

2005 ASSEMBLY BILL 1186

1 **AN ACT** *to amend* 11.29 (1), 11.29 (4), 11.38 (1) (a) 1., 11.38 (2) (b), 11.38 (8) (a),
2 11.38 (8) (b), 13.94 (4) (a) 1., 15.155 (4) (b), 25.17 (3) (dg) 1., 28.02 (4) (b) 5., 30.40
3 (9), 32.22 (12) (a) (intro.), 36.56 (1), 46.037 (1), 49.45 (21) (d), 49.455 (4) (d) 1.,
4 49.455 (4) (d) 2., 50.90 (2), 59.43 (2) (ag) 1., 62.237 (1) (b), 66.0425 (6), 66.0807
5 (1), 66.0825 (3) (f), 71.63 (6) (b) 4., 77.51 (10), 77.53 (17r) (f), 91.19 (6), 93.01 (2),
6 93.06 (4), 93.06 (5), 93.06 (6) (a) to (c), 94.67 (5) (a) (intro.), 96.01 (8), 96.08 (3)
7 (b), 97.32 (1), 97.32 (3), 99.02 (2) (d), 100.201 (1) (b) 2., 100.201 (1) (f) 2., 103.46
8 (2), 108.02 (2) (dm), 111.01 (2), 126.01 (18), 126.11 (3) (b), 126.26 (2) (b), 126.41
9 (2) (b), 126.56 (3) (b), 126.56 (9) (h), 126.57 (1) (b) 2., 126.58 (1) (c) 2., 126.59 (1)
10 (c), 126.61 (1) (c) 2., 133.07 (1), 133.09, 134.04 (1), 136.01 (1), 177.015, 178.42
11 (3) (a), 178.42 (3) (b), 180.0103 (8), 180.0401 (2) (a) 7., 180.0401 (3) (a), 180.1506
12 (2) (a) 7., 180.1506 (3) (a), 181.0401 (2) (a) 3., 181.0401 (2) (a) 7., 181.0401 (3)
13 (a), 181.1150, 181.1506 (2) (a) 3., 181.1506 (2) (a) 7., 181.1506 (3) (a), 182.01 (3)
14 (intro.), 182.017 (1), 182.025 (1), 183.0103 (2) (a), 183.0103 (2) (b), 183.0103 (2)

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1 (c), 183.0103 (4) (a), 196.01 (10), 196.02 (2), 196.09 (1), 196.11 (2), 196.20 (3),
2 196.205 (1m), 196.205 (2), 196.26 (4) (a), 196.28 (4), 196.37 (4), 196.50 (2) (b),
3 196.605 (1), 196.807 (1) (a), 199.03 (12), 201.01 (3) (d), 223.105 (1) (b), 231.35
4 (2) (b), 234.59 (1) (d) 3., 234.622 (7), 421.301 (28), 445.01 (8), 445.12 (3) (a),
5 551.22 (12), 560.16 (1) (c) (intro.), 560.17 (1) (b), 560.9801 (1) (b), 560.9801 (3)
6 (a) 7., 560.9804 (2) (e), 600.03 (37m), 609.01 (2), 616.09 (1) (c) 1., 706.05 (2m) (b)
7 2., 815.18 (2) (c), 893.28 (2), 946.69 (1) (c) and 990.01 (14); and **to create** chapter
8 193 of the statutes; **relating to:** unincorporated cooperative associations,
9 granting rule-making authority, and providing a penalty.

Analysis by the Legislative Reference Bureau

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

10 **SECTION 1.** 11.29 (1) of the statutes is amended to read:

11 11.29 (1) Nothing in this chapter restricts any corporation, cooperative,
12 unincorporated cooperative association, or voluntary association other than a
13 political party or personal campaign committee from making disbursements for the
14 purpose of communicating only with its members, shareholders or subscribers to the
15 exclusion of all other persons, with respect to endorsements of candidates, positions
16 on a referendum or explanation of its views or interests, without reporting such
17 activity. No such corporation, cooperative, or ~~voluntary~~ association may solicit
18 contributions from persons who are not members, shareholders or subscribers to be
19 used for such purposes.

20 **SECTION 2.** 11.29 (4) of the statutes is amended to read:

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1 11.29 (4) For purposes of this section, the members of a local or regional
2 cooperative or unincorporated cooperative association are deemed to be members of
3 a state cooperative or unincorporated cooperative association if the local or regional
4 cooperative or unincorporated cooperative association is a member of the state
5 cooperative or unincorporated cooperative association.

6 **SECTION 3.** 11.38 (1) (a) 1. of the statutes is amended to read:

7 11.38 (1) (a) 1. No foreign or domestic corporation, or association organized
8 under ch. 185 or 193, may make any contribution or disbursement, directly or
9 indirectly, either independently or through any political party, committee, group,
10 candidate or individual for any purpose other than to promote or defeat a
11 referendum.

12 **SECTION 4.** 11.38 (2) (b) of the statutes is amended to read:

13 11.38 (2) (b) This section does not prohibit the publication of periodicals by a
14 corporation ~~or~~ a cooperative, or an unincorporated cooperative association in the
15 regular course of its affairs which advise the members, shareholders or subscribers
16 of the disadvantages or advantages to their interests of the election to office of
17 persons espousing certain measures, without reporting such activity.

18 **SECTION 5.** 11.38 (8) (a) of the statutes is amended to read:

19 11.38 (8) (a) A corporation or association organized under ch. 185 or 193 which
20 accepts contributions or makes disbursements for the purpose of influencing the
21 outcome of a referendum is a political group and shall comply with s. 11.23 and other
22 applicable provisions of this chapter.

23 **SECTION 6.** 11.38 (8) (b) of the statutes, as affected by 2005 Wisconsin Act 177,
24 is amended to read:

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1 11.38 **(8)** (b) Except as authorized in s. 11.05 (12) (b) and (13), prior to making
2 any disbursement on behalf of a political group which is promoting or opposing a
3 particular vote at a referendum and prior to accepting any contribution or making
4 any disbursement to promote or oppose a particular vote at a referendum, a
5 corporation or association organized under ch. 185 or 193 shall register with the
6 appropriate filing officer specified in s. 11.02 and appoint a treasurer. The
7 registration form of the corporation or association under s. 11.05 shall designate an
8 account separate from all other corporation or association accounts as a campaign
9 depository account, through which all moneys received or expended for the adoption
10 or rejection of the referendum shall pass. The corporation or association shall file
11 periodic reports under s. 11.20 providing the information required under s. 11.06 (1).

12 **SECTION 7.** 13.94 (4) (a) 1. of the statutes is amended to read:

13 13.94 **(4)** (a) 1. Every state department, board, examining board, affiliated
14 credentialing board, commission, independent agency, council or office in the
15 executive branch of state government; all bodies created by the legislature in the
16 legislative or judicial branch of state government; any public body corporate and
17 politic created by the legislature including specifically the Fox River Navigational
18 System Authority, a professional baseball park district, a local professional football
19 stadium district, a local cultural arts district and a family care district under s.
20 46.2895; every Wisconsin works agency under subch. III of ch. 49; every provider of
21 medical assistance under subch. IV of ch. 49; technical college district boards;
22 development zones designated under s. 560.71; every county department under s.
23 51.42 or 51.437; every nonprofit corporation or cooperative or unincorporated
24 cooperative association to which moneys are specifically appropriated by state law;
25 and every corporation, institution, association or other organization which receives

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1 more than 50% of its annual budget from appropriations made by state law, including
2 subgrantee or subcontractor recipients of such funds.

3 **SECTION 8.** 15.155 (4) (b) of the statutes is amended to read:

4 15.155 (4) (b) Members of the rural economic development board appointed
5 under par. (a) 5. shall have experience operating a business located in a rural
6 municipality, as defined in s. 560.17 (1) (d). At least one member shall have
7 experience operating a cooperative or unincorporated cooperative association
8 located in a rural municipality, as defined in s. 560.17 (1) (d).

9 **SECTION 9.** 25.17 (3) (dg) 1. of the statutes is amended to read:

10 25.17 (3) (dg) 1. Direct obligations of the United States and of agencies of and
11 corporations wholly owned by the United States, and direct obligations of federal
12 land banks, federal home loan banks, central bank for cooperatives and banks for
13 cooperatives or unincorporated cooperative associations, international bank for
14 reconstruction and development, the international finance corporation,
15 inter-American development bank, African development bank and Asian
16 development bank, in each case maturing within one year or less from the date of
17 investment.

18 **SECTION 12m.** 28.02 (4) (b) 5. of the statutes is amended to read:

19 28.02 (4) (b) 5. To public utilities ~~and cooperative associations~~, cooperatives
20 organized under ch. 185 to furnish gas, light, heat, power, or water to their members,
21 and to telecommunications cooperatives formed under ch. 185 or 193 when needed
22 for power and telecommunications substations, transformers, booster stations and
23 similar installations.

24 **SECTION 10.** 30.40 (9) of the statutes is amended to read:

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1 30.40 (9) “Person” means a natural person, corporation, limited liability
2 company, partnership, association, cooperative, unincorporated cooperative
3 association, municipality or other local governmental unit, private or public utility,
4 municipal power district, estate or trust, the United States, a federal agency, the
5 state of Wisconsin or a state agency.

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

7 32.22 (12) (a) (intro.) Nothing in this section requires the municipality to
8 rehabilitate a residential building, if it appears at any time that total cost of
9 rehabilitation, including structural repairs and alterations, exceeds 80% of the
10 estimated fair market value of the building when rehabilitation is complete. If the
11 municipality determines under this paragraph not to rehabilitate a residential
12 building condemned under this section, the municipality shall sell the building to
13 any corporation organized under ch. 181 that is a nonprofit corporation, as defined
14 in s. 181.0103 (17), or any cooperative organized under ch. 185 or 193 which:

15 **SECTION 12.** 36.56 (1) of the statutes is amended to read:

16 36.56 (1) From the appropriation under s. 20.285 (1) (qm), the center for
17 cooperatives under s. 36.11 (40) may award grants to persons to form forestry
18 cooperatives under ch. 185 or 193 that consist primarily of private, nonindustrial
19 owners of woodland. A grant recipient shall provide matching funds equal to 50%
20 of the grant amount awarded. The match may be in the form of money or in-kind
21 services or both, but may not include money received from the state.

22 **SECTION 13.** 46.037 (1) of the statutes is amended to read:

23 46.037 (1) Subject to sub. (1m), each residential child care center and each
24 group home, as defined in s. 48.02 (7), that is licensed under s. 48.625 and

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1 incorporated under ch. 180, 181 ~~or~~, 185, or 193 shall establish a per client rate for its
2 services and shall charge all purchasers the same rate.

3 **SECTION 14.** 49.45 (21) (d) of the statutes is amended to read:

4 49.45 (21) (d) This subsection supersedes any provision of chs. 180, 181 ~~and~~,
5 185, and 193.

6 **SECTION 15.** 49.455 (4) (d) 1. of the statutes is amended to read:

7 49.455 (4) (d) 1. The community spouse's expenses for rent or mortgage
8 principal and interest, taxes and insurance for his or her principal residence and, if
9 the community spouse lives in a condominium ~~or~~, a cooperative, or an unincorporated
10 cooperative association, any required maintenance charge.

11 **SECTION 16.** 49.455 (4) (d) 2. of the statutes is amended to read:

12 49.455 (4) (d) 2. The standard utility allowance established under 7 USC 2014
13 (e), except that if the community spouse lives in a condominium ~~or~~, a cooperative, or
14 an unincorporated cooperative association for which the maintenance charge
15 includes utility expenses, the standard utility allowance under 7 USC 2014 (e) is
16 reduced by the amount of the utility expenses included in the maintenance charge.

17 **SECTION 17.** 50.90 (2) of the statutes is amended to read:

18 50.90 (2) "Organization" means a public agency, as defined in s. 46.856 (1) (b),
19 a nonprofit corporation, a for-profit stock corporation, a cooperative, an
20 unincorporated cooperative association, a partnership, a limited liability company
21 or a sole proprietorship.

22 **SECTION 18.** 59.43 (2) (ag) 1. of the statutes, as affected by 2005 Wisconsin Act
23 25, is amended to read:

24 59.43 (2) (ag) 1. Subject to s. 59.72 (5), for recording any instrument entitled
25 to be recorded in the office of the register of deeds, \$11 for the first page and \$2 for

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1 each additional page, except that no fee may be collected for recording a change of
2 address that is exempt from a filing fee under s. 185.83 (1) (b) or 193.111 (1) (b).

3 **SECTION 19.** 62.237 (1) (b) of the statutes is amended to read:

4 62.237 (1) (b) “Dwelling” means any structure used or intended to be used for
5 habitation with up to 2 separate units certified for occupancy by the city. “Dwelling”
6 also means any housing cooperative incorporated under ch. 185 or 193.

7 **SECTION 20.** 66.0425 (6) of the statutes is amended to read:

8 66.0425 (6) Subsections (1) to (5) do not apply to telecommunications carriers,
9 as defined in s. 196.01 (8m), telecommunications utilities, as defined in s. 196.01 (10),
10 alternative telecommunications utilities, as defined in s. 196.01 (1d), public service
11 corporations, or ~~to cooperative associations~~ cooperatives organized under ch. 185 to
12 render or furnish telecommunication service, gas, light, heat, or power, or to
13 cooperatives organized under ch. 185 or 193 to render or furnish telecommunications
14 service, but the carriers, utilities, corporations and associations shall secure a permit
15 from the proper official for temporary obstructions or excavations in a highway and
16 are liable for all injuries to person or property caused by the obstructions or
17 excavations.

18 **SECTION 21.** 66.0807 (1) of the statutes is amended to read:

19 66.0807 (1) In this section, “privately owned public utility” includes a
20 cooperative association organized under ch. 185 or 193 for the purpose of producing
21 or furnishing utility service to its members only.

22 **SECTION 22.** 66.0825 (3) (f) of the statutes is amended to read:

23 66.0825 (3) (f) “Person” means a natural person, a public agency, a cooperative,
24 an unincorporated cooperative association, or a private corporation, limited liability

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1 company, association, firm, partnership, or business trust of any nature, organized
2 and existing under the laws of any state or of the United States.

3 **SECTION 23.** 71.63 (6) (b) 4. of the statutes is amended to read:

4 71.63 **(6)** (b) 4. In the employ of the operator of a farm in handling, planting,
5 drying, packaging, processing, freezing, grading, storing or delivering to storage or
6 to market or to a carrier for transportation to market, in its unmanufactured state,
7 any agricultural or horticultural commodity, but only if such operator produced more
8 than one-half of the commodity with respect to which such service was performed,
9 or in the employ of a group of operators of farms (~~&~~ other than a cooperative
10 organization or an unincorporated cooperative association), in the performance of
11 such services, but only if such operators produced all of the commodity with respect
12 to which such service is performed, but the provisions of this subdivision shall not
13 be deemed to be applicable with respect to service performed in connection with
14 commercial canning or commercial freezing or in connection with any agricultural
15 or horticultural commodity after its delivery to a terminal market for distribution or
16 consumption;

17 **SECTION 24.** 77.51 (10) of the statutes is amended to read:

18 77.51 **(10)** “Person” includes any natural person, firm, partnership, limited
19 liability company, joint venture, joint stock company, association, public or private
20 corporation, the United States, the state, including any unit or division of the state,
21 any county, city, village, town, municipal utility, municipal power district or other
22 governmental unit, cooperative, unincorporated cooperative association, estate,
23 trust, receiver, personal representative, any other fiduciary, and any representative
24 appointed by order of any court or otherwise acting on behalf of others. “Person” also

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1 includes the owner of a single-owner entity that is disregarded as a separate entity
2 under ch. 71.

3 **SECTION 25.** 77.53 (17r) (f) of the statutes is amended to read:

4 77.53 (17r) (f) If the owner or lessee is an estate, a trust or a cooperative, or
5 an unincorporated cooperative association; that estate, that trust and its grantor or
6 that cooperative or association does not have real property or other tangible personal
7 property; except aircraft and such property as hangars, accessories, attachments,
8 fuel and parts required for operation of aircraft; in this state at the time the aircraft
9 is registered in this state.

10 **SECTION 26.** 91.19 (6) of the statutes is amended to read:

11 91.19 (6) The department shall release from a farmland preservation
12 agreement any land acquired for use as an electric generating facility authorized
13 under s. 196.491 (3), or which involves acquisition of the fee by a utility or a
14 cooperative organized under ch. 185 or 193 for purposes of generating electricity or
15 other utility uses.

16 **SECTION 27.** 93.01 (2) of the statutes is amended to read:

17 93.01 (2) “Cooperative association” includes cooperatives and foreign
18 cooperatives as defined in s. ss. 185.01 and 193.005.

19 **SECTION 28.** 93.06 (4) of the statutes is amended to read:

20 93.06 (4) LAW ENFORCEMENT. At the request of the attorney general or of any
21 district attorney, assist in the enforcement of any of the following statutes relating
22 to trade: ss. 133.03 to 133.07, 133.10, 133.12 to 133.15, 133.17, 134.01, 185.94,
23 193.105, 784.04 and 939.31.

24 **SECTION 29.** 93.06 (5) of the statutes is amended to read:

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1 93.06 (5) PUBLIC MARKETS; COOPERATIVE ASSOCIATIONS. (a) Give assistance in the
2 organization, operation or reorganization of such public markets as are authorized
3 by law, and of cooperative associations and unincorporated cooperative associations.

4 (b) By general order, prescribe uniform systems of accounting for public
5 markets or cooperative associations and unincorporated cooperative associations,
6 and may, by general or special order, require any such market or cooperative
7 association to render report, in form indicated by the department, to show the nature
8 and volume of business, resources, liabilities, profits, losses and any other facts
9 bearing upon the financial condition of the market or cooperative association.

10 **SECTION 30.** 93.06 (6) (a) to (c) of the statutes are amended to read:

11 93.06 (6) COOPERATIVES. (a) By general or special order, require any cooperative
12 association or unincorporated cooperative association doing business in this state to
13 file with the department a verified copy of its bylaws and of any exclusive contract
14 of sale or agency between the association and its members or patrons.

15 (b) Investigate the management of any cooperative association or
16 unincorporated cooperative association doing business in this state, and make the
17 facts relating to the management of the cooperative association available to the
18 members of the association, when a request for a management investigation has
19 been filed with the department, signed by all of the directors or by at least 20% of the
20 members of associations of less than 500 members or by at least 100 members of
21 associations of 500 or more members. The department shall fix and collect a fee for
22 investigations under this paragraph, which shall be the actual cost of the
23 investigation.

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1 (c) By general or special order, require any cooperative association or
2 unincorporated cooperative association doing business in this state or in the process
3 of organization to file with the department a report of its promotion expenses.

4 **SECTION 31.** 94.67 (5) (a) (intro.) of the statutes is amended to read:

5 94.67 (5) (a) (intro.) “Commercial application business” means a corporation,
6 a limited liability company, a cooperative association, an unincorporated cooperative
7 association, a partnership, a natural person doing business as a sole proprietor or
8 other nongovernmental business entity that does either of the following:

9 **SECTION 32.** 96.01 (8) of the statutes is amended to read:

10 96.01 (8) “Member–patron” means a person who is a member of a cooperative
11 under ch. 185 or 193 and whose products are marketed through that cooperative.

12 **SECTION 33.** 96.08 (3) (b) of the statutes is amended to read:

13 96.08 (3) (b) A cooperative association or an unincorporated cooperative
14 association engaged in the marketing of affected commodities as the agent of its
15 members may cast a bloc vote or assent for its members, except that it shall exclude
16 from its bloc vote or assent any of its members who are also member–patrons of
17 another cooperative or unincorporated cooperative association which intends to cast
18 a bloc vote or assent for those members.

19 **SECTION 34.** 97.32 (1) of the statutes is amended to read:

20 97.32 (1) Special dairy and food inspectors may be appointed by the
21 department for any factory, plant, receiving station, or group thereof, which buys or
22 receives milk or cream for the purpose of manufacturing, processing or any other
23 purpose whatsoever, upon petition therefor signed by more than two–thirds of the
24 regular patrons of such factory, plant, receiving station, or group thereof, or by the
25 officers of such factory, plant, receiving station or group thereof, or of the officers of

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1 any association organized under ch. 185 or 193 representing patrons of such factory,
2 plant, receiving station or group thereof, and upon receiving satisfactory proof that
3 such special dairy and food inspectors will be compensated in full for all services
4 rendered and traveling expenses incurred upon and pursuant to such appointment
5 as provided in this section. If the inspector is appointed pursuant to petition signed
6 by the officers of an organization, such compensation and expenses shall be paid by
7 such organization; and any factory, plant, receiving station or group thereof shall pay
8 to the association the checkoff as contracted for between the member and the
9 association. If appointed pursuant to petition signed by patrons, each patron of the
10 factory, plant, receiving station or group thereof shall pay such proportion of the total
11 amount of such compensation and expenses as the amount of milk or cream delivered
12 thereto by the patron bears to the total amount delivered thereto by all patrons. The
13 state shall not be liable for any such compensation or expenses.

14 **SECTION 35.** 97.32 (3) of the statutes is amended to read:

15 97.32 (3) Each such special dairy and food inspector shall have all powers
16 conferred by law upon dairy and food inspectors, shall at all times be under the
17 supervision of the department and shall make such reports to the department as the
18 department may require. The special dairy and food inspector shall supervise and
19 inspect the weighing and testing of and shall inspect all milk, cream, butter or cheese
20 delivered to such factory, plant, receiving station or group thereof, except that if the
21 special dairy and food inspector be appointed upon petition by an association
22 organized under ch. 185 or 193, the special dairy and food inspector shall perform
23 duties only for its members, and for such purpose the special dairy and food inspector
24 may use any or all weighing or testing apparatus in such factory, plant, receiving
25 station or group thereof. In addition to the duties herein specifically prescribed, the

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1 special dairy and food inspector shall perform such duties as the patrons or
2 organization compensating the special dairy and food inspector or the department
3 may direct.

