 1, 1999.

7 (END)