4 **SECTION 36.** 99.02 (2) (d) of the statutes is amended to read:

5 99.02 (2) (d) A cooperative association or an unincorporated cooperative
6 association storing farm products and merchandise for members.

7 **SECTION 37.** 100.201 (1) (b) 2. of the statutes is amended to read:

8 100.201 (1) (b) 2. For the purpose of this section any subsidiary or affiliate
9 corporation, limited liability company ~~or~~, cooperative, or unincorporated cooperative
10 association, and any officer, director, partner, member or manager of a corporation,
11 cooperative, unincorporated cooperative association, partnership or limited liability
12 company which is a retailer of selected dairy products, and any individual,
13 corporation, cooperative, unincorporated cooperative association, partnership,
14 limited liability company, association or any other business unit which owns,
15 controls or franchises any retailer or which has any retailer as an affiliate, member
16 or subsidiary, is deemed to be a retailer of selected dairy products and the
17 prohibitions of sub. (2) shall also apply to any such person or business unit which
18 sells any selected dairy product at wholesale.

19 **SECTION 38.** 100.201 (1) (f) 2. of the statutes is amended to read:

20 100.201 (1) (f) 2. For the purpose of this section any subsidiary or affiliate
21 corporation, limited liability company ~~or~~, cooperative, or unincorporated cooperative
22 association, and any officer, director, partner, member or manager of a corporation,
23 cooperative, unincorporated cooperative association, partnership or limited liability
24 company which is a wholesaler of selected dairy products, is deemed to be a
25 wholesaler of selected dairy products.

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1 **SECTION 39.** 103.46 (2) of the statutes is amended to read:

2 103.46 **(2)** A contract or agreement for the sale of agricultural, horticultural or
3 dairy products between a producer of those products and a distributor or purchaser
4 of those products, in which either party to the contract or agreement undertakes or
5 promises not to join, become or remain a member of any cooperative association
6 organized under ch. 185 or 193 or of any trade association of the producers,
7 distributors or purchasers of those products.

8 **SECTION 40.** 108.02 (2) (dm) of the statutes is amended to read:

9 108.02 **(2)** (dm) In the employ of a group of operators of farms, or a cooperative
10 organization or unincorporated cooperative association of which operators of farms
11 are members, in the performance of service described in par. (d), but only if such
12 operators produced more than one-half of the commodity with respect to which such
13 service is performed.

14 **SECTION 41.** 111.01 (2) of the statutes is amended to read:

15 111.01 **(2)** Industrial peace, regular and adequate income for the employee, and
16 uninterrupted production of goods and services are promotive of all of these
17 interests. They are largely dependent upon the maintenance of fair, friendly and
18 mutually satisfactory employment relations and the availability of suitable
19 machinery for the peaceful adjustment of whatever controversies may arise. It is
20 recognized that certain employers, including farmers and, farmer cooperatives, and
21 unincorporated farmer cooperative associations, in addition to their general
22 employer problems, face special problems arising from perishable commodities and
23 seasonal production which require adequate consideration. It is also recognized that
24 whatever may be the rights of disputants with respect to each other in any
25 controversy regarding employment relations, they should not be permitted, in the

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1 conduct of their controversy, to intrude directly into the primary rights of third
2 parties to earn a livelihood, transact business and engage in the ordinary affairs of
3 life by any lawful means and free from molestation, interference, restraint or
4 coercion.

5 **SECTION 42.** 126.01 (18) of the statutes is amended to read:

6 126.01 (18) "Person," notwithstanding s. 990.01 (26), means an individual, a
7 corporation, a cooperative, an unincorporated cooperative association, a
8 partnership, a limited liability company, a trust, a state agency, as defined in s.
9 20.001 (1), a local governmental unit, as defined in s. 66.0131 (1) (a), or other legal
10 entity.

11 **SECTION 43.** 126.11 (3) (b) of the statutes is amended to read:

12 126.11 (3) (b) A statement of whether the applicant is an individual,
13 corporation, partnership, cooperative, unincorporated cooperative association,
14 limited liability company, trust, or other legal entity. If the applicant is a corporation
15 ~~or~~ a cooperative, or an association, the applicant shall identify each officer of the
16 corporation or cooperative. If the applicant is a partnership, the applicant shall
17 identify each partner.

18 **SECTION 44.** 126.26 (2) (b) of the statutes is amended to read:

19 126.26 (2) (b) A statement of whether the applicant is an individual, a
20 corporation, a partnership, a cooperative, an unincorporated cooperative
21 association, a limited liability company, a trust, or other legal entity. If the applicant
22 is a corporation ~~or~~ a cooperative, or an association, the applicant shall identify each
23 officer of the corporation or cooperative. If the applicant is a partnership, the
24 applicant shall identify each partner.

25 **SECTION 45.** 126.41 (2) (b) of the statutes is amended to read:

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1 126.41 **(2)** (b) A statement of whether the applicant is an individual, a
2 corporation, partnership, cooperative, unincorporated cooperative association,
3 limited liability company, trust, or other legal entity. If the applicant is a corporation
4 ~~or~~ a cooperative, or an association, the applicant shall identify each officer of the
5 corporation or cooperative. If the applicant is a partnership, the applicant shall
6 identify each partner.

7 **SECTION 46.** 126.56 (3) (b) of the statutes is amended to read:

8 126.56 **(3)** (b) A statement of whether the applicant is an individual, a
9 corporation, a partnership, a cooperative, an unincorporated cooperative
10 association, a limited liability company, a trust, or other legal entity. If the applicant
11 is a corporation ~~or~~ a cooperative, or an association, the application shall identify each
12 officer of the corporation or cooperative. If the applicant is a partnership, the
13 application shall identify each partner.

14 **SECTION 47.** 126.56 (9) (h) of the statutes is amended to read:

15 126.56 **(9)** (h) Whether the applicant is a producer-owned cooperative or
16 unincorporated cooperative association or organization that procures vegetables
17 solely from its producer owners on the basis of a cooperative marketing method
18 under which the producer-owned cooperative, unincorporated cooperative
19 association, or organization pays its producer owners a prorated share of sales
20 proceeds for the marketing year after a final accounting and the deduction of
21 marketing expenses.

22 **SECTION 48.** 126.57 (1) (b) 2. of the statutes is amended to read:

23 126.57 **(1)** (b) 2. The vegetable contractor is a producer-owned cooperative or
24 unincorporated cooperative association or organization that procures processing
25 vegetables only from its producer owners.

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1 **SECTION 49.** 126.58 (1) (c) 2. of the statutes is amended to read:

2 126.58 (1) (c) 2. The vegetable contractor is a producer-owned cooperative or
3 unincorporated cooperative association that procures processing vegetables only
4 from its producer owners.

5 **SECTION 50.** 126.59 (1) (c) of the statutes is amended to read:

6 126.59 (1) (c) The vegetable contractor is a producer-owned cooperative or
7 unincorporated cooperative association that procures processing vegetables only
8 from its producer owners.

9 **SECTION 51.** 126.61 (1) (c) 2. of the statutes is amended to read:

10 126.61 (1) (c) 2. The vegetable contractor is a producer-owned cooperative or
11 unincorporated cooperative association that procures processing vegetables only
12 from its producer members.

13 **SECTION 52.** 133.07 (1) of the statutes is amended to read:

14 133.07 (1) This chapter shall not prohibit the existence and operation of labor,
15 agricultural or horticultural organizations, instituted for the purpose of mutual
16 help, and not having capital stock or conducted for profit, or organizations permitted
17 under ch. 185 or 193; shall not forbid or restrain individual members of such
18 organizations from lawfully carrying out the legitimate objects thereof; and such
19 organizations, or the members thereof, shall not be held or construed to be illegal
20 combinations or conspiracies in restraint of trade, under this chapter. The labor of
21 a human being is not a commodity or article of commerce.

22 **SECTION 53.** 133.09 of the statutes is amended to read:

23 **133.09 Collective bargaining.** This chapter shall be so construed as to
24 permit collective bargaining by associations of producers of agricultural products, by
25 organizations permitted under ch. 185 or 193 and by associations of employees when

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1 such bargaining is actually and expressly done for the individual benefit of the
2 separate members of each such association making such collective bargain.

3 **SECTION 54.** 134.04 (1) of the statutes is amended to read:

4 134.04 (1) No person, firm or corporation engaged in any enterprise in this
5 state shall by any method or procedure directly or indirectly by itself or through a
6 subsidiary agency owned or controlled in whole or in part by such person, firm or
7 corporation, sell or procure for sale or have in its possession or under its control for
8 sale to its employees or any person any article, material, product or merchandise of
9 whatsoever nature not of the person's, firm's or corporation's production or not
10 handled in the person's, firm's or corporation's regular course of trade, excepting
11 meals, candy bars, cigarettes and tobacco for the exclusive use and consumption of
12 such employees of the employer, and excepting tools used by employees in said
13 enterprise and such specialized appliances and paraphernalia as may be required in
14 said enterprise for the employees' safety or health and articles used by employees or
15 other persons which insure better sanitary conditions and quality in the
16 manufacture of food or food products. The provisions of this subsection shall not
17 apply to lumber producers, loggers and dealers nor to any cooperative association
18 organized under ch. 185 or 193. This section shall not be construed as authorizing
19 the sale of any merchandise at less than cost as defined in s. 100.30.

20 **SECTION 55.** 136.01 (1) of the statutes is amended to read:

21 136.01 (1) "Contractor" means a person who offers for profit a future service
22 contract to a prospective customer, or who enters into a future service contract with
23 a customer, except a cooperative organized under ch. 185 or 193. Such person
24 includes, but is not limited to, an individual, partnership, limited liability company,

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1 unincorporated association, or corporation. A “contractor” includes, but is not
2 limited to, buyers clubs, guilds, plans and guides.

3 **SECTION 56.** 177.015 of the statutes is amended to read:

4 **177.015 Exemption.** Notwithstanding this chapter, a cooperative organized
5 under ch. 185 or 193 may effect the forfeiture to the cooperative of unclaimed funds
6 as provided in ss. 185.03 (10) and, 185.75 (1), 193.301 (14), and 193.905 (4).

7 **SECTION 57.** 178.42 (3) (a) of the statutes is amended to read:

8 178.42 (3) (a) The name of any other domestic or foreign corporation,
9 cooperative, unincorporated cooperative association, registered limited liability
10 partnership, limited partnership, or limited liability company existing, registered or
11 licensed to transact business under the laws of this state.

12 **SECTION 58.** 178.42 (3) (b) of the statutes is amended to read:

13 178.42 (3) (b) Any name reserved or registered under ch. 179, 180, 181, 183 or,
14 185, or 193.

15 **SECTION 59.** 180.0103 (8) of the statutes is amended to read:

16 180.0103 (8) “Entity” includes a domestic corporation; a foreign corporation;
17 a limited liability company; a nonstock corporation; a stock or nonstock cooperative
18 association; an unincorporated cooperative association; a profit or nonprofit
19 unincorporated association; a business trust; an estate; a partnership; a trust; 2 or
20 more persons having a joint or common economic interest; a state or an agency,
21 commission, department, authority, bureau or other instrumentality of a state; a
22 governmental subdivision; the United States; and a foreign government.

23 **SECTION 60.** 180.0401 (2) (a) 7. of the statutes is amended to read:

24 180.0401 (2) (a) 7. The name of a cooperative association or an unincorporated
25 cooperative association incorporated or authorized to transact business in this state.

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1 **SECTION 61.** 180.0401 (3) (a) of the statutes is amended to read:

2 180.0401 **(3)** (a) The other corporation or the foreign corporation, limited
3 liability company, nonstock corporation, limited partnership, limited liability
4 partnership ~~or~~, cooperative association, or unincorporated cooperative association
5 consents to the use in writing and submits an undertaking in a form satisfactory to
6 the department to change its name to a name that is distinguishable upon the records
7 of the department from the name of the applicant.

8 **SECTION 62.** 180.1506 (2) (a) 7. of the statutes is amended to read:

9 180.1506 **(2)** (a) 7. The name of a cooperative association or an unincorporated
10 cooperative association incorporated or authorized to transact business in this state.

11 **SECTION 63.** 180.1506 (3) (a) of the statutes is amended to read:

12 180.1506 **(3)** (a) The other foreign corporation or the domestic corporation,
13 limited liability company, nonstock corporation, limited partnership, limited
14 liability partnership ~~or~~, cooperative association, or unincorporated cooperative
15 association consents to the use in writing and submits an undertaking in a form
16 satisfactory to the department to change its name to a name that is distinguishable
17 upon the records of the department from the name of the applicant.

18 **SECTION 64.** 181.0401 (2) (a) 3. of the statutes is amended to read:

19 181.0401 **(2)** (a) 3. A name reserved or registered under this chapter or ch. 178,
20 179, 180, 183 ~~or~~, 185, or 193.

21 **SECTION 65.** 181.0401 (2) (a) 7. of the statutes is amended to read:

22 181.0401 **(2)** (a) 7. The name of a cooperative association or an unincorporated
23 cooperative association incorporated or authorized to transact business in this state.

24 **SECTION 66.** 181.0401 (3) (a) of the statutes is amended to read:

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1 181.0401 (3) (a) The other corporation or the foreign corporation, limited
2 liability company, stock corporation, limited partnership, limited liability
3 partnership ~~or~~, cooperative association, or unincorporated cooperative association
4 consents to the use in writing and submits an undertaking in a form satisfactory to
5 the department to change its name to a name that is distinguishable upon the records
6 of the department from the name of the applicant.

7 **SECTION 67.** 181.1150 of the statutes is amended to read:

8 **181.1150 Conversion of cooperative.** A cooperative or an unincorporated
9 cooperative association organized without capital stock may elect to convert itself to
10 a corporation by adopting and filing restated articles of incorporation or organization
11 in the manner required under ch. 185 or 193. The restated articles of incorporation
12 or organization shall conform to the requirements of s. 181.0202 and shall contain
13 a statement that the cooperative or unincorporated cooperative association elects to
14 convert itself to a corporation subject to this chapter. The election to become a
15 corporation subject to this chapter is effective upon the filing of the restated articles
16 of incorporation or organization.

17 **SECTION 68.** 181.1506 (2) (a) 3. of the statutes is amended to read:

18 181.1506 (2) (a) 3. A name reserved or registered under this chapter or ch. 178,
19 179, 180, 183 ~~or~~, 185, or 193.

20 **SECTION 69.** 181.1506 (2) (a) 7. of the statutes is amended to read:

21 181.1506 (2) (a) 7. The name of a cooperative association or an unincorporated
22 cooperative association incorporated or authorized to transact business in this state.

23 **SECTION 70.** 181.1506 (3) (a) of the statutes is amended to read:

24 181.1506 (3) (a) The other foreign corporation or the domestic corporation,
25 limited liability company, nonstock corporation, limited partnership, limited

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1 liability partnership ~~or~~, cooperative association, or unincorporated cooperative
2 association consents to the use in writing and submits an undertaking in a form
3 satisfactory to the department to change its name to a name that is distinguishable
4 upon the records of the department from the name of the applicant.

5 **SECTION 71.** 182.01 (3) (intro.) of the statutes is amended to read:

6 182.01 **(3)** NAME OF DRAFTER ON DOCUMENTS. (intro.) No articles of
7 incorporation, articles of organization, articles of amendment, articles of merger,
8 consolidation or share exchange, articles of dissolution, restated articles of
9 incorporation, certificate of abandonment, or statement or articles of revocation of
10 voluntary dissolution, provided for pursuant to ch. 180, 181, 183, 185 ~~or~~, 187, or 193;
11 no registration statement, amendment of a registration statement, or written notice
12 of withdrawal under s. 178.40; and no certificate of limited partnership, certificate
13 of amendment, restated certificate of limited partnership or certificate of
14 cancellation, provided for pursuant to ch. 179, shall be filed by the department unless
15 the name of the individual who, or the governmental agency which, drafted such
16 document is printed, typewritten, stamped or written thereon in a legible manner.
17 A document complies with this subsection if it contains a statement in the following
18 form: “This document was drafted by... (Name)”. This subsection shall not apply to
19 a document executed prior to December 1, 1967, or to:

20 **SECTION 72.** 182.017 (1) of the statutes is amended to read:

21 182.017 **(1)** RIGHT-OF-WAY FOR. Any domestic corporation organized to furnish
22 telegraph or telecommunications service or transmit heat, power or electric current
23 to the public or for public purposes, an independent system operator, as defined in
24 s. 196.485 (1) (d), an independent transmission owner, as defined in s. 196.485 (1)
25 (dm), or a cooperative association organized under ch. 185 or 193 to furnish telegraph

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1 or telecommunications service or a cooperative organized under ch. 185 to transmit
2 heat, power or electric current to its members, may, subject to ss. 30.44 (3m), 30.45,
3 86.16 and 196.491 (3) (d) 3m. and to reasonable regulations made by any city, village
4 or town through which its transmission lines or systems may pass, construct and
5 maintain such lines or systems with all necessary appurtenances in, across or
6 beneath any public highway or bridge or any stream or body of water, or upon any
7 lands of any owner consenting thereto, and for such purpose may acquire lands or
8 the necessary easements; and may connect and operate its lines or system with other
9 lines or systems devoted to like business, within or without this state, and charge
10 reasonable rates for the transmission and delivery of messages or the furnishing of
11 heat, power or electric light.

12 **SECTION 73.** 182.025 (1) of the statutes is amended to read:

13 182.025 (1) Any domestic corporation formed to furnish water, heat, light,
14 power, telegraph or telecommunications service or signals by electricity may, subject
15 to the provisions of ch. 201 and by an affirmative vote of at least two-thirds of its
16 outstanding shares entitled to vote thereon, or any cooperative ~~association~~ organized
17 under ch. 185 to furnish water, heat, light, or power, telegraph ~~or~~
18 telecommunications ~~service~~ or any cooperative organized under ch. 185 or 193 to
19 furnish telegraph or telecommunication service to its stockholders or members only
20 may, by a vote of a majority of a quorum of its stockholders or members present at
21 any regular or special meeting held upon due notice as to the purpose of the meeting
22 or when authorized by the written consent of the holders of a majority of its capital
23 stock outstanding and entitled to vote or of a majority of its members, mortgage or
24 trust deed any or all of the property, rights and privileges and franchises that it may
25 then own or thereafter acquire, to secure the payment of its bonds or notes to a fixed

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1 amount or in amounts to be from time to time determined by the board of directors,
2 and may, in and by such mortgage or deed of trust, provide for the disposal of any of
3 its property and the substitution of other property in its place. Every such mortgage
4 or deed of trust may be recorded in the office of the register of deeds of the county in
5 which such corporation is located at the time of such recording, and such record shall
6 have the same effect as if the instrument were filed in the proper office as a chattel
7 mortgage or financing statement, and so remain until satisfied or discharged
8 without any further affidavit, continuation statement or proceeding whatever. For
9 this purpose the location of such corporation shall be deemed to be: as to a
10 corporation or a cooperative association not at the time subject to either s. 180.0501
11 ~~or~~, 185.08, or 193.115 (1), the location designated in its articles as then in effect; as
12 to a corporation subject to s. 180.0501, the location of its registered office; and as to
13 a cooperative association subject to s. 185.08 or 193.115 (1), the location of its
14 principal office or registered agent as designated thereunder.

15 **SECTION 74.** 183.0103 (2) (a) of the statutes is amended to read:

16 183.0103 (2) (a) The name of any other limited liability company, a corporation,
17 a nonstock corporation, a limited partnership, a limited liability partnership ~~or~~, a
18 cooperative association, or an unincorporated cooperative association existing under
19 the laws of this state.

20 **SECTION 75.** 183.0103 (2) (b) of the statutes is amended to read:

21 183.0103 (2) (b) The name of any foreign limited liability company, foreign
22 corporation, foreign nonstock corporation, foreign limited partnership, foreign
23 limited liability partnership ~~or~~, foreign cooperative association, or foreign
24 unincorporated cooperative association, or the designated, registered or fictitious
25 name under which any such entity is licensed to transact business in this state.

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1 **(3)** “Alternative Ballot” means a method of voting, prescribed by the board in
2 advance of the vote, that permits a vote to be cast electronically, telephonically, via
3 the Internet, or by any similar means which reasonably allows members the
4 opportunity to vote.

5 **(3m)** “Allocation unit” means a separate business unit of a cooperative.

6 **(4)** “Articles” means the articles of organization of a cooperative.

7 **(5)** “Association” means an organization conducting business on a cooperative
8 plan under the laws of any state.

9 **(6)** “Board” means the board of directors of a cooperative.

10 **(7)** “Business entity” means a cooperative, corporation, limited liability
11 company, association, firm, or partnership operated for profit and organized under
12 a law other than a law of this state.

13 **(9)** “Cooperative” means an association organized under this chapter
14 conducting business on a cooperative plan as provided under this chapter.

15 **(9m)** “Department” means the department of financial institutions.

16 **(10)** “Domestic business entity” means a business entity organized under the
17 laws of this state.

18 **(11m)** “Electronic” means relating to technology having electrical, digital,
19 magnetic, wireless, optical, electromagnetic, or similar capabilities.

20 **(11p)** “Electronic signature” means an electronic sound, symbol, or process,
21 attached to or logically associated with a writing and executed or adopted by a person
22 with intent to authenticate the writing.

23 **(12)** “File with the department” means to deliver to the department a document
24 meeting the applicable requirements of this chapter, signed and accompanied by any
25 required filing fee.

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1 **(13)** “Foreign business entity” means a business entity that is organized under
2 the laws of another state or the United States.

3 **(14)** “Foreign cooperative” means a foreign business entity organized to
4 conduct business on a cooperative plan consistent with this chapter or ch. 185.

5 **(15)** “Member” means a person reflected on the books of the cooperative as the
6 owner of governance rights of a membership interest of the cooperative. The term
7 includes patron and nonpatron members.

8 **(16)** “Membership interest” means a member’s interest in a cooperative,
9 consisting of a member’s financial rights, a member’s right to assign financial rights,
10 a member’s governance rights, and a member’s right to assign governance rights.
11 The term includes patron membership interests and nonpatron membership
12 interests.

13 **(17)** “Members’ meeting” means a regular or special members’ meeting.

14 **(18)** “Nonpatron member” means a member who holds a nonpatron
15 membership interest.

16 **(19)** “Nonpatron membership interest” means a membership interest that does
17 not require the holder to conduct patronage business for or with the cooperative to
18 receive financial rights or distributions.

19 **(20)** “Patron” means a person or entity who conducts patronage with the
20 cooperative.

21 **(21)** “Patronage” means transactions or services done for or with a cooperative
22 as defined by the cooperative.

23 **(22)** “Patron member” means a member holding a patron membership interest.

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1 **(23)** “Patron membership interest” means a membership interest requiring the
2 holder to conduct patronage for or with the cooperative, as specified by the
3 cooperative, to receive financial rights or distributions.

4 **(24)** “Sign” means to execute or adopt a manual, facsimile, conformed, or
5 electronic signature or any symbol with intent to authenticate a writing and, with
6 respect to a document required under this chapter to be filed with the department,
7 with authority to do so under this chapter and under the articles, bylaws, or a
8 resolution approved by the directors or members.

9 **(25)** “Writing” means information that is inscribed on a tangible medium or
10 that is stored in an electronic or other intangible medium and is retrievable in
11 perceivable form.

12 **193.105 Use of term “cooperative” restricted. (1)** USE OF TERM
13 “COOPERATIVE” RESTRICTED. A business entity may not use the term “cooperative” as
14 part of its business name or title or represent itself as a cooperative, in this state,
15 unless the business entity is a cooperative or foreign cooperative or is organized
16 under ch. 185.

17 **(2)** PENALTY FOR MISUSE OF TERM “COOPERATIVE.” A business entity that violates
18 sub. (1) may be fined not more than \$250. Each day of improper use constitutes a
19 separate offense.

20 **193.111 Filing fees and other requirements. (1)** Except as provided under
21 sub. (2), the department shall charge and collect for:

22 (a) Filing articles for a new cooperative, \$25, if the new cooperative is organized
23 with no capital stock. If the new cooperative is organized with capital stock, the
24 department may charge \$1.25 for each \$1,000 of capital stock, or \$25, whichever is
25 greater.

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1 (b) Filing an amendment to or restatement of the articles or articles of
2 consolidation or division, \$25, except that no fee may be collected for any of the
3 following:

4 1. An amendment showing only a change of address resulting from the action
5 of a governmental agency if there is no corresponding change in physical location and
6 if 2 copies of the notice of the action are submitted to the department.

7 2. An amendment or statement filed to reflect only a change in the name of a
8 registered agent.

9 (c) Filing articles of merger, \$30.

10 (d) Filing articles or decree of dissolution, \$5.

11 (e) Receiving service of any process, notice, or demand, authorized to be served
12 on the department by this chapter, an amount equal to the fee established under s.
13 182.01 (4) (c).

14 (g) Filing a report of names and addresses of officers or directors, \$3.

15 (h) Processing in an expeditious manner a document required or permitted to
16 be filed or recorded under this chapter, an amount equal to the fee established under
17 s. 182.01 (4) (d), in addition to the fee required by other provisions of this chapter.

18 **(2)** The department, by rule, may specify a larger fee for filing documents
19 described in sub. (1) in paper format.

20 **(3)** No document may be filed or recorded until all fees for the document have
21 been paid.

22 **(4)** The department shall endorse on any document filed with the department
23 the word “filed” or a similar word determined by the department and the month, day,
24 and year of filing, record the document in the office of the department, and return
25 the document to the person or entity who delivered it for filing.

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1 **193.115 Registered office and agent. (1)** REGISTERED OFFICE AND AGENT
2 REQUIRED. A cooperative shall establish and continuously maintain in this state all
3 of the following:

4 (a) A registered office which may be, but need not be, the same as the
5 cooperative's place of business.

6 (b) A registered agent, which agent may be an individual resident of this state
7 whose business office is identical to the registered office, a domestic business entity,
8 or a foreign business entity authorized to transact business in this state, having an
9 office identical to the registered office.

10 **(2)** DESIGNATION OF INITIAL OFFICE AND AGENT. The organizers of a cooperative
11 shall designate the cooperative's initial registered office and agent by filing with the
12 department, along with the original articles of organization under s. 193.215 (1), a
13 statement setting forth all of the following:

14 (a) The name of the cooperative.

15 (b) The address of its registered office.

16 (c) The name of its registered agent.

17 (d) That the address of its registered office and the address of the business office
18 of its registered agent are identical.

19 **(2m)** CHANGE OF OFFICE AND AGENT. Except as provided in sub. (5), a cooperative
20 may change its registered office or agent by filing with the department a statement
21 setting forth all of the following:

22 (a) The name of the cooperative.

23 (b) The address of its then registered office.

24 (c) If the address of its registered office is to be changed, the address to which
25 the registered office is to be changed.

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1 (d) The name of its then registered agent.

2 (e) If its registered agent is to be changed, the name of its successor registered
3 agent.

4 (f) That the address of its registered office and the address of the business office
5 of its registered agent, as changed, will be identical.

6 (g) That any change was authorized by affirmative vote of a majority of the
7 board.

8 **(3) DUTIES OF DEPARTMENT; EFFECTIVE DATE OF CHANGE.** Upon receipt of a
9 statement delivered under sub. (2) or (2m), the department shall examine the
10 statement to ensure that it conforms to the applicable requirements of this section.
11 If the department finds that the statement conforms to the applicable requirements
12 of this section, the department shall file the statement. Any change designated in
13 a statement delivered under sub. (2m) takes effect upon filing of the statement by the
14 department.

15 **(4) RESIGNATION OF AGENT.** Any registered agent of a cooperative may resign
16 as agent by filing with the department a written notice of resignation, together with
17 one exact or conformed copy. The department shall mail a copy of the notice to the
18 cooperative at its principal mailing address as determined by the department. The
19 resignation takes effect on the first day of the 2nd month beginning after receipt of
20 the notice by the department.

21 **(5) CHANGE OF ADDRESS OR NAME OF AGENT.** If the address or name of a
22 registered agent changes, the agent shall change the address of the registered office
23 or the name of the registered agent, as applicable, of the cooperative that appointed
24 the agent by filing with the department the statement required under sub. (2m),
25 except that the statement need only be signed by the registered agent, need not

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1 satisfy sub. (2m) (e) or (g), and shall state that a copy of the statement has been
2 mailed to the cooperative or to the legal representative of the cooperative.

3 **193.121 Legal recognition of electronic records and signatures.** For the
4 purpose of satisfying 15 USC 7002 (a) (2) (B) as that statute relates to this chapter,
5 this state acknowledges the existence of the Electronic Signatures in Global and
6 National Commerce Act, 15 USC 7001 to 7031.

SUBCHAPTER II

ORGANIZATION

7
8
9 **193.201 Organizational purpose.** Except as provided in s. 193.203, a
10 cooperative may be formed and organized on a cooperative plan for patrons as
11 provided under this chapter for any of the following purposes:

12 (1) To market, process, or otherwise change the form or marketability of
13 products, including crops, livestock, and other agricultural products; to manufacture
14 products; to accomplish other purposes that are necessary or convenient to facilitate
15 the production or marketing of products by patron members and others; and to
16 accomplish other purposes that are related to the business of the cooperative.

17 (2) To provide products, supplies, and services to its members.

18 (3) To accomplish any other lawful purpose.

19 **193.203 Exceptions.** No cooperative may be organized under this chapter for
20 the purpose of furnishing natural gas, heat, light, power, or water to its members.

21 **193.205 Organizers. (1) QUALIFICATION.** A cooperative may be organized by
22 one or more organizers who shall be individuals over the age of 18, who may act for
23 themselves as individuals or as the agents of other entities. The organizers forming
24 the cooperative need not be members of the cooperative.

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1 **(2) ROLE OF ORGANIZERS.** If the cooperative's initial board is not named in the
2 articles, the organizers may elect the initial board or may act as directors with all of
3 the powers, rights, duties, and liabilities of directors, until the board is elected or
4 until a contribution is accepted, whichever occurs first.

5 **(3) MEETING OR WRITTEN ACTION.** After the articles are filed, the organizers or
6 the board named in the articles, as applicable, shall hold an organizational meeting
7 at the call of a majority of the organizers or of the board, as applicable, or take written
8 action for the purposes of transacting business and taking actions appropriate to
9 complete the organization of the cooperative. If a meeting is held under this
10 subsection, the person or persons calling the meeting shall give at least 3 days prior
11 notice of the meeting to each organizer or director, as applicable, stating the date,
12 time, and place of the meeting. An organizer or director may waive notice of an
13 organizational meeting in the same manner that a director may waive notice of
14 meetings of the board.

15 **193.211 Cooperative name. (1) DISTINGUISHABLE NAME.** The name of a
16 cooperative shall distinguish the cooperative upon the records of the department
17 from the name of all business entities authorized to do business in this state and all
18 names the right to which are, at the time of organization, reserved or provided for
19 by law.

20 **(2) RESERVATION; CONTEST OF NAME.** A cooperative's name is reserved for use by
21 the cooperative during the cooperative's existence, except that a person doing
22 business in this state may contest the cooperative's use of the name as provided by
23 law.

24 **193.215 Articles of organization and notice of mailing address. (1)**
25 **FILING REQUIRED.** The organizers of a cooperative shall file with the department the

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1 cooperative's original articles as specified under sub. (2), together with the statement
2 required under s. 193.115 (2) and a statement listing the current mailing address of
3 the cooperative.

4 **(2) CONTENT OF ARTICLES.** (a) The articles shall state all of the following:

5 1. The name of the cooperative.

6 2. The purpose of the cooperative.

7 3. The name and address of each organizer.

8 4. The duration of the cooperative, if the duration is not to be perpetual.

9 (b) The articles may contain any other lawful provision.

10 **(3) EFFECT OF PROPER FILING.** Upon compliance with sub. (1), all of the following
11 apply:

12 (a) It is presumed that all conditions precedent to organizing the cooperative
13 that are required to be performed by the organizers have been satisfied.

14 (b) The cooperative is chartered by this state as a separate legal entity with
15 perpetual duration or any other duration stated in the articles under sub. (2) (a) 4.

16 (c) The department shall issue a certificate of organization to the cooperative.

17 **(4) CHANGE OF MAILING ADDRESS.** If the mailing address of the cooperative
18 changes, the cooperative shall file with the department a statement notifying the
19 department of the change of address.

20 **193.221 Amendment of articles. (1) PROCEDURE.** (a) Except as provided
21 under sub. (3), the articles of a cooperative may be amended as follows:

22 1. The board by majority vote may adopt a resolution stating the text of the
23 proposed amendment. The text of the proposed amendment and, if approved by the
24 board, an attached mail or alternative ballot, shall be mailed or otherwise
25 distributed with any regular or special meeting notice to each member. The notice

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1 shall designate the time and place of the meeting at which the proposed amendment
2 will be considered and voted on.

3 2. If a quorum of the members is registered as being present or represented by
4 alternative vote at the meeting specified in the notice under subd. 1., the proposed
5 amendment may be adopted by the following means, as applicable:

6 a. By a majority of the votes cast.

7 b. For a cooperative with articles or bylaws requiring more than majority
8 approval or other conditions for approval, by a sufficient vote as required under the
9 articles or bylaws or by satisfying the other conditions for approval.

10 (b) The articles may be amended as restated articles using the procedure under
11 par. (a). If restated articles are adopted, the restated articles supercede all prior
12 articles and amendments to the articles.

13 (c) After an amendment or restated articles are adopted under par. (a) or (b),
14 the chair, vice-chair, records officer, or assistant records officer of the cooperative
15 shall sign the amendment or restated articles and promptly file a copy with the
16 department.

17 **(2) CERTIFICATE.** (a) If an amendment or restated articles are adopted under
18 sub. (1), the board shall prepare a certificate containing all of the following:

19 1. A statement listing the date of the meeting at which the board adopted the
20 resolution concerning the proposed amendment under sub. (1) (a) 1. or the restated
21 articles and the vote of the board.

22 2. A copy of the notice provided to members under sub. (1) (a) 1.

23 3. A listing of the quorum registered at the meeting under sub. (1) (a) 2.

24 4. A listing of the votes cast adopting the amendment or the restated articles
25 at the meeting under sub. (1) (a) 2.

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1 (b) The chair, vice-chair, records officer, or financial officer of the cooperative
2 shall sign the certificate and file the certificate with the records of the cooperative.

3 (3) AMENDMENT BY DIRECTORS. A majority of directors may, by resolution, amend
4 the articles if the cooperative does not have any members with voting rights. The
5 board shall promptly file an amendment under this subsection with the department.

6 (4) EFFECTIVE DATE OF AMENDMENT. An amendment or restated articles adopted
7 under sub. (1) or an amendment adopted under sub. (3) is effective on the date
8 specified in the resolution adopted under sub. (1) (a) 1. or (3), as applicable, or, if no
9 such date is specified, upon the filing of the amendment or restated articles with the
10 department.

11 **193.225 Conversion to cooperative. (1) AUTHORITY AND NOTICE.** A business
12 entity other than an cooperative may become a cooperative by following the
13 applicable procedure under sub. (2) or (3). A business entity shall provide its
14 members with a disclosure statement listing the rights and obligations of the
15 members and the capital structure of the proposed cooperative before making a
16 conversion under this section.

17 (2) PROCEDURE FOR ENTITIES ORGANIZED IN THIS STATE. A business entity
18 organized under the laws of this state, other than a cooperative, that elects to make
19 a conversion as provided under sub. (1) shall amend its organizational documents in
20 the manner provided under the laws that govern the business entity. The business
21 entity shall file with the department amended articles of organization that comply
22 with s. 193.215. Upon the filing of the amended articles of organization, the business
23 entity is converted to a cooperative and is governed by the applicable provisions of
24 this chapter.

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1 **(3) PROCEDURE FOR ENTITIES ORGANIZED IN OTHER STATES.** A business entity
2 organized under the laws of another state that elects to make a conversion as
3 provided under sub. (1) shall amend its organizational documents in the manner
4 provided under the other state's laws that govern the business entity. The business
5 entity shall file with the department amended articles of organization that comply
6 with s. 193.215. Upon the filing of the amended articles of organization, the business
7 entity is converted to a cooperative and is governed by the applicable provisions of
8 this chapter.

9 **(4) CONVERSION OF COOPERATIVES ORGANIZED UNDER CHAPTER 185.** A cooperative
10 that is organized under ch. 185 may not convert to a cooperative organized under this
11 chapter regardless of whether the conversion is accomplished directly within
12 Wisconsin or indirectly through or with any out-of-state entity.

13 **193.231 Curative filing.** If the department determines that a cooperative has
14 made an erroneous filing under this chapter, the department may revoke and
15 expunge the erroneous filing and authorize a curative document to be filed. The
16 department shall charge the cooperative a filing fee of \$500 for any such revocation,
17 expungement, and subsequent curative filing.

18 **193.241 Bylaws. (1) REQUIRED.** A cooperative shall have bylaws governing
19 the cooperative's business affairs and structure, the qualifications, classification,
20 rights, and obligations of members, and the classifications, allocations, and
21 distributions of membership interests which are not otherwise provided in the
22 articles or by this chapter.

23 **(2) CONTENTS.** The bylaws may contain any provision relating to the
24 management or regulation of the affairs of the cooperative that is not inconsistent

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1 with applicable law or the articles and, if not stated in the articles, the bylaws shall
2 include all of the following:

3 (a) A description of the capital structure of the cooperative, including a
4 statement of the classes and relative rights, preferences, and restrictions granted to
5 or imposed upon each class of member interests, the rights to share in profits or
6 distributions of the cooperative, and the authority to issue member interests and, if
7 applicable, a statement that the board may establish a class or series of member
8 interests, set forth the designation of the class or series, and fix the relative rights
9 and preferences of the class or series.

10 (b) A provision designating voting and governance rights, including which
11 membership interests have voting power and any limitations or restrictions on the
12 voting power, which shall be in accordance with the provisions of this chapter.

13 (c) A statement that patron membership interests with voting power are
14 restricted to one vote for each member regardless of the amount of patron
15 membership interests held in the affairs of the cooperative or a statement describing
16 the allocation of voting power as prescribed in this chapter.

17 (d) A statement that membership interests held by a member are transferable
18 only with the approval of the board or a statement otherwise describing the manner
19 in which membership interests may be transferred consistent with this chapter.

20 (e) If nonpatron membership interests are authorized, a statement as to how
21 profits and losses will be allocated and cash will be distributed between patron
22 membership interests collectively and nonpatron membership interests collectively,
23 a statement that net income allocated to patron membership interests as determined
24 by the board in excess of dividends and additions to reserves shall be distributed on
25 the basis of patronage, and a statement that the records of the cooperative shall

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1 include the interests of patron membership interests and, if authorized, nonpatron
2 membership interests in any classes of interests and in the reserves.

3 (f) A statement of the number of directors; the qualifications, manner of
4 election, powers, and duties of directors; and the manner in which any compensation
5 of directors is determined. Provisions included in the bylaws under this paragraph
6 shall be consistent with subch. IV.

7 (g) A statement of the qualifications of members and any limitations on their
8 number.

9 (h) A description of the methods of admission, withdrawal, suspension, and
10 expulsion of members.

11 (i) A general description of members' governance rights and financial rights,
12 assignability of governance and financial rights, and other rights, privileges, and
13 obligations of members and their membership interests, which may be further
14 described in member control agreements.

15 (j) Any provisions required by the articles to be in the bylaws.

16 **(3)** ADOPTION AND AMENDMENT; NOTICE. (a) Bylaws shall be adopted prior to any
17 distributions to members, but if the articles provide that rights of contributors to a
18 class of membership interest will be determined in the bylaws, then the bylaws shall
19 be adopted prior to the acceptance of any contributions to that class.

20 (b) Subject to subs. (4), (5), and (6), the bylaws may be adopted or amended by
21 the board or, if all of the following apply, the members may adopt or amend bylaws
22 at a regular or special members' meeting:

23 1. The notice of the meeting contains a statement that the bylaws or
24 amendments will be voted upon, a statement summarizing the proposed bylaws or

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1 amendments, and either copies of the bylaws or amendments or a statement that
2 copies of the bylaws or amendments are available from the cooperative upon request.

3 2. A quorum of the members is registered as being present or represented by
4 alternative vote at the meeting.

5 3. The bylaws or amendments are approved by the following means, as
6 applicable:

7 a. By a majority of the votes cast.

8 b. For a cooperative with articles or bylaws requiring more than majority
9 approval or other conditions for approval, by a sufficient vote as required under the
10 articles or bylaws or by satisfying the other conditions for approval.

11 (c) The members may amend the bylaws even though the bylaws may also be
12 amended by the board. The board may amend the bylaws even though the bylaws
13 may also be amended by the members.

14 (d) The board shall distribute to the members any amendment to the bylaws
15 adopted by the board no later than the 10th day after adoption and the notice of the
16 next regular members' meeting occurring after adoption shall contain a notice and
17 summary of, or a copy of, the amendment.

18 **(4) LIMITATION ON BOARD'S AMENDMENT AUTHORITY.** The board may not amend the
19 bylaws if any of the following apply:

20 (a) This chapter, the articles, or the bylaws reserve the power exclusively to the
21 members.

22 (b) The articles or bylaws expressly prohibit the board from doing so.

23 (c) The amendment would fix a greater quorum or voting requirement for
24 members or voting groups of members or would amend a provision adopted by
25 amendment under sub. (5).

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1 **(5)** AMENDMENT TO CHANGE QUORUM OR VOTING REQUIREMENTS FOR MEMBERS. The
2 members may amend the bylaws to specify a greater quorum requirement for
3 members, or voting groups of members, or a greater number of votes or members
4 participating required for approval than is otherwise required by this chapter. An
5 amendment to the bylaws to add, change, or delete such a quorum or voting
6 requirement shall meet the same quorum requirement and be adopted by the same
7 vote and voting groups required to take action under the quorum and voting
8 requirements then in effect or proposed to be adopted, whichever are more stringent.

9 **(6)** AMENDMENT TO CHANGE QUORUM OR VOTING REQUIREMENTS FOR DIRECTORS. (a)
10 A bylaw that specifies a greater quorum requirement for the board or a greater
11 number of votes or directors participating required for approval than is otherwise
12 required by this chapter may be amended as follows:

13 1. If the bylaw was originally adopted by the members, only by the members.

14 2. If the bylaw was originally adopted by the board, by the members or by the
15 board.

16 (b) A bylaw, or amendment to the bylaws, adopted by the members that
17 specifies a greater quorum or voting requirement for the board as described in par.

18 (a) may provide that it may be subsequently amended only by a specified vote of
19 either the members or the board, but if the bylaw or amendment so provides, the
20 bylaw or amendment shall be originally adopted by the specified vote of the members
21 proposed in the bylaw or amendment.

22 (c) Action by the board under par. (a) 2. shall meet the same quorum
23 requirement and be adopted by the same vote required to take action under the
24 quorum and voting requirement then in effect or proposed to be adopted, whichever
25 is more stringent.

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1 **(7) EMERGENCY BYLAWS.** (a) Unless otherwise provided in the articles or bylaws,
2 the board may adopt emergency bylaws which take effect only during an emergency
3 as defined in par. (d). The emergency bylaws, which are subject to amendment or
4 repeal by the members, may include all provisions necessary for managing the
5 cooperative during an emergency, including any of the following:

- 6 1. Procedures for calling a meeting of the board.
- 7 2. Quorum requirements for the meeting.
- 8 3. Designation of additional or substitute directors.

9 (b) All provisions of the regular bylaws consistent with the emergency bylaws
10 remain in effect during any emergency.

11 (c) Action taken in good faith in accordance with the emergency bylaws:

- 12 1. Binds the cooperative.
- 13 2. May not be the basis for imposition of liability on any director, officer,
14 employee, or agent of the cooperative on the ground that the action was not
15 authorized cooperative action.

16 (d) An emergency exists for the purposes of this section if a quorum of the
17 directors cannot readily be obtained because of a catastrophic event.

18 **193.245 Cooperative records. (1)** A cooperative shall keep as permanent
19 records minutes of all meetings of its members and of the board, a record of all actions
20 taken by the members or the board without a meeting by a written unanimous
21 consent in lieu of a meeting, and a record of all waivers of notices of meetings of the
22 members and of the board.

23 **(2)** A cooperative shall maintain appropriate accounting records.

24 **(3)** A cooperative shall keep a copy of each of the following records at its
25 principal office:

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1 (a) Its articles, bylaws, and other governing instruments.

2 (c) A record of the names and addresses of its members, in a form that allows
3 preparation of a list of members that is alphabetical and that shows each member's
4 address.

5 (d) The minutes of members' meetings and records of all actions taken by
6 members without a meeting by unanimous written consent in lieu of a meeting, for
7 the past 3 years.

8 (e) All written communications within the past 3 years to members as a group
9 or to any class of members as a group.

10 (f) A list of the names and business addresses of its current directors and
11 officers.

12 (g) All financial statements prepared for periods ending during the last fiscal
13 year.

14 **(4)** A cooperative shall maintain its records in written form or in another form
15 capable of conversion into written form within a reasonable time.

16 **(5)** Except as otherwise provided under this section, the board may determine
17 what records are appropriate for the purposes of the cooperative, the length of time
18 records are to be retained, and, subject to s. 193.501 (4), policies relating to the
19 confidentiality, disclosure, inspection and copying of the records of the cooperative.
20 This subsection does not permit the board to withhold documents that are otherwise
21 required to be disclosed by law.

22 **SUBCHAPTER III**

23 **COOPERATIVE POWERS**

24 **193.301 Cooperative powers. (1) GENERALLY.** In addition to other powers,
25 a cooperative may perform every act necessary or proper to the conduct of the

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1 cooperative's business or the accomplishment of the purposes of the cooperative. A
2 cooperative has all rights, powers, and privileges granted to entities organized under
3 ch. 185, except those that are inconsistent with an express provision of this chapter.

4 **(2) DEALING IN PRODUCTS.** A cooperative may buy, sell, or deal in its own
5 products or the products of any other person and may negotiate the sales price of any
6 product the cooperative sells.

7 **(3) CONTRACTS WITH MEMBERS.** A cooperative may enter into or become a party
8 to a contract for the cooperative or for the cooperative's individual members or
9 patrons or between the cooperative and its members.

10 **(4) ACTS CONCERNING REAL AND PERSONAL PROPERTY.** (a) A cooperative may
11 acquire and hold, lease, mortgage, encumber, sell, exchange and convey real and
12 personal property as the business of the cooperative may require.

13 (b) A cooperative may act as trustee or in any fiduciary capacity for any purpose
14 not inconsistent with the purposes of the cooperative, subject to any applicable
15 requirements of s. 223.105.

16 **(6) DEBT INSTRUMENTS, BORROWING, SECURITY, AND INVESTING.** A cooperative may
17 do any of the following:

18 (a) Issue bonds, debentures, or other evidence of indebtedness.

19 (b) Borrow money to finance the business of the cooperative.

20 (c) Secure any of its obligations by mortgage of, creation of a security interest
21 in, or other encumbrance or assignment of all or any of its property, franchises, or
22 income.

23 (d) Form special purpose business entities to secure assets of the cooperative.

24 (e) Invest its funds.

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1 (f) Acquire, hold, and dispose of evidences of indebtedness of any business
2 entity.

3 **(7) ADVANCES TO PATRONS.** A cooperative may make advances to the
4 cooperative's members or patrons on products delivered by the members or patrons
5 to the cooperative.

6 **(8) DONATIONS.** A cooperative may accept donations of money and donations of
7 real or personal property from its members.

8 **(9) LENDING TO AND BORROWING FROM MEMBERS.** A cooperative may loan money
9 to its members with security that it considers sufficient, whether or not any property
10 taken as security is of the kind dealt in by the cooperative, and may borrow money
11 from its members.

12 **(10) PENSIONS AND BENEFITS.** (a) A cooperative may pay pensions, retirement
13 benefits, and compensation for past services to or for the benefit of the cooperative.

14 (b) A cooperative may establish and carry out employee benefit plans and
15 provisions for the benefit of any or all of its and its affiliates, officers, managers,
16 directors, governors, employees, and agents. In the case of an affiliate that is a
17 cooperative, a cooperative may establish and carry out provisions for the benefit of
18 the affiliate's members who provide services to the cooperative, and the families,
19 dependents, and beneficiaries of any of them. A cooperative may indemnify a
20 fiduciary of any employee benefit plan or provisions established under this
21 paragraph and purchase insurance for or on behalf of such a fiduciary.

22 **(11) INSURANCE.** A cooperative may purchase for its benefit life insurance and
23 other insurance with respect to the services of any of its members, managers,
24 directors, employees, and agents, and may purchase insurance on the life of a

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1 member for the purpose of facilitating the cooperative's acquisition of any of the
2 member's membership interests in the cooperative at the death of the member.

3 **(12) OWNERSHIP INTERESTS IN OTHER ENTITIES.** (a) A cooperative may acquire,
4 hold, or dispose of ownership interests in another business entity and, if a
5 cooperative acquires ownership interests under this paragraph, assume all rights,
6 interests, privileges, responsibilities, and obligations arising out of the ownership
7 interests. A cooperative that holds an ownership interest in another business entity
8 may, by direction of the board, elect or appoint an individual to represent the
9 cooperative at a meeting of the business entity. The representative may represent
10 the cooperative at such a meeting and may cast any vote the cooperative is entitled
11 to cast at the meeting.

12 (b) A cooperative may organize business entities.

13 (c) A cooperative may acquire ownership interests in or organize an entity to
14 which any of the following apply:

15 1. The entity is organized as a federation of associations.

16 2. The entity is organized for the purpose of forming a district, state, or national
17 marketing, sales, or service agency.

18 3. The entity is organized for the purpose of acquiring marketing facilities at
19 terminal or other markets in this state or other states.

20 **(14) FORFEITURE.** (a) Notwithstanding ch. 177, a cooperative may effect the
21 forfeiture to the cooperative of unclaimed allocations, distributions, or credits under
22 this chapter or under s. 185.45 (2) (b) and (c), (3) (a) and (b), and (4) (b), unclaimed
23 stock issued by the cooperative, and unclaimed deposits held by the cooperative, if
24 all of the following conditions are met:

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1 1. No earlier than 3 years and no later than 5 years after the allocation,
2 distribution, or credit is first made available to its owner, the board declares that the
3 allocation, distribution, or credit will be forfeited to the cooperative unless claimed
4 by a date determined by the board, which date shall be a business day at least 60 days
5 after the date of mailing under subd. 2.

6 2. The cooperative mails a written notice of the declaration under subd. 1. to
7 the owner of the allocation, distribution, or credit at the owner's last-known address,
8 as reflected in the records of the cooperative.

9 3. The cooperative publishes the notice under subd. 2. as a class 1 notice under
10 ch. 985, on or before the date on which the notice is mailed, in a newspaper published
11 in a municipality having territory within the service area of the cooperative.

12 4. The allocation, distribution, or credit remains unclaimed after the date
13 determined by the board under subd. 1.

14 (b) A cooperative that effects a forfeiture under par. (a) shall use any forfeited
15 moneys within one year after the date on which the funds are forfeited for providing
16 scholarships or educational loans to students or for charitable purposes, as
17 determined by the board.

18 (c) Property forfeited under this subsection is not subject to ch. 177.

19 **193.305 Emergency powers. (1)** In anticipation of or during an emergency,
20 as defined in sub. (4), the board may do any of the following:

21 (a) Modify lines of succession to accommodate the incapacity of any director,
22 officer, employee, or agent.

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

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1 **(2)** All of the following apply during an emergency, as defined in sub. (4), unless
2 emergency bylaws under s. 193.241 (7) provide otherwise:

3 (a) Notice of a meeting of the board need be given only to those directors whom
4 it is practicable to reach and may be given in any practicable manner.

5 (b) One or more officers of the cooperative present at a meeting of the board may
6 be deemed to be directors for the meeting, in order of rank and within the same rank
7 in order of seniority, as necessary to achieve a quorum.

8 **(3)** Action taken in good faith during an emergency under this section to further
9 the ordinary business affairs of the cooperative:

10 (a) Binds the cooperative.

11 (b) May not be the basis for the imposition of liability on any director, officer,
12 employee, or agent of the cooperative on the ground that the action was not
13 authorized cooperative action.

14 **(4)** An emergency exists for purposes of this section if a quorum of the directors
15 cannot readily be obtained because of a catastrophic event.

16 **193.311 Agricultural product and commodity marketing contracts. (1)**

17 AUTHORITY. A cooperative and its patron member or patron may enter into a
18 marketing contract, requiring the patron member or patron to sell a specified portion
19 of the patron member's or patron's agricultural product or specified commodity
20 produced from a specified area exclusively to or through the cooperative or a facility
21 established by the cooperative.

22 **(2) TITLE TO PRODUCTS.** If an agricultural product or commodity is sold to a
23 cooperative under a contract under sub. (1), the sale transfers title to the product or
24 commodity absolutely, subject to any valid lien or security interest in the product or
25 commodity, to the cooperative on delivery of the product or commodity or at another

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1 time specified in the contract. A contract under sub. (1) may allow a cooperative to
2 sell agricultural products or commodities with or without taking title to the products
3 or commodities, and pay the sales price to the applicable patron member or patron,
4 after deducting amounts specified in the contract.

5 **(3) TERM OF CONTRACT.** The term of a contract under sub. (1) may not exceed 10
6 years, except that a contract may be renewed for periods not exceeding 5 years each,
7 subject to the right of either party to immediately terminate the contract by giving
8 written notice of the termination to the other party.

9 **(4) LIQUIDATED DAMAGES FOR BREACH OF CONTRACT.** A contract under sub. (1) may
10 require the patron member or patron to pay an amount to the cooperative as
11 liquidated damages for the patron member's or patron's breach of any provision of
12 the contract regarding the sale, delivery, or withholding of a product or commodity.
13 The amount of liquidated damages shall be specified by including the specified
14 amount in the contract.

15 **(5) INJUNCTION AGAINST BREACH OF CONTRACT.** If a patron member or patron
16 breaches or threatens to breach a contract under sub. (1), the cooperative may
17 commence an action for specific performance and injunctive relief under ch. 813.

18 **(6) CRIMINAL PENALTY FOR CONTRACT INTERFERENCE AND FALSE REPORTS.** (a) No
19 person may knowingly induce or attempt to induce a patron member or patron of a
20 cooperative to breach a contract under sub. (1).

21 (b) No person may maliciously and knowingly publish false reports about the
22 finances or management of a cooperative.

23 (c) Any person who violates par. (a) or (b) may be fined not more than \$1,000
24 or imprisoned for not more than 6 months, or both.

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1 **(7) CIVIL LIABILITY FOR CONTRACT INTERFERENCE AND FALSE REPORTS.** In addition
2 to the penalty provided in sub. (6) (c), any person who violates sub. (6) (a) or (b) may
3 be liable to the cooperative for damages caused by the violation.

4 **193.315 Indemnification and insurance against securities law claims.**
5 Section 185.042 applies to a cooperative to the same extent as if the cooperative was
6 organized under ch. 185.

SUBCHAPTER IV

DIRECTORS AND OFFICERS

7
8
9 **193.401 Board governs cooperative.** A cooperative shall be governed by its
10 board which shall take all action for and on behalf of the cooperative except those
11 actions reserved or granted to members. No director or group of directors may act
12 for or on behalf of the cooperative unless authorized by the board or this chapter. A
13 director may advocate interests of members or member groups to the board, but the
14 fiduciary duty of each director is to represent the best interests of the cooperative and
15 all members collectively.

16 **193.405 Number of directors.** The board shall have at least 5 directors,
17 except that the board of a cooperative with 50 or fewer members may have as few as
18 3 directors.

19 **193.411 Election of directors. (1) INITIAL BOARD.** The initial board shall be
20 established as provided under s. 193.205 (2) and, except as provided in s. 193.205 (2),
21 shall serve until directors are elected by members. The initial board shall appoint
22 directors to fill any vacancies on the initial board, until the directors are elected by
23 the members.

24 **(2) GENERALLY.** (a) Directors shall be elected or appointed for the term, at the
25 time, and in the manner provided in this section and the articles and bylaws.

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1 (b) If nonpatron members or nonpatron membership interest are granted
2 voting rights, a majority of the directors shall be members and a majority of the
3 directors shall be elected exclusively by patron members, unless otherwise provided
4 in the articles or bylaws. The patron members may also elect an outside director who
5 is an expert in financial matters but who has no financial interest in the cooperative.
6 Unless the articles or bylaws provide otherwise, the outside director may not vote.

7 (d) A director holds office for the term for which the director was elected and
8 until a successor is elected and has qualified, unless the director is removed or a
9 vacancy in the office of the director occurs.

10 (g) Directors may be divided into, designated, and elected by class or other
11 distinction as provided in the articles or bylaws.

12 **(3)** ELECTION AT REGULAR MEETING. Except as provided under sub. (1) or (4) or
13 s. 193.415 (4) or 193.421, all directors shall be elected at the regular members'
14 meeting.

15 **(4)** DISTRICT OR LOCAL UNIT ELECTION OF DIRECTORS. For a cooperative with
16 districts or other units, directors may be elected by members on a district or unit
17 basis if the articles or bylaws so provide. Directors elected on a district or unit basis
18 may be nominated or elected at district member meetings if the articles or bylaws so
19 provide. Directors who are nominated at district meetings shall be elected at the
20 regular members' meeting by vote of the entire membership, unless the articles or
21 bylaws provide that such directors are to be elected at a district member meeting or
22 the regular members' meeting by vote of the members of the district.

23 **(4m)** CUMULATIVE VOTING. Unless the articles or bylaws so provide, directors
24 may not be elected through the use of any system of voting that permits a voter to
25 allocate multiple votes among eligible candidates.

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1 **(5) BALLOTS.** All of the following apply to voting under this section:

2 (a) A member may vote only by casting a ballot as provided under s. 193.545

3 (3).

4 (b) The ballot shall be in a form prescribed by the board.

5 (c) To cast a ballot by mail, a member shall mark the ballot for the candidate
6 chosen, seal the ballot in a plain envelope bearing the member's name and the words
7 "BALLOT ENCLOSED," or similar words, and enclose that envelope in another
8 envelope addressed to the cooperative. To cast an alternative ballot, a member shall
9 follow the procedure prescribed by the board.

10 (d) If the ballot of the member is received by the cooperative on or before the
11 date of the election, or as otherwise prescribed for alternative ballots, and if all other
12 applicable requirements are satisfied the cooperative shall accept and count the
13 ballot as the vote of the absent member.

14 **(6) BUSINESS ENTITY MEMBERS MAY NOMINATE PERSONS FOR DIRECTOR.** Any member
15 that is not an individual may nominate one or more individuals as candidates for
16 election as a director of the cooperative, unless the cooperative's articles or bylaws
17 provide otherwise.

18 **(9) COMPENSATION.** Subject to any limitation in the articles or bylaws, the board
19 may fix the compensation of the directors, except that any outside director elected
20 under sub. (2) (b) may not receive any compensation other than authorized per diem
21 reimbursements.

22 **193.415 Removal of directors.** All of the following apply, unless the articles
23 or bylaws provide otherwise:

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1 **(2) REMOVAL OF TEMPORARY DIRECTORS BY BOARD.** A director who was appointed
2 by the board to fill a vacancy may be removed by the board at any time, with or
3 without cause, if all of the following apply:

4 (a) The members have not elected directors in the interval between the time
5 of the appointment to fill the vacancy and the time of the removal.

6 (b) A majority of the remaining directors present affirmatively vote to remove
7 the director.

8 **(3) REMOVAL OF DIRECTORS BY MEMBERS.** A director may be removed at any time,
9 with or without cause, by the affirmative vote of the holders of a majority of the voting
10 power of membership interests entitled to vote at an election of directors, except that
11 a director who was elected solely by the patron members or the holders of a class or
12 series of membership interests, as provided in the articles or bylaws, may be removed
13 only by the affirmative vote of the holders of a majority of the voting power of the
14 patron members or of all membership interests of the class or series entitled to vote
15 at an election of that director, respectively.

16 **(4) ELECTION OF REPLACEMENT DIRECTORS.** Notwithstanding s. 193.421, a
17 replacement director may be elected to serve out the remaining term of the removed
18 director at a meeting at which the director was removed.

19 **193.417 Resignation of directors.** A director may resign by giving notice to
20 the board or the chairperson of the board. The resignation is effective without
21 acceptance upon receipt by the board or the chairperson of the board, unless the
22 notice specifies a later effective date.

23 **193.421 Filling vacancies. (1) PATRON DIRECTORS.** If a vacancy occurs in the
24 office of a director who was elected solely by the patron members, as provided in the
25 articles or bylaws, or a new office of director is created for such a director, the board,

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1 in consultation with the other directors elected solely by the patron members, as
2 provided in the articles or bylaws, shall appoint a patron member of the cooperative
3 to temporarily fill the vacancy until a successor is elected at the next regular or
4 special members' meeting. An appointment under this subsection shall be by
5 majority vote of the remaining directors, regardless of whether there is a quorum
6 present. If there are no other directors elected solely by the patron members, as
7 provided in the articles or bylaws, at the time of the vacancy, the office shall remain
8 vacant and a special patron members' meeting shall be called to elect a successor.

9 (2) NONPATRON DIRECTORS. Unless otherwise provided in the articles or bylaws,
10 if a vacancy occurs in the office of any director other than a director described in sub.
11 (1) or if a new office of director is created other than a new office described in sub. (1),
12 the board shall appoint a director to temporarily fill the vacancy by majority vote of
13 the remaining directors, regardless of whether there is a quorum present. A
14 successor shall be elected at the next regular or special members' meeting.

15 (3) TERM OF SUCCESSOR. Any successor elected under this section is elected for
16 the remainder of the unexpired term of the director whose vacancy the successor was
17 elected to fill.

18 **193.423 Allocation of voting authority among directors.** (1) The voting
19 authority of the directors may be allocated according to allocation units or equity
20 classifications of the cooperative if any of the following conditions is satisfied:

21 (a) The directors elected by patron members have collectively at least 51
22 percent of the voting authority of the board on general matters of the cooperative.

23 (b) The directors elected by patron members do not have, collectively, minority
24 voting authority on the board on general matters of the cooperative.

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1 **(2)** The patron board directors' vote shall be voted collectively as determined
2 by a majority vote of the patron directors. A tie in the number of patron board director
3 votes shall be construed as a vote against the matter.

4 **193.425 Board meetings. (1)** TIME AND PLACE. Meetings of the board may be
5 held from time to time as provided in the articles or bylaws at any location that the
6 board selects or by any means described in sub. (2).

7 **(2)** VIRTUAL MEETINGS AND ATTENDANCE. Meetings of the board may be held by
8 any means of communication through which the directors may simultaneously hear
9 each other during the meeting. A director may participate in a meeting of the board
10 at which other directors are physically present by any means of communication
11 through which the director, all other directors so participating, and all directors
12 physically present may simultaneously hear each other during the meeting. The
13 number of directors physically present at a meeting, if any, shall be added to the
14 number of directors otherwise participating in the meeting under this subsection to
15 determine whether a quorum is present under s. 193.431, except that any director
16 who objects at the beginning of the meeting to the transaction of business because
17 the meeting is not lawfully called or convened and who fails to participate in the
18 meeting after the objection may not be considered as present at the meeting for
19 purposes of determining whether a quorum is present.

20 **(3)** CALLING MEETINGS AND NOTICE. Unless the articles or bylaws provide for a
21 different time period and except as provided in s. 193.205 (3) and subs. (4) and (5),
22 a director may call a board meeting by giving at least 10 days' notice. The notice shall
23 state the date, time, and place of the meeting, except that, if the meeting is held under
24 sub. (2) and if no physical presence of directors at the meeting is intended, the notice

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1 shall so state. If required under this chapter, the articles, or the bylaws, the notice
2 shall state the purpose of the meeting.

3 **(4) PREVIOUSLY SCHEDULED OR ADJOURNED MEETINGS.** If the day, time, and place
4 of a board meeting are provided in the articles or bylaws, or announced at a previous
5 board meeting, no notice of the meeting is required. Notice that an adjourned
6 meeting will be reconvened need not be given other than by announcement at the
7 meeting at which adjournment is taken.

8 **(5) WAIVER OF NOTICE AND OBJECTION.** A director may waive notice of a board
9 meeting. A waiver is effective whether given before, at, or after the meeting, and
10 whether given in writing, orally, or by attendance. Attendance by a director at a
11 board meeting is a waiver of notice of that meeting, unless the director objects at the
12 beginning of the meeting to the transaction of business because the meeting is not
13 lawfully called or convened and does not participate in the meeting after the
14 objection.

15 **(6) VOTING BY ABSENT DIRECTORS.** If the articles or bylaws so provide, a director
16 may give advance written consent or opposition to a proposal to be acted on at a board
17 meeting. If the director is not present at the meeting, consent or opposition to a
18 proposal does not constitute presence for purposes of determining the existence of a
19 quorum. If the proposal to be acted on at the meeting is substantially the same or
20 has substantially the same effect as the proposal to which the director has consented
21 or opposed, the consent or opposition shall be counted as the vote of a director present
22 at the meeting in favor of or against the proposal and shall be entered in the minutes
23 or other record of action at the meeting.

24 **193.431 Quorum; presence of objecting director.** Unless otherwise
25 provided in the articles or bylaws, a majority of the directors currently holding office

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1 is a quorum for the transaction of business. Any director who objects at the beginning
2 of a board meeting to the transaction of business because the meeting is not lawfully
3 called or convened and who fails to participate in the meeting after the objection may
4 not be considered as present at the meeting for purposes of determining whether a
5 quorum is present. In the absence of a quorum, a majority of the directors present
6 may adjourn a meeting from time to time until a quorum is present. If a quorum is
7 present when a meeting is properly convened, the directors present may continue to
8 transact business until adjournment, even though the withdrawal of a number of
9 directors originally present leaves less than a quorum.

10 **193.435 Actions of the board. (1) GENERALLY.** Unless this chapter or the
11 articles or bylaws provide otherwise and except as provided in sub. (2), the board
12 shall take action by the affirmative vote of the greater of the following:

13 (a) A majority of directors present at a meeting at the time the action is taken.

14 (b) A majority of the minimum number of directors that would constitute a
15 quorum for the transaction of business at the meeting.

16 **(2) EXCEPTION FOR OBJECTING DIRECTOR.** Any director who objects at the
17 beginning of a board meeting to the transaction of business because the meeting is
18 not lawfully called or convened and who fails to participate in the meeting after the
19 objection may not be considered as present at the meeting for purposes of sub. (1).

20 **193.441 Actions without a meeting. (1) GENERALLY.** (a) Unless the articles
21 or bylaws provide otherwise, any action required or permitted by this chapter to be
22 authorized at a board meeting may be authorized without a meeting if that action
23 is authorized by all directors and is evidenced by one or more written statements,
24 signed by each director, describing and consenting to the action. Such an action has

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1 the same effect as an action authorized by unanimous vote at a meeting at which all
2 directors are present and may be described as such in any document.

3 (b) The articles or bylaws may allow the board to take any other action on behalf
4 of the cooperative, other than an action requiring member approval, without a board
5 meeting, if the action is authorized by the number of directors that would be required
6 to approve the action at a board meeting at which all directors were present and if
7 the action is evidenced by one or more written statements, signed by each
8 authorizing director, describing and consenting to the action. Such an action has the
9 same effect as an action authorized by vote of the number of authorizing directors
10 at a meeting at which all directors are present and may be described as such in any
11 document.

12 (2) EFFECTIVE DATE. Any action authorized under sub. (1) is effective when the
13 last director necessary for authorization signs the statement evidencing his or her
14 consent, unless the statement specifies a different effective date.

15 (3) NOTICE AND LIABILITY. When an action is taken under sub. (1) (b) with the
16 authorization of less than all directors, the authorizing directors shall ensure that
17 all other directors are notified immediately of the action and its effective date.
18 Failure to provide the notice does not invalidate the action. A director who does not
19 authorize an action taken under sub. (1) (b) may not be held liable as a result of the
20 action.

21 (4) RECORDS. A cooperative shall retain all statements signed by its directors
22 under sub. (1).

23 **193.443 Board authority concerning certain cooperative property. (1)**

24 SALE IN USUAL AND REGULAR COURSE OF BUSINESS. The board may sell, lease, transfer,

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1 or otherwise dispose of all or substantially all of the cooperative's property in the
2 usual and regular course of the cooperative's business.

3 **(2) OTHER SALES.** The board may sell, lease, transfer, or otherwise dispose of
4 all or substantially all of the cooperative's property not in the usual and regular
5 course of the cooperative's business if all of the following apply:

6 (a) The cooperative's accountant has given the board an opinion that the
7 cooperative cannot continue as an ongoing business and is under financial duress.

8 (b) The board has given notice to the members of the impending or potential
9 disposition prior to the disposition.

10 (c) The board has determined that failure to proceed with the disposition would
11 be adverse to the interests of the members and the cooperative.

12 **(3) SECURITY INTERESTS.** The board may grant a security interest in all or
13 substantially all of the cooperative's property whether or not in the usual and regular
14 course of the cooperative's business.

15 **(4) TRANSFER TO CERTAIN AFFILIATES.** The board may transfer any or all of the
16 cooperative's property to a business entity all the ownership interests of which are
17 owned by the cooperative.

18 **(5) ASSET SECURITIZATION.** For purposes of debt financing, the board may
19 transfer any or all of the cooperative's property to a special purpose entity owned or
20 controlled by the cooperative for an asset securitization.

21 **193.445 Audit committee.** The board shall establish an audit committee,
22 consisting of members who will ensure an independent review of the cooperative's
23 finances, to review the financial information and accounting reports of the
24 cooperative. The board shall present audited financial statements to the members
25 unless all of the following apply:

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1 **(1)** The articles or bylaws permit financial statements that are not audited.

2 **(2)** The financial statements clearly state that they are not audited and a
3 statement is included in the financial statement describing the difference between
4 the financial statements and audited financial statements that are prepared
5 according to generally accepted accounting processes.

6 **193.451 Committees. (1)** GENERALLY; SPECIAL LITIGATION COMMITTEE. The
7 board, by resolution, may establish committees having the authority of the board in
8 the management of the business of the cooperative to the extent described in the
9 resolution. The board, by resolution, may establish a special litigation committee of
10 specified duration under this subsection, consisting of one or more independent
11 directors or other independent persons, to consider the legal rights of and remedies
12 available to the cooperative and whether those rights should be enforced and those
13 remedies should be pursued. Any committee established under this subsection,
14 other than a special litigation committee, is subject at all times to the direction and
15 control of the board. The board may amend a resolution establishing a special
16 litigation committee.

17 **(2)** MEMBERSHIP. A committee established under sub. (1) shall consist of one or
18 more individuals. Unless the articles or bylaws provide otherwise, committee
19 members need not be directors.

20 **(3)** COMMITTEE PROCEDURE. The procedures for a board meeting apply to a
21 meeting of a committee established under sub. (1) and to committee members to the
22 same extent as those procedures apply to a board meeting and directors.

23 **(4)** MINUTES. The chairperson of a committee established under sub. (1) shall
24 ensure that minutes, if any, of committee meetings are provided, upon request, to
25 members of the committee and to any director.

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1 **(5) STANDARD OF CONDUCT FOR DIRECTORS.** Establishment of, delegation of
2 authority to, and action by a committee under sub. (1) does not alone constitute
3 compliance by a director with s. 193.455 (1).

4 **(6) DUTIES OF COMMITTEE MEMBERS; LIMITATION OF LIABILITY.** Sections 193.455,
5 193.461, and 193.465 apply to members of committees established under sub. (1) to
6 the same extent as those sections apply to directors.

7 **193.455 Conduct and liability of directors. (1) STANDARD AND LIABILITY.**

8 (a) A director shall discharge the duties of the office of director in good faith, in a
9 manner the director reasonably believes to be in the best interests of the cooperative,
10 and with the care an ordinarily prudent person in a like position would exercise
11 under similar circumstances. A director who so performs his or her duties may not
12 be held liable by reason of being or having been a director.

13 (b) In discharging his or her duties to the cooperative and in determining what
14 he or she believes to be in the best interests of the cooperative, a director may
15 consider any of the following:

16 1. The effects of the action on employees, suppliers, creditors, and customers
17 of the cooperative.

18 2. The effects of the action on communities in which the cooperative operates.

19 3. The effects of the action on members and stockholders.

20 4. The economy of this state.

21 5. The long-term and short-term interests of the cooperative and its patron
22 members, including the possibility that these interests may be best served by the
23 continued independence of the cooperative.

24 6. Any other factors the director considers pertinent.

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1 **(2) RELIANCE.** (a) A director may rely on information, opinions, reports, or
2 statements, including financial statements and other financial data, if prepared or
3 presented by any of the following:

4 1. One or more officers or employees of the cooperative whom the director
5 reasonably believes to be reliable and competent in the matters presented.

6 2. Counsel, public accountants, or other persons as to matters that the director
7 reasonably believes are within the person’s professional or expert competence.

8 3. A committee established under s. 193.445 or 193.451 (1) on which the
9 director does not serve, as to matters within its designated authority, if the director
10 reasonably believes the committee to merit confidence.

11 (b) Paragraph (a) does not apply to a director who has knowledge concerning
12 the matter in question that makes the director’s reliance under par. (a) unwarranted.

13 **(3) PRESUMPTION OF ASSENT.** A director who is present at a meeting of the board
14 when an action is approved by the board is presumed to have assented to the action
15 approved, unless the director is prohibited by a conflict of interest from voting on the
16 action or does any of the following:

17 (a) Objects at the beginning of the meeting to the transaction of business
18 because the meeting is not lawfully called or convened and fails to participate in the
19 meeting after the objection.

20 (b) Votes against the action at the meeting.

21 **193.461 Director conflicts of interest. (1) CONFLICT VOIDING CERTAIN**
22 **CONTRACTS AND TRANSACTIONS.** A contract or transaction between a cooperative and
23 a director, as determined under sub. (2) (b) 1., or between a cooperative and a
24 business entity of which at least one of the cooperative’s directors is a governor,
25 director, manager, officer, or legal representative, as determined under sub. (2) (b)

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1 2., or in which at least one of the cooperative's directors has a material financial
2 interest, as determined under sub. (2) (a), is void unless any of the following apply:

3 (a) The contract or transaction was fair and reasonable as to the cooperative
4 at the time it was authorized or ratified by the cooperative; the material facts as to
5 the contract or transaction and as to the director's interest are disclosed or known
6 to the members before the contract or transaction is authorized or ratified by the
7 cooperative; and the material facts as to the contract or transaction and as to the
8 director's interest are fully disclosed or known to the board or a committee
9 established under s. 193.445 or 193.451 (1), and the board or committee in good faith
10 authorizes or ratifies the contract or transaction. The interested director may not
11 be counted in determining the presence of a quorum at a meeting where the contract
12 or transaction may be authorized or ratified and may not vote on the authorization
13 or ratification. The person asserting the validity of the contract or transaction has
14 the burden of establishing that the contract or transaction was fair and reasonable
15 as to the cooperative at the time it was authorized or ratified by the cooperative.

16 (b) The contract or transaction is a distribution, or is a contract or transaction
17 that is made available to all members or patron members as part of the cooperative's
18 business.

19 (c) The contract or transaction results from a resolution fixing the
20 compensation of a director or of another officer, employee, or agent of the cooperative.

21 **(2) MATERIAL FINANCIAL INTEREST; TRANSACTIONS INVOLVING THIRD PARTIES.** (a) For
22 purposes of sub. (1), a director has a material financial interest in each organization
23 in which that director, that director's spouse, parent, child, or sibling, the spouse of
24 that director's child or sibling, or the sibling of that director's spouse has a material
25 financial interest.

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1 (b) 1. For purposes of sub. (1), a contract or transaction between a cooperative
2 and a director or that director's spouse, parent, child, or sibling, the spouse of that
3 director's child or sibling, or the sibling of that director's spouse, is considered to be
4 a transaction between the cooperative and the director.

5 2. For purposes of sub. (1), a contract or transaction between a cooperative and
6 a business entity of which a director or that director's spouse, parent, child, or
7 sibling, the spouse of that director's child or sibling, or the sibling of that director's
8 spouse, is a governor, director, manager, officer, or legal representative is considered
9 to be a transaction between the cooperative and a business entity of which the
10 director is a governor, director, manager, officer, or legal representative.

11 **193.465 Limitation of director's liability in articles or bylaws.** The
12 articles or bylaws may eliminate or limit a director's personal liability to the
13 cooperative or its members for monetary damages for violating s. 193.455 (1) (a),
14 except that neither the articles nor the bylaws may eliminate or limit the liability of
15 a director for any of the following:

16 (1) A breach of the director's duty of loyalty to the cooperative or its members.

17 (2) An act or omission not in good faith or that involves intentional misconduct
18 or a knowing violation of law.

19 (3) A transaction from which the director derived an improper personal benefit.

20 (4) An act or omission occurring before the date on which the provision in the
21 articles or bylaws eliminating or limiting liability becomes effective.

22 (5) A knowing violation of ch. 408, subject to s. 193.605, or illegal distributions
23 of cooperative assets.

24 **193.471 Indemnification. (1) DEFINITIONS.** In this section:

25 (a) "Official capacity" means any of the following:

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1 1. A person's capacity as an officer, employee, or agent of a cooperative or
2 predecessor cooperative.

3 2. A person's capacity as a member of a committee of a cooperative under s.
4 193.445 or 193.451 (1) or of a committee of a predecessor cooperative.

5 3. With respect to a director, chief executive officer, member, or employee of a
6 cooperative who, at the request of the cooperative, serves as a governor, director,
7 manager, officer, member, partner, trustee, employee, or agent of another
8 organization or employee benefit plan, that person's capacity as a governor, director,
9 manager, officer, member, partner, trustee, employee, or agent, as applicable, of the
10 other organization or employee benefit plan.

11 4. With respect to a person who was a director, chief executive officer, member,
12 or employee of a predecessor cooperative and who, at the request of the predecessor
13 cooperative, served as a governor, director, manager, officer, member, partner,
14 trustee, employee, or agent of another organization or employee benefit plan, that
15 person's capacity as a governor, director, manager, officer, member, partner, trustee,
16 employee, or agent, as applicable, of the other organization or employee benefit plan.

17 (b) "Potential litigant" means a person made or threatened to be made a party
18 to a proceeding by reason of the person's former or present official capacity.

19 (c) "Predecessor cooperative" means a domestic or foreign cooperative that was
20 the predecessor of a cooperative in a merger or other transaction in which the
21 predecessor's existence ceased upon consummation of the transaction.

22 (d) "Proceeding" means a threatened, pending, or completed civil, criminal,
23 administrative, arbitration, or investigative proceeding, including a proceeding by
24 or in the right of the cooperative.

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1 (e) “Special legal counsel” means counsel who has not represented any of the
2 following:

- 3 1. The cooperative or an affiliate.
- 4 2. The director, manager, member of a committee under s. 193.445 or 193.451
5 (1), or employee whose indemnification is in issue.

6 **(2) INDEMNIFICATION.** (a) Subject to sub. (4), a cooperative shall indemnify a
7 potential litigant against judgments, penalties, and fines applicable to a proceeding,
8 against excise taxes assessed against the person with respect to an employee benefit
9 plan, and against settlements and reasonable expenses, including attorney fees and
10 disbursements, incurred by the potential litigant in connection with the proceeding,
11 if, with respect to the acts or omissions of the potential litigant complained of in the
12 proceeding, all of the following apply:

- 13 1. The potential litigant has not been indemnified against the same amounts
14 by another person.
- 15 2. The potential litigant acted in good faith.
- 16 3. The potential litigant did not receive an improper personal benefit or commit
17 an act for which liability cannot be eliminated or limited under s. 193.465 (2).
- 18 4. In the case of a criminal proceeding, the potential litigant had no reasonable
19 cause to believe the acts or omissions were unlawful.
- 20 5. In the case of acts or omissions committed in an official capacity, as defined
21 in sub. (1) (a) 1. or 2., the potential litigant reasonably believed that the acts or
22 omissions were in the best interests of the cooperative or predecessor cooperative, as
23 applicable, and, in the case of acts or omissions committed in an official capacity, as
24 defined in sub. (1) (c) 3. or 4., the potential litigant reasonably believed that the
25 conduct was not opposed to the best interests of the cooperative or predecessor

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1 cooperative, as applicable. If the acts or omissions relate to conduct as a director,
2 officer, trustee, employee, or agent of an employee benefit plan, the conduct is not
3 considered to be opposed to the best interests of the cooperative or predecessor
4 cooperative if the potential litigant reasonably believed that the conduct was in the
5 best interests of the participants or beneficiaries of the employee benefit plan.

6 (b) The termination of a proceeding by judgment, order, settlement, or
7 conviction or upon a plea of no contest or its equivalent does not, of itself, establish
8 that the potential litigant did not meet the applicable criteria under par. (a).

9 **(3) ADVANCES.** Subject to sub. (4), a potential litigant is entitled, upon written
10 request to the cooperative, to payment or reimbursement by the cooperative of
11 reasonable expenses, including attorney fees and disbursements, incurred by the
12 potential litigant in advance of the final disposition of the proceeding if the potential
13 litigant delivers to the cooperative a written statement that the potential litigant
14 believes in good faith that the applicable criteria for indemnification under sub. (2)
15 (a) have been satisfied and a written undertaking by the potential litigant to repay
16 all amounts so paid or reimbursed by the cooperative if a court determines under sub.
17 (6) (c) that the potential litigant is ineligible for indemnification. The written
18 undertaking is an unlimited general obligation of the potential litigant but need not
19 be secured, and the cooperative shall accept the written undertaking without
20 reference to the potential litigant's financial ability to make the repayment.

21 **(4) PROHIBITION, CONDITIONS, AND LIMITATIONS ON INDEMNIFICATION OR ADVANCES.**
22 The articles or bylaws may prohibit indemnification or advances of expenses
23 otherwise required by subs. (2) and (3). The articles or bylaws may impose
24 limitations on indemnification or advances of expenses or conditions on
25 indemnification or advances of expenses in addition to the conditions contained in

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1 subs. (2) and (3), if the limitations or conditions apply equally to all persons or to all
2 persons within a given class. A prohibition, limitation, or condition contained in the
3 articles or bylaws under this subsection does not apply to any person seeking
4 indemnification or advancement of expenses under sub. (2) or (3) with respect to any
5 acts or omissions of the person committed before the effective date of the provision
6 in the articles or the date of adoption of the provision in the bylaws, as applicable,
7 establishing the prohibition, limitation, or condition.

8 **(5) REIMBURSEMENT TO WITNESSES.** This section does not require, or limit the
9 ability of, a cooperative to reimburse expenses, including attorney fees and
10 disbursements, incurred by a person in connection with an appearance as a witness
11 in a proceeding at a time when the person is not a potential litigant.

12 **(6) DETERMINATION OF ELIGIBILITY.** (a) Except as otherwise provided in this
13 subsection, all determinations whether indemnification of a person is required under
14 sub. (2) and whether payment or reimbursement of expenses is required under sub.
15 (3) shall be made as follows:

16 1. By the board, except as otherwise provided in this paragraph. The directors
17 who are, at the time, parties to the proceeding may not vote on the question of a
18 determination under this subdivision and may not be counted in determining the
19 presence of a quorum at a meeting at which such a question is voted upon.

20 2. If a quorum under subd. 1. cannot be obtained because of the number of
21 directors that are parties to the proceeding and except as otherwise provided in this
22 paragraph, by a majority of a committee under s. 193.451 (1) that consists of 2 or more
23 directors not at the time parties to the proceeding and that is duly designated to act
24 in the matter by a majority of all directors, including those who are parties.

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1 3. If a determination is not made under subd. 1. or 2. and except as otherwise
2 provided in this paragraph, by special legal counsel, selected either by the board or
3 a committee under s. 193.451 (1). If selected by the board, the vote and determination
4 of the presence of a quorum shall be made as described in subd. 1. If selected by a
5 committee, the committee shall be designated to act and shall vote in the manner
6 described in subd. 2.

7 4. Except as otherwise provided under this paragraph, if a determination is not
8 made under subd. 1. or 2. and if a quorum of the board cannot be obtained and a
9 committee cannot be established as required under subd. 3., by special legal counsel,
10 selected by a majority of all directors, including directors who are parties to the
11 proceeding.

12 5. If a determination is not made under subds. 1. to 4., by the affirmative vote
13 of the members. The membership interests held by parties to the proceeding may
14 not be counted in determining the presence of a quorum at a meeting at which the
15 question of a determination under this subdivision is voted upon and parties holding
16 such membership interests may not vote on the determination.

17 (b) Except as provided in par. (c), with respect to a person who is not, and was
18 not at the time of the acts or omissions complained of in the proceedings, a director,
19 chief executive officer, or person possessing, directly or indirectly, the power to direct
20 or cause the direction of the management or policies of the cooperative, the
21 determination whether indemnification of the person is required under sub. (2) and
22 whether the payment or reimbursement of expenses is required under sub. (3) shall
23 be made by an annually appointed committee under s. 193.451 (1), having at least
24 one member who is a director. Any such committee shall report at least annually to
25 the board concerning its actions.

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1 (c) Within 60 days after the termination of the applicable proceeding or the
2 receipt of a written request for indemnification by the cooperative, whichever occurs
3 earlier, a person seeking indemnification under sub. (2) or payment or
4 reimbursement of expenses under sub. (3) may petition the circuit court for a
5 determination of the person's eligibility for indemnification, payment, or
6 reimbursement, if a determination is made under par. (a) or (b) that the person is
7 ineligible, or if no determination is made under par. (a) or (b). The court shall order
8 the cooperative to indemnify the person if indemnification is required under sub. (2)
9 and, if applicable, shall order the cooperative to pay or reimburse the person's
10 expenses if the payment or reimbursement is required under sub. (3). In addition,
11 if the person is a director or officer of the cooperative, the court shall order the
12 cooperative to indemnify the person if, in view of all the relevant circumstances, the
13 person is fairly and reasonably entitled to indemnification, regardless of whether
14 indemnification is required under sub. (2). In a proceeding under this paragraph, the
15 person seeking indemnification, payment, or reimbursement has the burden of
16 establishing that indemnification is required or that the person is entitled to
17 payment or reimbursement of expenses.

18 **(7m)** EXPENSES OF OBTAINING COURT-ORDERED INDEMNIFICATION. If the court, in
19 a proceeding under sub. (6) (c), determines that the cooperative unreasonably
20 refused a director's or officer's request for indemnification under sub. (2), the court
21 shall order the cooperative to pay the officer's or director's reasonable expenses
22 incurred to obtain the court-ordered indemnification.

23 **(9)** INSURANCE. A cooperative may purchase and maintain insurance on behalf
24 of a person in that person's official capacity against any liability asserted against and
25 incurred by the person in or arising from that capacity, whether or not the

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1 cooperative would be required to indemnify the person against the liability under
2 sub. (2).

3 **(10) DISCLOSURE.** A cooperative that indemnifies or advances expenses to a
4 person under sub. (2) or (3) shall report to the members in writing the amount of the
5 indemnification or advance and to whom and on whose behalf it was paid not later
6 than the date of the first members' meeting occurring after the payment.

7 **(11) INDEMNIFICATION OF OTHER PERSONS.** This section does not limit the power
8 of a cooperative to indemnify persons who do not act in an official capacity.

9 **193.475 Officers. (1) REQUIRED OFFICERS.** (a) The board shall elect a
10 chairperson and one or more vice-chairpersons.

11 (b) Except as provided in sub. (3), the board shall elect or appoint a records
12 officer and a financial officer.

13 **(2) CHIEF EXECUTIVE AND ADDITIONAL OFFICERS.** The board may employ a chief
14 executive officer to manage the day-to-day affairs and business of the cooperative.
15 The board may elect additional officers as the articles or bylaws authorize or require.

16 **(3) RECORDS OFFICER AND FINANCIAL OFFICER MAY BE COMBINED.** The offices of
17 records officer and financial officer may be combined.

18 **(4) OFFICERS THAT SHALL BE DIRECTORS AND MEMBERS.** The chairperson and first
19 vice-chairperson shall each be a director and member. The financial officer, records
20 officer, and additional officers need not be directors or members.

21 **193.478 Director Education.** A director shall annually attend a course in at
22 least 2 of the following topics offered by a recognized provider of cooperative director
23 education:

24 **(1) Duties and responsibilities of a cooperative director.**

25 **(2) Board and management relations.**

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- 1 **(3)** The board's role in defining and developing cooperative policies.
- 2 **(4)** Understanding cooperative governance and structure.
- 3 **(5)** Understanding financial statements, key financial ratios, and control tools.
- 4 **(6)** Cooperative finance and equity redemption.
- 5 **(7)** Cooperative strategic planning.
- 6 **(8)** Cooperative membership communication and education.
- 7 **(9)** Selecting and evaluating principal cooperative management.
- 8 **(10)** Board evaluation.
- 9 **(11)** Analyzing and understanding the current cooperative business
10 environment.

SUBCHAPTER V

MEMBERS

- 13 **193.501 Members. (1) REQUIREMENT.** A cooperative shall have at least one
14 patron member, except that if any patron member is a natural person, a cooperative
15 shall have at least 5 patron members who are natural persons and who are adults.
16 A cooperative may have nonpatron members if the patron members by majority vote
17 approve an article, bylaw provision, or amendment provision authorizing nonpatron
18 members.
- 19 **(2) GROUPING OF MEMBERS. (a)** A cooperative may group members in districts
20 or units, or on another basis, to the extent authorized in the articles or bylaws. The
21 articles or bylaws may authorize the board to determine the grouping of members.
- 22 **(b)** The board may take all steps necessary to implement the use of groupings
23 established under par. (a), including setting the time and place and prescribing the
24 rules of conduct for holding meetings by group to elect delegates to members'
25 meetings.

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1 **(3) MEMBER VIOLATIONS.** (a) A member who knowingly, intentionally, or
2 repeatedly violates a provision of the articles or bylaws, or a member control
3 agreement or marketing contract with the cooperative, may be required by the board
4 to surrender the member's membership interest in the cooperative or any of the
5 following portions of the member's membership interest:

6 1. Governance rights and right to assign governance rights.

7 2. Financial rights and right to assign financial rights.

8 (b) 1. Except as provided in subd. 2., if the board requires a member to
9 surrender the member's membership interest or the rights described in par. (a) 2.,
10 the cooperative shall refund to the member the lesser of the book value or market
11 value of the membership interest or rights, as applicable, payable in not more than
12 7 years from the date of surrender.

13 2. If the board requires a patron member to surrender the patron member's
14 rights described in par. (a) 2., the board may transfer all of those rights to a class of
15 financial rights held by members who are not patron members, or to a certificate of
16 interest that carries liquidation rights on par with membership interests and that
17 must be redeemed within 7 years after the transfer as provided in the certificate.

18 (c) The board may reissue or retire and cancel any membership interests
19 required to be surrendered under par. (a).

20 **(4) INSPECTION OF COOPERATIVE RECORDS BY MEMBER.** (a) Except as otherwise
21 provided in this paragraph and pars. (d) and (e), a member may inspect and copy any
22 of the records described in s. 193.245 if the member meets the requirements of par.
23 (b). A member's agent or attorney has the same inspection and copying rights under
24 this paragraph as the member. No member may inspect or copy any records of the
25 cooperative relating to the amount of equity capital in the cooperative held by any

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1 person or any accounts receivable or other amounts due the cooperative from any
2 person, or any personnel records or employment records relating to any employee of
3 the cooperative, unless the member is a director or officer acting pursuant to
4 authority of the board. Except as provided under par. (e), records shall be inspected
5 and copied under this paragraph during regular business hours at a reasonable
6 location specified by the cooperative.

7 (b) A member may inspect and copy records under par. (a) if all of the following
8 apply:

9 1. The member has been a member for at least one year immediately preceding
10 the demand to inspect or copy or holds at least 5 percent of all of the outstanding
11 equity interests in the cooperative as of the date the demand is made.

12 2. The member gives the cooperative a written demand to inspect or copy at
13 least 5 business days before the date on which the member wishes to inspect or copy
14 the records.

15 3. The written demand describes with reasonable particularity the purpose for
16 which the demand is made and the records the member desires to inspect or copy.

17 4. The demand is made in good faith and for a proper cooperative business
18 purpose.

19 5. The records are directly connected with the described purpose.

20 (d) This section does not affect any of the following:

21 1. The right of a member to inspect records to the same extent as any other
22 litigant if the member is in litigation with the cooperative.

23 2. The power of a court to compel the production of the cooperative's records for
24 examination.

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1 (e) If records to be inspected or copied under par. (a) are in active use or storage
2 and, therefore, not available at the time otherwise provided under par. (a) for
3 inspection or copying, the cooperative shall so notify the member and establish a date
4 and time for the inspection or copying that is within 3 business days of the date
5 otherwise provided under par. (a) for inspection or copying.

6 (f) The right to copy records under par. (a) includes, if reasonable, the right to
7 receive copies from the cooperative. The cooperative may impose a reasonable charge
8 for copies of any records provided to the member. The charge may not exceed the
9 estimated cost of production and reproduction of the records. Any copies made by the
10 member shall be made at the member's expense.

11 (g) If a cooperative refuses to allow a person to inspect or copy records that the
12 person is entitled to inspect or copy under par. (a) within any time period prescribed
13 under par. (e) or, if none, within a reasonable time, the person may petition the circuit
14 court for the county where the cooperative's principal office is located or, if it has no
15 principal office in this state, for the county in which the cooperative's registered office
16 is located, for an order compelling the cooperative to permit the inspection or copying.
17 A court that issues an order under this paragraph may impose reasonable
18 restrictions on the use or distribution of the records by the person. A court that issues
19 an order under this paragraph may do any of the following, unless the cooperative
20 proves that it refused inspection or copying in good faith because it had a reasonable
21 basis for doubt about the right of the person to inspect or copy the records under par.

22 (a):

23 1. Order the cooperative to pay the person's reasonable costs in obtaining the
24 order, including reasonable attorney fees.

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1 2. Order the cooperative to pay the person for any damages the person incurred
2 by reason of the cooperative's refusal to permit inspection or copying.

3 3. Order the cooperative to pay the member's inspection and copying expenses,
4 notwithstanding par. (f).

5 5. Impose reasonable restrictions on the use or distribution of the records by
6 the person.

7 **193.505 Member liability.** A person is not personally liable for the acts, debts,
8 liabilities, or obligations of a cooperative merely because of the person's status as a
9 member. A member is liable for any unpaid subscription for the member's
10 membership interest, unpaid membership fees, or any debt for which the member
11 has separately contracted with the cooperative.

12 **193.511 Regular members' meetings. (1) ANNUAL MEETING.** A regular
13 members' meeting shall be held annually at a time determined by the board, unless
14 the articles or bylaws provide otherwise.

15 **(2) LOCATION.** The regular members' meeting shall be held at the principal
16 place of business of the cooperative or at another conveniently located place as
17 determined by the board or under the articles or bylaws.

18 **(3) BUSINESS AND FISCAL REPORTS.** The officers shall submit reports to the
19 members at the regular members' meeting covering the business of the cooperative
20 for the previous fiscal year and indicating the condition of the cooperative at the close
21 of the fiscal year.

22 **(5) NOTICE.** Except as otherwise provided in this subsection, sub. (6), and s.
23 193.553, the cooperative shall mail a notice of the regular members' meeting to each
24 member at the member's last known address. The cooperative shall deposit the
25 notice in the mail at least 15 days before the date of the meeting. In lieu of mailing,

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1 the cooperative may provide notice of the meeting by any means approved by the
2 board and agreed to by the members. The cooperative shall provide any such notice
3 at least 2 weeks before the date of the meeting. Any notice provided to an entity
4 under this subsection shall be addressed or directed to an officer of the entity.

5 **(6) WAIVER AND OBJECTION.** A member may waive notice of a regular members'
6 meeting. A waiver is effective whether given before, at, or after the meeting, and
7 whether given in writing, orally, or by attendance. Attendance by a member at a
8 regular members' meeting is a waiver of notice of that meeting, except where the
9 member objects at the beginning of the meeting to the transaction of business
10 because the meeting is not lawfully called or convened and does not participate in the
11 meeting after the objection, or objects before a vote on an item of business at the
12 meeting because the item may not lawfully be considered at the meeting and does
13 not participate in the consideration of the item at the meeting.

14 **193.515 Special members' meetings. (1) CALLING A MEETING.** A special
15 members' meeting may be called by any of the following means:

16 (a) By the board.

17 (b) By petition of the members under this paragraph. Except as otherwise
18 provided in this paragraph, the chairperson of the board shall call a special members'
19 meeting if a written petition requesting the meeting is signed by at least 20 percent
20 of the patron members and is submitted to the chairperson. Unless the articles or
21 bylaws provide otherwise and except as otherwise provided in this paragraph, the
22 chairperson of the board shall call a special members' meeting if a written petition
23 requesting the meeting is signed by at least 20 percent of the nonpatron members,
24 20 percent of all members, or members representing 20 percent of all membership
25 interests and is submitted to the chairperson. A special members' meeting held

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1 under this paragraph shall be held within 30 days after submission of the petition
2 to the chairperson. This paragraph does not authorize any meeting that is unrelated
3 to a proper cooperative purpose.

4 **(2) NOTICE.** Except as otherwise provided in this subsection, sub. (3), and s.
5 193.553, the cooperative shall mail a notice of any special members' meeting to each
6 member at the member's last known address. In lieu of mailing, the cooperative may
7 provide notice of the meeting by any means approved by the board and agreed to by
8 the members. Any notice provided to an entity under this subsection shall be
9 addressed or directed to an officer of the entity. Any notice provided under this
10 subsection shall state the time, place, and purpose of the meeting. Any notice
11 provided under this subsection shall be given at least 10 days before the date of the
12 meeting.

13 **(3) WAIVER AND OBJECTION.** A member may waive notice of a special members'
14 meeting. A waiver is effective whether given before, at, or after the meeting, and
15 whether given in writing, orally, or by attendance. Attendance by a member at a
16 special members' meeting is a waiver of notice of that meeting, except where the
17 member objects at the beginning of the meeting to the transaction of business
18 because the meeting is not lawfully called or convened and does not participate in the
19 meeting after the objection, or objects before a vote on an item of business at the
20 meeting because the item may not lawfully be considered at the meeting and does
21 not participate in the consideration of the item at the meeting.

22 **193.518 Effect of insufficient notice.** Failure of a member to receive a notice
23 required under s. 193.511 (5) or 193.515 (2) does not invalidate any action that is
24 taken at the applicable meeting.

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1 **193.521 Certification of notice. (1)** CERTIFICATE REQUIRED. After mailing
2 or otherwise providing notices required under s. 193.511 (5) or 193.515 (2), the
3 cooperative shall execute a certificate containing the date of mailing or provision of
4 the notices and a statement that the notices were mailed or provided as required
5 under s. 193.511 (5) or 193.515 (2), as applicable.

6 **(2)** MATTER OF RECORD. The cooperative shall include the certificate under sub.
7 (1) in the record of the meeting to which the certificate relates.

8 **193.523 Electronic notice. (1)** EFFECTIVE DATE OF ELECTRONIC NOTICE. Any
9 notice given by a cooperative to members in electronic format takes effect as follows:

10 (a) If by facsimile communication, when directed to a telephone number at
11 which the member has consented to receive notice.

12 (b) If by electronic mail, when directed to an electronic mail address at which
13 the member has consented to receive notice.

14 (c) If by a posting on an electronic network on which the member has consented
15 to receive notice, upon the later to occur of the posting and the giving of a separate
16 notice to the member of the specific posting.

17 (d) If by any other means to which the member has consented, when directed
18 to the member pursuant to that means.

19 **(2)** AFFIDAVIT. An affidavit of the secretary of the board, other authorized
20 officer, or authorized agent of the cooperative, indicating that a notice has been given
21 in electronic format under sub. (1) is, in the absence of fraud, prima facie evidence
22 that the notice was so given.

23 **(3)** CONSENT. If a member consents to the receipt of notice in electronic format,
24 the member shall deliver a statement to that effect in writing to the cooperative. A
25 statement under this subsection is effective until it is revoked by the member. A

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1 revocation under this subsection does not affect the validity of any notice given before
2 receipt by the cooperative of the revocation.

3 **193.524 Revocation of electronic communication.** A member may revoke
4 any vote, authorization, or consent submitted in electronic format by the member to
5 a cooperative under this chapter by delivering a notice of revocation to a director or
6 the chief executive officer of the cooperative before the vote is counted or the
7 authorization or consent is relied upon.

8 **193.525 Quorum at members' meeting. (1)** GENERALLY; PRESENCE OF
9 OBJECTING MEMBER. Unless the articles or bylaws provide otherwise and except as
10 provided in sub. (2m), a quorum for the transaction of business at a members'
11 meeting is 10 percent of the total number of members for a cooperative with 100 or
12 less members and 15 percent of the total number of members for all other
13 cooperatives. The attendance of a sufficient number of members to constitute a
14 quorum shall be established by a registration of the members present at the meeting.
15 The registration shall be verified by the chairperson of the board or the records officer
16 of the cooperative and shall be reported in the minutes of the meeting. Any member
17 who objects at the beginning of a members' meeting to the transaction of business
18 because the meeting is not lawfully called or convened and who fails to participate
19 in the meeting after the objection may not be considered as present at the meeting
20 for purposes of determining whether a quorum is present.

21 **(2) QUORUM FOR VOTING BY MAIL OR ALTERNATIVE BALLOT.** Except as provided in
22 s. 193.531 (2), in determining whether a quorum is present at a members' meeting
23 for purposes of conducting a vote on a question that members may vote on by mail
24 or alternative ballot, the number of members physically present at the meeting shall
25 be added to the number of members voting by mail or alternative ballot.

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1 **(2m) QUORUM FOR VOTES BY CLASS OR SERIES.** Except as otherwise provided in
2 the articles or bylaws or a member control agreement, if a vote at a members' meeting
3 is open only to holders of a particular class or series of membership interests, a
4 quorum for conducting the vote is a number of members holding 10 percent of the
5 voting power of the class or series for a cooperative with 100 or less members and a
6 number of members holding 15 percent of the voting power of the class or series for
7 all other cooperatives.

8 **(3) MEETING ACTION INVALID WITHOUT QUORUM.** An action taken or approved at
9 a members' meeting by vote of the members is invalid if a quorum is not present at
10 the time of the vote, unless approval of the members is not required under this
11 chapter, the articles, or the bylaws.

12 **193.531 Virtual members' meetings and attendance. (1) CONSTRUCTION**
13 **AND APPLICATION.** This section shall be construed and applied as follows:

14 (a) To facilitate remote communication consistent with other applicable law.

15 (b) To be consistent with reasonable practices concerning remote
16 communication and with the continued expansion of those practices.

17 **(2) VIRTUAL MEMBERS' MEETINGS AND ATTENDANCE.** To the extent authorized in
18 the articles or bylaws or, unless prohibited by the articles or bylaws, in a member
19 control agreement, and as determined by the board, a members' meeting may be held
20 such that all members participate in the meeting by a means of communication
21 rather than by being physically present at the meeting. To the extent authorized in
22 the articles or bylaws or, unless prohibited by the articles or bylaws, in a member
23 control agreement, and as determined by the board, a member may participate in a
24 members' meeting at which other members are physically present by a means of
25 communication rather than by being physically present at the meeting. A meeting

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1 may be held or a member may participate in a meeting as authorized under this
2 subsection only if the requirements of sub. (4) are satisfied. The number of members
3 physically present at a meeting, if any, shall be added to the number of members
4 otherwise participating in the meeting under this subsection to determine whether
5 a quorum is present under s. 193.525, except that any member who objects at the
6 beginning of the meeting to the transaction of business because the meeting is not
7 lawfully called or convened and who fails to participate in the meeting after the
8 objection may not be considered as present at the meeting for purposes of
9 determining whether a quorum is present.

10 **(4) REQUIREMENTS FOR VIRTUAL MEETINGS AND ATTENDANCE.** All of the following
11 apply to any meeting held under sub. (2):

12 (a) The cooperative shall implement reasonable measures to verify that each
13 person participating in the meeting by a means of communication is a member.

14 (b) The cooperative shall implement reasonable measures to provide each
15 member participating in the meeting by a means of communication with a
16 reasonable opportunity to actively participate, including an opportunity to do all of
17 the following:

18 1. Read or hear the proceedings of the meeting substantially concurrently with
19 those proceedings.

20 2. If allowed by the procedures governing the meeting, have the member's
21 remarks heard or read by other participants in the meeting substantially
22 concurrently with the making of those remarks.

23 3. If otherwise entitled, vote on matters submitted to the members.

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1 **193.535 Actions of the members. (1) GENERALLY.** Unless this chapter
2 provides otherwise and except as provided in sub. (2m) and s. 193.545 (1) (a) and (4),
3 the members shall take action by the affirmative vote of the greater of the following:

4 (a) A majority of the voting power of the membership interests present and
5 entitled to vote on that item of business.

6 (b) A majority of the voting power that would constitute a quorum for the
7 transaction of business at the meeting or for conducting the vote.

8 (c) The proportion of voting power specified in this chapter, the articles or
9 bylaws, or a member control agreement as necessary for that item of business.

10 **(2m) EXCEPTION FOR OBJECTING MEMBER.** Any member who objects at the
11 beginning of a members' meeting to the transaction of business because the meeting
12 is not lawfully called or convened and who fails to participate in the meeting after
13 the objection may not be considered as present at the meeting for purposes of sub.
14 (1).

15 **193.541 Actions without a members' meeting. (1) GENERALLY.** (a) Unless
16 the articles or bylaws provide otherwise, any action required or permitted by this
17 chapter to be authorized at a members' meeting may be authorized without a
18 meeting if that action is authorized by all members and is evidenced by one or more
19 written statements, signed by each member, describing and consenting to the action.
20 Such an action has the same effect as an action authorized by unanimous vote at a
21 members' meeting at which all members are present and may be described as such
22 in any document.

23 (b) The articles or bylaws may allow the members to authorize any other action
24 on behalf of the cooperative, other than an action requiring board approval, without
25 a members' meeting, if the action is authorized by the number of members that would

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1 be required to approve the action at a members' meeting at which all members were
2 present and if the action is evidenced by one or more written statements, signed by
3 each authorizing member, describing and consenting to the action. Such an action
4 has the same effect as an action authorized by vote of the number of authorizing
5 members at a meeting at which all members are present and may be described as
6 such in any document.

7 **(2) EFFECTIVE DATE.** Any action authorized under sub. (1) is effective when the
8 last member necessary for authorization signs the statement evidencing his or her
9 consent, unless the statement specifies a different effective date.

10 **(3) NOTICE AND LIABILITY.** When an action is taken under sub. (1) (b) with the
11 authorization of less than all members, the board shall ensure that all other
12 members are notified immediately of the action and its effective date. Failure to
13 provide the notice does not invalidate the action. A member who does not authorize
14 an action taken under sub. (1) (b) may not be held liable as a result of the action.

15 **(4) RECORDS.** A cooperative shall retain all statements signed by its members
16 under sub. (1).

17 **193.545 Member voting rights. (1) GENERALLY.** (a) Each patron member
18 has one vote on each issue that patron members may vote upon. Nonpatron
19 members, if authorized by the patron members, may or may not have voting rights
20 relating to being a nonpatron member or holding nonpatron membership interests.
21 If voting rights are granted to nonpatron members or to nonpatron membership
22 interests, patron members may not have less voting rights than provided in this
23 section. The collective vote of the patron members shall be determined by the vote
24 of the majority of patron members voting on the issue. Except as provided under s.
25 193.551, in determining the collective vote of patron members, each patron member

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1 has one vote on the issue. Unless the articles or bylaws provide otherwise, no issue
2 that patron members may vote upon may be approved unless, in determining the
3 collective vote of the patron members, the number of patron members voting to
4 approve the issue is a majority of all members voting on the issue. The articles or
5 bylaws may not reduce the collective patron member vote to less than 51 percent of
6 the total member vote.

7 (b) Except as otherwise provided in this chapter, a nonpatron member has the
8 voting rights granted to members holding nonpatron membership interests in the
9 articles or bylaws.

10 **(2) VOTING AT A MEMBERS' MEETING.** A member may vote at a members' meeting
11 at any time from the time the member arrives at the meeting to the time the meeting
12 is adjourned, unless the articles or bylaws specify an earlier time for closing the vote.

13 **(3) VOTING METHOD.** (a) Except as otherwise provided in this paragraph, a
14 member may vote only by casting a ballot at a meeting, by delegate as provided under
15 sub. (4), by proxy as provided under s. 193.565, or, if authorized by the board, by
16 mailing a ballot or by using an alternative ballot.

17 (b) The ballot shall be in a form prescribed by the board.

18 (c) To cast a ballot by mail, a member shall mark the member's choice on the
19 ballot, seal the ballot in a plain envelope bearing the member's name and the words
20 "BALLOT ENCLOSED," or similar words, and enclose that envelope in another
21 envelope addressed to the cooperative. To cast an alternative ballot, a member shall
22 follow the procedure prescribed by the board.

23 (d) If the ballot of a member is received by the cooperative on or before the date
24 of the election, or as otherwise prescribed for alternative ballots, and if all other

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1 applicable requirements are satisfied, the cooperative shall accept and count the
2 ballot as the vote of the absent member.

3 **(4) MEMBERS REPRESENTED BY DELEGATES.** For a cooperative with districts or
4 other units, the articles or bylaws may provide that members from the districts or
5 other units be represented at members' meetings by delegates chosen by those
6 members. A delegate representing patron members shall be a patron member.
7 Except as provided in s. 193.551 (2) and as otherwise provided in this subsection, a
8 delegate may vote in the same manner as and to the same extent as the members
9 collectively whom the delegate represents are otherwise authorized to vote.

10 **193.551 Patron member voting based on patronage. (1) ADDITIONAL VOTE**
11 **PERMITTED.** (a) The articles or bylaws may authorize patron members to have an
12 additional vote in determining the collective vote of patron members under s.
13 193.545 (1) (a) as provided in this subsection.

14 (b) The articles or bylaws may grant a patron member an additional vote under
15 par. (a) if the issue to be voted upon relates to a specified amount of business
16 transacted between the patron member and the cooperative.

17 (c) The articles or bylaws may grant additional votes under par. (a) to a
18 specified number of patron members who are also patron members of another
19 cooperative that is itself a member of the cooperative.

20 (d) The articles or bylaws may grant additional votes under par. (a) to a patron
21 member that is a cooperative, based on the amount of equity allocated to or held by
22 the patron member in the cooperative.

23 **(2) ADDITIONAL VOTES FOR DELEGATES.** (a) For a cooperative with districts or
24 other units of patron members, the articles or bylaws may authorize a delegate

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1 elected by patron members to have additional votes as provided in this subsection
2 in determining the collective vote of patron members under s. 193.545 (1) (a).

3 (b) The articles or bylaws may grant a delegate an additional vote under par.
4 (a) based on a specified amount of business transacted between the patron members
5 represented by the delegate and the cooperative.

6 (c) The articles or bylaws may grant a delegate an additional vote under par.
7 (a) based upon the amount of equity allocated to or held by the patron members
8 represented by the delegate.

9 **193.553 Voting rights limited to members as of date certain.** The board
10 may establish a date for the determination of membership interests entitled to notice
11 of and entitled to vote at a members' meeting. The date established by the board may
12 not be more than 60 days before the date of the meeting. If a date is established under
13 this subsection, only members as of that date are entitled to notice of and may vote
14 at that meeting.

15 **193.555 Voting rights of nonmembers.** The articles or bylaws may
16 authorize any nonmember or class of nonmembers to vote at a members' meeting in
17 the same manner as patron members are permitted to vote. The articles or bylaws
18 may prescribe the manner by which persons are authorized to vote under this
19 section.

20 **193.557 Voting of jointly owned membership interests.** If a membership
21 interest is owned jointly by 2 or more persons, any one of the owners may vote based
22 upon that membership interest, unless the cooperative receives written notice from
23 any of the owners denying the authority of that person to vote based upon that
24 membership interest.

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1 **193.559 Cumulative voting by members.** Except as provided in ss. 193.411
2 (4m) and 193.557, a member with more than one vote that is entitled to vote may
3 allocate the member's votes in any way the member chooses. If such a member votes
4 without designating an allocation, the member is considered to have voted all of the
5 member's votes in that way.

6 **193.561 Voting by business entities, subsidiaries, legal**
7 **representatives, and holders of security interests. (1)** MEMBERSHIP INTERESTS
8 HELD BY A BUSINESS ENTITY. If a member entitled to vote is a business entity, the
9 chairperson of the board, chief executive officer, or other authorized agent of the
10 member may cast the member's votes.

11 **(2)** MEMBERSHIP INTEREST HELD BY SUBSIDIARY OF COOPERATIVE. Except as
12 provided in the articles or bylaws or sub. (3), if a member is a subsidiary of the
13 cooperative, the member may not vote.

14 **(3)** MEMBERSHIP INTEREST HELD IN FIDUCIARY CAPACITY BY COOPERATIVE.
15 Membership interests held in a fiduciary capacity by the cooperative or a subsidiary
16 of the cooperative are not entitled to vote, except to the extent that the settlor or
17 beneficiary is entitled to vote and either exercises the right to vote or instructs the
18 cooperative or subsidiary on how to vote.

19 **(4)** MEMBERSHIP INTEREST CONTROLLED BY CERTAIN REPRESENTATIVES. Except as
20 provided in subs. (3) and (5), if a person, in the capacity of a personal representative,
21 administrator, executor, guardian, or conservator, or in a similar capacity, controls
22 the membership interest of a member entitled to vote, the person may vote on behalf
23 of the member.

24 **(5)** MEMBERSHIP INTEREST CONTROLLED BY TRUSTEE IN BANKRUPTCY OR RECEIVER.
25 If a trustee in bankruptcy or a receiver controls the membership interest of a member

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1 entitled to vote, the trustee or receiver may vote on behalf of the member if
2 authorized to do so by the court appointing the trustee or receiver.

3 (7) HOLDERS OF SECURITY INTEREST. The granting of a security interest in a
4 membership interest does not entitle the holder of the security interest to vote.

5 **193.565 Voting by proxy. (1) AUTHORIZATION AND APPOINTMENT OF PROXY. (a)**
6 A member entitled to vote may do so by proxy appointed under this paragraph.
7 Except as provided in sub. (7), a member may grant a proxy to vote by giving the
8 board or an authorized agent of the cooperative an appointment of a proxy, in writing,
9 before the meeting at which the appointment is to be effective. If the appointment
10 of proxy is given in electronic format, the appointment is effective only if an
11 authorized agent of the cooperative determines that the appointment is authorized
12 by the member. The authorized agent shall record the information upon which he
13 or she relied to make the determination. A proxy appointed under this paragraph
14 may vote in the same manner as and to the same extent as the appointing member
15 is otherwise authorized to vote, consistent with subs. (5) and (7).

16 (b) A reproduction of the original written appointment under par. (a) may be
17 substituted or used in lieu of the original for any purpose for which the original could
18 be used, if the reproduction is a complete, legible, and accurate reproduction of the
19 entire original.

20 (c) If a membership interest is owned jointly by 2 or more members, any one
21 of the owners may appoint a proxy under par. (a), unless the cooperative receives
22 written notice from any of the owners denying the authority of that person to appoint
23 a proxy or appointing a different proxy.

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1 **(2) DURATION OF APPOINTMENT.** The appointment of a proxy under sub. (1) (a)
2 is valid for 11 months, unless a longer period is expressly provided in the
3 appointment or unless the appointment is terminated under sub (3).

4 **(3) TERMINATION.** An appointment of a proxy under sub. (1) (a) may be
5 terminated at will by the appointing member or the proxy, unless the appointment
6 is conditioned upon ownership of or subject to terms and conditions of a membership
7 interest. Except as provided in sub. (4), an appointment that is coupled with a
8 membership interest as described in this subsection is irrevocable and may not be
9 terminated, unless an agreement between the appointing member and the proxy
10 specifies otherwise. A termination under this subsection is effective upon filing
11 written notice of the termination with an authorized agent of the cooperative or filing
12 a new appointment under sub. (1) (a), whichever occurs first.

13 **(4) REVOCATION BY DEATH OR INCAPACITY.** The death or incapacity of a member
14 appointing a proxy under sub. (1) (a) does not revoke the appointment, unless written
15 notice of the death or incapacity is received by an authorized agent of the cooperative
16 before the proxy exercises the authority under the appointment.

17 **(5) MULTIPLE PROXIES.** Except as provided in sub. (7), all of the following apply
18 if 2 or more persons are appointed as proxies for a member under sub. (1) (a):

19 (a) Only one of them may vote on behalf of the member on each item of business
20 in accordance with specific instructions contained in the appointment.

21 (b) If no specific instructions are contained in the appointment with respect to
22 a particular item of business, the vote of the member shall be cast as a majority of
23 the proxies determine. If the proxies are equally divided in determining how such
24 a vote shall be cast, no vote may be cast.

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1 **(6) LIABILITY OF PROXY.** A proxy appointed under sub. (1) (a) is liable to the
2 appointing member for damages resulting from the proxy's failure to exercise his or
3 her authority or from the proxy's acting in violation of the authority granted in the
4 appointment.

5 **(7) LIMITATIONS ON PROXIES.** (a) A patron member may only appoint another
6 patron member as a proxy under sub. (1) (a).

7 (b) No member may vote by proxy under sub. (1) (a) if the member is
8 represented by a delegate under s. 193.545 (4).

9 (c) No member may vote by proxy under sub. (1) (a) in an election of directors
10 under s. 193.411 (3) or (4).

11 (d) If an appointment of a proxy under sub. (1) (a) gives the proxy authority to
12 vote on less than all items of business considered at a meeting, the appointing
13 member may vote by proxy only with respect to those items of business for which the
14 proxy has authority to vote.

15 (e) An appointment of a proxy under sub. (1) (a) may restrict or limit the
16 authority of the proxy or reserve authority for the appointing member.

17 **193.571 Member authority concerning certain cooperative property.**
18 Except as provided in s. 193.443, a cooperative may sell, lease, transfer, or otherwise
19 dispose of all or substantially all of its property and assets, including its good will,
20 not in the usual and regular course of its business, upon those terms and conditions
21 that the board considers expedient, when approved by the affirmative vote of the
22 members owning a majority of the voting power of the interests entitled to vote and
23 by the board. Notwithstanding s. 193.511 (6), 193.515 (3), and 193.553, written
24 notice of any members' meeting at which a vote will be taken under this section shall
25 be given to all members. The written notice shall state that a purpose of the meeting

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1 is to consider the sale, lease, transfer, or other disposition of all or substantially all
2 of the property and assets of the cooperative.

SUBCHAPTER VI**MEMBERSHIP INTERESTS**

5 **193.601 Membership interests. (1)** AMOUNTS AND DIVISIONS OF MEMBERSHIP
6 INTERESTS. To the extent permitted under this chapter, a cooperative may increase,
7 decrease, establish, or alter the authorized amount and divisions of membership
8 interests by amending the articles under s. 193.221 or the bylaws under s. 193.241.

9 **(2)** ISSUANCE AND ACQUISITION OF MEMBERSHIP INTERESTS GENERALLY. A
10 cooperative may issue authorized membership interests on terms and conditions
11 prescribed in the articles or bylaws or, if authorized in the articles or bylaws, on terms
12 and conditions determined by the board. The cooperative shall disclose to any person
13 to whom a membership interest is issued, before issuance, the organizational and
14 capital structure of the cooperative, known business prospects and risks of the
15 cooperative, and the nature of the governance and financial rights of the membership
16 interest being acquired and of other classes of membership and membership
17 interests. The cooperative shall notify all members, before issuance, of any
18 membership interest issued by the cooperative. The cooperative may not issue a
19 membership interest to any person unless the subscription price of the membership
20 interest has been paid for in money or property. If the subscription price is paid for
21 in property, the value of the property to be contributed shall be approved by the
22 board.

23 **(3)** TRANSFERRING OWNERSHIP OF MEMBERSHIP INTERESTS. After issuance by the
24 cooperative, ownership of a membership interest may be transferred only with the

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1 approval of the board. The board may adopt resolutions prescribing procedures to
2 approve transfers prospectively.

3 (4) PATRON MEMBERSHIP INTERESTS. Except as otherwise provided in this
4 subsection, if nonpatron membership interests are authorized by the patron
5 members, all patron membership interests, collectively, shall have not less than 51
6 percent of the cooperative's financial rights to profit allocations and distributions.
7 The patron members by majority vote may authorize that the patron membership
8 interests, collectively, may have less than 51 percent, but not less than 30 percent,
9 of the cooperative's financial rights to profit allocations and distributions, and this
10 change must be included in the bylaws. Notwithstanding s. 193.221 (1) and (3), an
11 amendment of the articles under this subsection may be adopted only if approved by
12 the affirmative vote of the patron members.

13 (5) FIRST PRIVILEGE TO PURCHASE MEMBERSHIP INTERESTS. The articles or bylaws
14 may provide the patron members, individually or collectively, or the cooperative with
15 the first privilege of purchasing the membership interests of any class of
16 membership interests offered for sale. If the articles or bylaws provide patron
17 members with a first privilege to purchase membership interests under this
18 subsection, the articles or bylaws shall include a procedure by which patron
19 members may proceed to acquire the membership interests. If the cooperative
20 acquires a membership interest under this subsection, the cooperative may hold the
21 interest to be reissued or may retire and cancel the interest.

22 (6) NONPATRON MEMBERSHIP INTERESTS. If nonpatron membership interests are
23 authorized by the patron members, each person to whom a nonpatron membership
24 interest is issued shall sign a member control agreement or a statement agreeing to
25 abide by any applicable conditions imposed under the bylaws. Unless the bylaws

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1 contain a sufficient description, the cooperative shall provide to a person to whom a
2 nonpatron membership interest is issued, before issuance, a description of the rights
3 and obligations applicable to holders of that nonpatron membership interest, the
4 transferability of that nonpatron membership interest, and the manner in which
5 profits and losses are divided and allocated among the membership interests and
6 membership classes.

7 **(6m) ALLOCATION OF PROFITS, LOSSES, AND DISTRIBUTIONS.** If the articles or bylaws
8 do not otherwise provide for the allocation of the profits and losses between patron
9 membership interests and any authorized nonpatron membership interests, then
10 the allocation of profits and losses among nonpatron membership interests
11 individually and patron membership interests collectively shall be allocated based
12 on the value of contributions to capital made according to the patron membership
13 interests collectively and the nonpatron membership interests individually to the
14 extent the contributions have been accepted by the cooperative. Distributions of cash
15 or other assets of the cooperative shall be allocated among the membership interests
16 as provided in the articles and bylaws, subject to the provisions of this chapter. If not
17 otherwise provided in the articles or bylaws, distributions shall be made on the basis
18 of value of the capital contributions of the patron membership interests collectively
19 and the nonpatron membership interests to the extent the contributions have been
20 accepted by the cooperative.

21 **(7) REACQUISITION OF NONPATRON MEMBERSHIP INTERESTS AFTER DISSENT.** Unless
22 the articles or bylaws provide otherwise, a nonpatron member may force the
23 cooperative to acquire the member's nonpatron membership interests as provided
24 under this subsection if the articles or bylaws are amended in a manner that
25 materially and adversely affects the rights and preferences applicable to the

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1 nonpatron membership interests of the nonpatron member. If approval of the
2 amendment is not required of the members, the nonpatron member shall file a notice
3 of dissent and intent to demand fair value of the membership interests with the
4 cooperative within 30 days after the date on which notice of the amendment is given
5 to members. If approval of the amendment is required of the members, the
6 nonpatron member shall file a notice of dissent and intent to demand fair value of
7 the membership interests with the cooperative before the vote on the proposed
8 amendment and shall not vote in favor of the proposed amendment. After receipt of
9 a notice under this subsection and, if applicable, after approval of the amendment,
10 the cooperative shall rescind the amendment within 60 days after receipt of the
11 notice or acquire the membership interests by paying the fair value of the
12 membership interests to the dissenting member within 180 days after receipt of the
13 notice. Upon acquiring the membership interests, the cooperative may hold the
14 interests to be reissued or may retire and cancel the interests.

15 **193.605 Cooperative securities. (1) APPLICABILITY OF CH. 408 TO COOPERATIVE**
16 **SECURITIES.** To the extent that the provisions of this chapter concerning the
17 authorization, issuance, control, use, and rights of membership interests or
18 concerning the stock of a cooperative are inconsistent with ch. 408, the provisions of
19 this chapter apply.

20 **(2) LIABILITY OF COOPERATIVE FOR WRONGFUL TRANSFERS OF ITS SECURITIES. (a) In**
21 **this subsection:**

22 1. “Proper person” means the registered owner or last prior transferee, whether
23 or not described as fiduciary for another, or his or her authorized agent or legal
24 representative or the successor to his or her interest by operation of law.

25 2. “Transfer” includes a redemption or recall of stock.

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1 3. “Wrongful transfer” means a transfer which is in excess of the authorization
2 or capacity of the transferor, or which is made in breach of the transferor’s fiduciary
3 duty.

4 (b) A cooperative may not be held liable for acting upon wrongful transfers of
5 its securities which are not “securities” as defined in s. 408.102, unless it has notice
6 that the certificate was not transferred by a proper person or has notice that the
7 transfer was a wrongful transfer.

8 **(3) MISSING SECURITIES OR RECORDS.** (a) When a security issued by a cooperative,
9 which is not a “security” as defined in s. 408.102, is missing, the cooperative shall
10 issue a duplicate security if the owner so requests and furnishes an indemnity
11 acceptable to the cooperative.

12 (b) When records showing ownership of securities or apportionment of equity
13 or membership interests are missing and the information therein contained is
14 necessary to a proposed redemption of the interest, the cooperative may give notice
15 and redeem by satisfying all of the following:

16 1. The cooperative shall set aside an amount equal to the value of the interests
17 to be redeemed.

18 2. The cooperative shall give notice of such redemption to all owners of interests
19 of which the cooperative has knowledge.

20 3. If there are interests, the ownership of which is unknown to the cooperative,
21 it shall publish notice of the redemption at least once a month for 4 months in a
22 publication circulated among members of cooperatives in the area, and also publish
23 a class 3 notice, under ch. 985.

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1 **193.611 Assignment of financial rights. (1)** ASSIGNMENT OF FINANCIAL
2 RIGHTS PERMITTED. Except as provided in sub. (3), a member's financial rights in a
3 cooperative are transferable in whole or in part.

4 **(2)** EFFECT OF ASSIGNMENT OF FINANCIAL RIGHTS. An assignment of a member's
5 financial rights under sub. (1) entitles the assignee to receive, to the extent assigned,
6 only the share of profits and losses and the distributions to which the assignor would
7 otherwise be entitled. An assignment of a member's financial rights under sub. (1)
8 does not dissolve the cooperative and does not entitle or empower the assignee to
9 become a member, to exercise any governance rights, to receive any notices from the
10 cooperative, or to cause dissolution. The assignment may not allow the assignee to
11 control the member's exercise of governance or voting rights.

12 **(3)** RESTRICTIONS ON ASSIGNMENT OF FINANCIAL RIGHTS. (a) A restriction on the
13 assignment of financial rights in a cooperative may be imposed in the articles, in the
14 bylaws, in a member control agreement, by a resolution adopted by the members at
15 a members' meeting, or by an agreement among members and the cooperative. A
16 restriction is not binding with respect to financial rights reflected in the required
17 records of the cooperative before the adoption of the restriction, unless the owners
18 of those financial rights are parties to the agreement or voted in favor of the
19 restriction.

20 (b) Subject to par. (c), a restriction under par. (a) is enforceable only if the
21 restriction is not manifestly unreasonable under the circumstances and is noted
22 conspicuously in the required records of the cooperative. Such a restriction may be
23 enforced against the owner of the restricted financial rights or a successor or
24 transferee of the owner, including a pledgee or a legal representative.

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1 (c) A restriction on an assignment of financial rights under par. (a) which is
2 otherwise valid and in effect at the time of the issuance of a statement of membership
3 interest issued by the cooperative under s. 193.615 but which is not reflected in that
4 statement is ineffective against an assignee who takes an assignment in reliance on
5 the statement.

6 (d) A security interest in a member's financial rights may be foreclosed and
7 otherwise enforced, and a secured party may assign a member's financial rights in
8 accordance with ch. 408, without the consent or approval of the member whose
9 financial rights are subject to the security interest.

10 **193.615 Nature and terms of a membership interest and statement of**
11 **interest owned. (1) GENERALLY.** A membership interest is personal property. A
12 membership interest does not give the owner of the interest any interest in specific
13 cooperative property. All property of the cooperative is property of the cooperative
14 itself.

15 **(2) STATEMENT OF MEMBERSHIP INTEREST.** At the request of any member, the
16 cooperative shall state in writing the particular membership interest owned by that
17 member as of the date the cooperative makes the statement. The statement shall
18 describe the member's rights to vote, if any, and to share in profits, losses, and
19 distributions, restrictions on assignments of the member's financial rights under s.
20 193.611 (3) or voting rights under s. 193.555, and any assignment of the member's
21 rights then in effect other than a security interest.

22 **(3) TERMS OF MEMBERSHIP INTERESTS GENERALLY.** (a) All the membership
23 interests of a cooperative shall satisfy all of the following:

24 1. Unless the articles or bylaws provide otherwise, the membership interests
25 shall be of one class, without series.

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1 2. The membership interests shall be patron membership interests and, if
2 authorized, nonpatron membership interests subject to this chapter entitled to vote
3 as provided in s. 193.555, and have equal rights and preferences in all matters not
4 otherwise provided for by the board unless and to the extent that the articles or
5 bylaws have fixed the relative rights and preferences of different classes and series.

6 (b) All of the following apply to the rights and preferences of a class or series
7 of membership interests:

8 1. The rights and preferences may be made dependent upon facts ascertainable
9 outside the articles or bylaws, or outside the resolution or resolutions under sub. (5)
10 establishing the class or series, if the manner in which the facts operate upon the
11 rights and preferences is clearly and expressly set forth in the articles or bylaws or
12 in the resolution or resolutions establishing the class or series.

13 2. The rights and preferences may include by reference some or all of the terms
14 of any agreements, contracts, or other arrangements entered into by the cooperative
15 in connection with the establishment of the class or series if the cooperative retains
16 at its principal office a copy of the agreements, contracts, or other arrangements or
17 the portions thereof included by reference.

18 (c) If specified in the articles or bylaws, or the resolution under sub. (5)
19 establishing the class or series, all of the following apply to membership interests of
20 a class or series:

21 1. The membership interests are subject to the right of the cooperative to
22 redeem any of those membership interests at a price fixed in the articles or bylaws
23 or by the board.

24 2. Owners of the membership interests may receive cumulative, partially
25 cumulative, or noncumulative distributions.

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1 3. The membership interests may have preference over any other class or series
2 of membership interests for the payment of distributions.

3 4. The membership interests may be convertible into membership interests of
4 any other class or series.

5 5. The membership interests may have full, partial, or no voting rights, except
6 as provided in s. 193.555.

7 **(4) RIGHTS OF JUDGMENT CREDITOR.** On application to the circuit court by any
8 judgment creditor of a member, the court may order the payment of the unsatisfied
9 amount of the judgment from a member's or an assignee's financial rights. Such a
10 judgment creditor has only the rights of an assignee of a member's financial rights
11 under s. 193.611. This subsection is the sole and exclusive remedy of a judgment
12 creditor with respect to the judgment debtor's membership interest. This subsection
13 does not deprive any member or assignee of financial rights of the benefit of any
14 exemption under s. 815.18 applicable to the membership interest.

15 **(5) BOARD AUTHORITY TO FIX TERMS.** (a) If permitted under the bylaws, the board
16 may adopt a resolution establishing a class or series of membership interests, setting
17 forth the designation of the class or series, and fixing the relative rights and
18 preferences of the class or series, consistent with this chapter. A resolution under
19 this paragraph takes effect on the 3rd day after the date on which the statement
20 required under par. (b) is given to the members, as determined by the board.

21 (b) The cooperative may not accept contributions for any membership interests
22 established by resolution under par. (a) until the board gives the members a
23 statement setting forth the name of the cooperative, the text of the resolution, and
24 the date on which the resolution was adopted.

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1 **(7) SECURITY INTEREST IN COOPERATIVE SECURITIES.** For the purpose of any law
2 relating to security interests, a membership interest, governance or voting rights,
3 and financial rights are each to be characterized as provided in s. 408.103 (3).

4 **(8) POWERS OF ESTATE OF A DECEASED OR INCOMPETENT MEMBER AND OTHER**
5 **FIDUCIARIES.** (a) Except as provided in par. (b), if a member who is an individual dies
6 or a court adjudges the member to be incompetent to manage his or her person or
7 property, or an order for relief under a judgment of bankruptcy is entered with
8 respect to the member, the member's executor, administrator, guardian, conservator,
9 trustee, or other legal representative may exercise all of the rights applicable to the
10 member's membership interest for the purpose of settling the estate or
11 administering the member's property. Except as provided in par. (b), if a member is
12 not an individual and is dissolved, terminated, or placed by a court in receivership
13 or bankruptcy, the member's legal representative or successor may exercise all of the
14 rights applicable to the member's membership interest.

15 (b) Subject to the articles and bylaws, if an event described in par. (a) causes
16 the termination of a member's membership interest and the termination does not
17 result in dissolution of the cooperative, the terminated member's interest is
18 considered to be that of an assignee of financial rights under s. 193.611 and the rights
19 to be exercised by the executor, administrator, guardian, conservator, trustee, legal
20 representative, or successor are limited accordingly.

21 **(9) LIABILITY OF SUBSCRIBERS AND MEMBERS WITH RESPECT TO MEMBERSHIP**
22 **INTERESTS.** A subscriber for membership interests or a member of a cooperative is
23 under no obligation to the cooperative or its creditors with respect to the membership
24 interests subscribed for or owned, except to pay to the cooperative the full
25 consideration for which the membership interests are issued or to be issued.

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1 **193.621 Certificated membership interests. (1)** CERTIFICATED INTERESTS
2 AUTHORIZED. A membership interest of a cooperative may be certificated. The
3 cooperative shall provide each holder of a certificated membership interest with a
4 certificate of membership interest under sub. (2).

5 **(2) REQUIREMENTS OF CERTIFICATE; GENERALLY.** (a) A certificate of membership
6 interest shall be signed by an agent or officer authorized in the articles or bylaws to
7 sign the certificate or, in the absence of such an authorization, by the chairperson of
8 the board or the records officer of the cooperative. If the person who signs the
9 certificate subsequently ceases to have the capacity to sign the certificate before the
10 certificate is issued, the cooperative may issue the certificate with the same effect as
11 if the person had that capacity on the date of its issue.

12 (b) A certificate of membership interest shall contain all of the following
13 information on the certificate's face:

14 1. The name of the cooperative.

15 2. A statement that the cooperative is organized under the laws of this state
16 and this chapter.

17 3. The name of the person to whom the certificate is issued.

18 4. The number and class of membership interests, and the designation of the
19 series, if any, that the certificate represents.

20 5. A statement that membership interests are subject to the articles and
21 bylaws.

22 6. Any restrictions on transfer of the membership interests that the certificate
23 represents, including any requirement for the approval of the board and first rights
24 to purchase by the cooperative. Notwithstanding any other provision of this

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1 subsection, the information required under this subdivision may be stated by
2 reference to the back of the certificate or to another document.

3 **(3) REQUIREMENTS OF CERTIFICATE; MULTIPLE SERIES OR CLASSES.** A certificate of
4 membership interest representing a membership interest issued by a cooperative
5 that is authorized to issue membership interests of more than one class or series shall
6 set forth upon the face or back of the certificate, or shall state that the cooperative
7 will furnish to any member upon request and without charge, a full statement of the
8 designations, preferences, limitations, and relative rights of the membership
9 interests of each class or series authorized to be issued, so far as they have been
10 determined, and the authority of the board to determine the relative rights and
11 preferences of subsequent classes or series.

12 **(4) PRIMA FACIE EVIDENCE.** A certificate of membership interest issued under
13 this section is prima facie evidence of the ownership of the membership interest that
14 the certificate represents.

15 **(5) UNCERTIFICATED MEMBERSHIP INTERESTS AUTHORIZED.** Unless uncertificated
16 membership interests are prohibited by the articles or bylaws, the board may adopt
17 a resolution permitting uncertificated membership interests. Such a resolution does
18 not apply to a membership interest represented by a certificate until the certificate
19 is surrendered to the cooperative. Within a reasonable time after the issuance or
20 transfer of an uncertificated membership interest, the cooperative shall send to the
21 new member a statement containing the information required under sub. (2) (b) and
22 (3) to be stated on certificates, unless the cooperative is publicly held and has adopted
23 a system of issuance, recordation, and transfer of its membership interests by
24 electronic or other means not involving an issuance of certificates, in compliance
25 with section 17A of the Securities Exchange Act of 1934.

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1 **(6) COMPARABLE RIGHTS.** Except as otherwise provided under this chapter, the
2 rights and obligations of holders of certificated membership interests are identical
3 to the rights and obligations of holders of uncertificated membership interests of the
4 same class and series.

5 **193.625 Replacement certificates. (1) ISSUANCE.** A cooperative may issue
6 a replacement certificate of membership interest under s. 193.621 using the
7 procedure specified in s. 408.405 (1), if the owner of the membership interest
8 represented in a certificate claims that the certificate has been lost, destroyed or
9 wrongfully taken.

10 **(2) NOT AN OVERISSUE.** The issuance of a replacement certificate under sub. (1)
11 is not an overissue of the membership interest it represents.

12 **193.631 Restriction on transfer or registration of membership**
13 **interests. (1) HOW IMPOSED.** A restriction on the transfer, including registration,
14 of a membership interest may be imposed in the articles, in the bylaws, in a member
15 control agreement, by a resolution adopted by the members, or by an agreement
16 among or other written action by members or among them and the cooperative. A
17 restriction imposed by a member control agreement or other written action of
18 members is effective only against the parties to the agreement or written action or
19 the members who assent pursuant to a member resolution. A restriction is not
20 binding with respect to membership interests issued prior to the adoption of the
21 restriction, unless the holders of those membership interests are parties to the
22 agreement or voted in favor of the restriction.

23 **(2) RESTRICTIONS PERMITTED.** (a) A restriction under sub. (1) is enforceable only
24 if the restriction is not manifestly unreasonable under the circumstances and any of
25 the following apply:

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1 **(3) ACCEPTANCE OF CONTRIBUTIONS.** No purported contribution is to be treated
2 as or considered to be a contribution, unless all of the following apply:

3 (a) The board accepts the contribution on behalf of the cooperative and in that
4 acceptance describes the contribution, including terms of future performance, if any,
5 and states the value being accorded to the contribution.

6 (b) The acceptance of the contribution and the contribution's accorded value are
7 both reflected in the required records of the cooperative.

8 **193.702 Valuation; presumption and liability.** The determinations of the
9 board as to a contribution's accorded value under s. 193.701 (3) (a) and the fairness
10 to the cooperative of a contribution and any terms of payment or performance
11 applicable to the contribution, the terms of any contribution agreement under s.
12 193.711, and the terms of any contribution rights agreement under s. 193.715 are
13 presumed to be proper if the determinations are made in good faith and on the basis
14 of methods that are reasonable under the circumstances. Directors who are present
15 and entitled to vote, and who, intentionally or without reasonable investigation, fail
16 to vote against approving a consideration that is unfair to the cooperative, or who
17 overvalue property or services received or to be received by the cooperative as a
18 contribution, are jointly and severally liable to the cooperative for the benefit of the
19 members then existing who did not consent to and are damaged by the consideration
20 or overvaluing of property or services, to the extent of the damages to those members.
21 A director against whom a claim is asserted pursuant to this section, except in a case
22 of knowing participation in a deliberate fraud, is entitled to contribution on an
23 equitable basis from other directors who are liable under this section.

24 **193.705 Restated value of previous contributions. (1) DEFINITION.** In this
25 section, "old contributions" means all contributions reflected in the required records

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1 of a cooperative immediately before the time the cooperative accepts a new
2 contribution.

3 **(2) RESTATEMENT REQUIRED.** If a cooperative accepts a new contribution, the
4 board shall restate the value of all old contributions.

5 **(3) RESTATEMENT METHOD FOR SAME SERIES OR CLASS.** (a) Unless otherwise
6 provided in the articles or bylaws, the board shall restate the value of old
7 contributions of the same series or class of the new contribution by following all of
8 the following steps in numerical order:

9 1. State the value accorded to the new contribution under s. 193.701 (3) (a).

10 2. Determine what the total value will be, after the restatement under this
11 subsection, of all contributions of same series or class as the new contribution.

12 3. Subtract the value stated under subd. 1. from the value determined under
13 subd. 2., yielding the total value, after the restatement under this subsection, of all
14 the old contributions of the particular series or class.

15 4. Subtract the value, as reflected in the required records before the
16 restatement under this subsection, of the old contributions from the value
17 determined under subd. 3., yielding the value to be allocated among and added to the
18 old contributions of the particular series or class.

19 5. Allocate the value determined under subd. 4. proportionally among the old
20 contributions of the particular series or class, add the allocated values to the values
21 of those old contributions, and change the required records accordingly.

22 (b) The values determined under par. (a) 4. and allocated and added under par.
23 (a) 5. may be positive, negative, or zero.

24 **(4) RESTATEMENT METHOD FOR DIFFERENT SERIES OR CLASS.** Unless otherwise
25 provided in the articles or bylaws, the board shall restate the value of old

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1 contributions of a series or class different from that of the new contribution by
2 following all of the following steps in alphanumerical order:

3 (a) Determine the percentage by which any restatement under sub. (3) has
4 changed the total contribution value reflected in the required records for the series
5 or class of the new contribution.

6 (b) As to each old contribution of a different series or class, change the value
7 reflected in the required records by the percentage determined under par. (a). The
8 percentage determined under par. (a) may be positive, negative, or zero.

9 **(5) AGGREGATING NEW CONTRIBUTIONS.** If a cooperative accepts more than one
10 new contribution of the same series or class at the same time, then for the purpose
11 of the restatement required by this section the board may consider all such new
12 contributions as if they were a single contribution.

13 **193.711 Contribution agreements. (1g) CONTRIBUTION AGREEMENTS**
14 **PERMITTED.** Pursuant to s. 193.701 (1), a cooperative and a member or potential
15 member may enter into an agreement requiring the member or potential member to
16 contribute goods, services, or money to the cooperative as a condition of membership
17 or receipt of a membership interest.

18 **(1r) SIGNED WRITING REQUIRED.** A contribution agreement shall be in writing
19 and signed by each person required to make a contribution under the agreement.

20 **(2) AGREEMENT IRREVOCABLE FOR DEFINITE PERIOD; EXCEPTIONS.** A contribution
21 agreement is irrevocable for a period of 6 months, unless otherwise provided in the
22 contribution agreement or unless each person required to make a contribution under
23 the agreement and, if in existence, the cooperative, consents to a different period of
24 irrevocability.

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1 **(3) TIME OF PERFORMANCE UNDER AGREEMENT.** Unless the contribution
2 agreement provides otherwise, all payments or other actions required under the
3 agreement shall be made or taken at the time or times determined by the board,
4 except that a call made by the board for a person to make a payment or perform an
5 action required under the agreement shall be uniform for all membership interests
6 of the same class or series.

7 **(4) FAILURE TO PERFORM; REMEDIES.** (a) Unless the contribution agreement
8 provides otherwise, if a person fails to make a payment required under the
9 contribution agreement, the cooperative may bring an action for breach of contract,
10 sell any membership interests that are subject to the contribution agreement
11 pursuant to par. (b) and bring an action to collect any deficiency, or cancel the
12 contribution agreement pursuant to par. (c). If a person fails to make a required
13 contribution of property or services, the person shall pay to the cooperative an
14 amount equal to that portion of the value of the contribution that has not been made,
15 as stated in the cooperative's required records.

16 (b) To the extent provided in par. (a), the cooperative may cancel the
17 membership interests of any person who defaults on a contribution agreement and
18 sell any membership interests that are subject to a contribution agreement if the
19 amount due under the contribution agreement relating to those membership
20 interests remains unpaid for a period of 20 days after the cooperative gives written
21 notice of demand for payment to the person required to make the payment. The total
22 offering price of the membership interests in such a sale shall be at least the amount
23 of the balance owed by the person, plus the expenses incidental to the sale. If
24 membership interests are sold pursuant to this paragraph, the cooperative shall pay
25 to the person, or that person's legal representative, the lesser of the following:

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1 1. The amount by which the proceeds of the sale, less the expenses incident to
2 the sale and any additional amounts the person is required to pay under the terms
3 of the contribution agreement as a result of the default, exceeds the amount of the
4 payment the person failed to make.

5 2. The total amount paid by the person under the contribution agreement.

6 (c) To the extent provided in par. (a), the cooperative may cancel a contribution
7 agreement if the amount due under the contribution agreement remains unpaid for
8 a period of 20 days after the cooperative gives written notice of demand for payment
9 to the person required to make the payment. Unless the contribution agreement
10 provides otherwise, if the cooperative cancels a contribution agreement pursuant to
11 this paragraph, the cooperative may retain any payments made as provided in the
12 contribution agreement.

13 **(5) RESTRICTIONS ON ASSIGNMENT.** Unless the articles or bylaws provide
14 otherwise, a person may not assign, in whole or in part, that person's rights under
15 a contribution agreement to a person who is not a member at the time of the
16 assignment, unless all the members consent to the assignment in writing.

17 **193.715 Contribution rights agreements. (1) CONTRIBUTION RIGHTS**
18 **AGREEMENTS PERMITTED.** Pursuant to s. 193.701 (1) and subject to any restrictions in
19 the articles or bylaws, a cooperative may enter into an agreement that provides a
20 person rights to contribute goods, services, or money to the cooperative.

21 **(2) WRITING REQUIRED; TERMS INCLUDED BY REFERENCE.** A contribution rights
22 agreement shall be in writing. Terms of the agreement may be included by reference.

23 **(3) RESTRICTIONS ON ASSIGNMENT.** Unless the articles or bylaws provide
24 otherwise, a person may not assign, in whole or in part, that person's rights under

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1 a contribution rights agreement to a person who is not a member at the time of the
2 assignment, unless all the members consent to the assignment in writing.

3 **193.721 Allocations of profits and distributions of cash and other**
4 **assets. (1) ALLOCATION OF PROFITS AND LOSSES.** Except as otherwise provided in this
5 subsection and the articles or bylaws, profits and losses shall be allocated between
6 patron membership interests collectively and nonpatron membership interests
7 collectively on the basis of the value of contributions received from patron
8 membership interests collectively and nonpatron membership interests collectively.
9 The allocation of profits to patron membership interests collectively in a fiscal year
10 may not be less than 51 percent of the total profits for that fiscal year, except that the
11 allocation of profits to patron membership interests collectively in a fiscal year may
12 not be less than 30 percent of the total profits for that fiscal year if any of the following
13 apply:

14 (a) The articles were amended to provide for the reduced percentage and,
15 notwithstanding s. 193.221 (1) and (3), the amendment was approved by the
16 affirmative vote of the patron members.

17 (b) The bylaws provide for the reduced percentage and were approved by an
18 affirmative vote of the patron members.

19 (c) The bylaws were amended to provide for the reduced percentage and the
20 amendment was approved by the affirmative vote of the patron members.

21 **(2) DISTRIBUTION OF CASH OR OTHER ASSETS.** If not stated in the articles, the
22 bylaws shall prescribe the distribution of cash or other assets of the cooperative
23 among the membership interests of the cooperative. Unless the articles or bylaws
24 provide otherwise, the cooperative shall distribute cash or other assets to patron
25 membership interests collectively and nonpatron membership interests collectively

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1 on the basis of the value of contributions received by the cooperative from patron
2 membership interests collectively and nonpatron membership interests collectively.
3 The distributions to patron membership interests collectively in any fiscal year may
4 not be less than 51 percent of the total distributions for that fiscal year, except that
5 distributions to patron membership interests collectively in a fiscal year may not be
6 less than 30 percent of the total distributions for that fiscal year if any of the following
7 apply:

8 (a) The articles provide for the reduced percentage and that provision was not
9 included in the articles via amendment under s. 193.221 (3).

10 (b) The bylaws provide for the reduced percentage and were adopted by an
11 affirmative vote of the members.

12 (c) The bylaws were amended to provide for the reduced percentage and the
13 amendment was adopted by the affirmative vote of the members.

14 **193.725 Allocations and distributions of profits to patron members. (1)**
15 CAPITAL RESERVES. A cooperative may set aside any portion of profits allocated to the
16 patron membership interests that the board determines is advisable for the purpose
17 of creating or maintaining a capital reserve.

18 **(2) OTHER RESERVES.** The board may do any of the following with regard to
19 profits allocated to the patron membership interests:

20 (a) Set aside an amount not to exceed 5 percent of the annual profits of the
21 cooperative for promoting and encouraging cooperative organization.

22 (b) Establish and accumulate reserves for new buildings, machinery and
23 equipment, depreciation, losses, and other proper purposes.

24 **(3) PATRONAGE DISTRIBUTIONS.** Profits allocated to patron members in excess of
25 dividends on equity and additions to reserves shall be allocated and distributed to

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1 patron members on the basis of patronage and, if the bylaws provide, to nonmember
2 patrons as so provided. A cooperative may establish allocation units and pooling
3 arrangements and may account for and distribute profits to patrons on the basis of
4 allocation units and pooling arrangements. A cooperative may offset the losses of an
5 allocation unit or pooling arrangement against the profits of other allocation units
6 or pooling arrangements.

7 (4) FREQUENCY OF DISTRIBUTION. A cooperative shall make distributions under
8 sub. (3) at least annually.

9 (5) FORM OF DISTRIBUTION. A cooperative may make distributions under sub. (3)
10 in the form of cash, capital credits, allocated patronage equities, revolving fund
11 certificates, or its own or other securities.

12 (7) PATRONAGE CREDITS FOR INELIGIBLE MEMBERS. If a nonmember patron with
13 patronage credits is not qualified or eligible for membership, the cooperative may
14 credit to the nonmember patron's account a refund due to the nonmember patron.
15 The board may issue a certificate of interest to reflect any such credit and, after the
16 board issues such a certificate, the patron may receive distributions of profits in the
17 same manner as a patron member.

18 **193.731 Member control agreements. (1) AUTHORIZATION AND EXECUTION.**
19 Except as otherwise provided in this subsection, any person who has entered into a
20 contribution agreement under s. 193.711 or an agreement to purchase cooperative
21 securities, or any member, may enter into a written agreement with the cooperative
22 that relates to the control of or the liquidation, dissolution, or termination of the
23 cooperative, or any phase of the business and affairs of the cooperative. Such an
24 agreement may not take effect unless signed by all persons who are then members
25 and all persons who have entered into contribution agreements. An agreement

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1 under this subsection may not relate to patron member voting control under s.
2 193.545 or patron member allocation and distribution provisions under s. 193.721.

3 **(2) SAME EFFECT AS ARTICLES AND BYLAWS.** Wherever this chapter provides that
4 a particular result may or shall be obtained through a provision in the articles or
5 bylaws, the same result may be accomplished through a provision in an agreement
6 under sub. (1) or a procedure established in such an agreement.

7 **(3) OTHER AGREEMENTS NOT AFFECTED.** This section does not limit the authority
8 of persons to enter into agreements otherwise valid, nor is the procedure set forth in
9 this section the exclusive method of agreement among members or between the
10 members and the cooperative with respect to any of the matters described.

11 **193.735 Distribution of unclaimed property. (1) ALTERNATE PROCEDURE TO**
12 **DISTRIBUTE PROPERTY.** Notwithstanding s. 177.17 (4) (a) 2. and (b), a cooperative may
13 distribute any property required to be reported under s. 177.17 (1) to an entity that
14 is exempt from taxation under section 501 (a) of the Internal Revenue Code. A
15 cooperative making a distribution under this subsection shall file all of the following
16 with the state treasurer before making the distribution:

17 (a) A verified written description and explanation of the distribution.

18 (c) The name, address, and exemption number of the entity to which the
19 property is to be distributed.

20 (d) The approximate date of the distribution.

21 **(2) REPORTING PROCEDURE NOT AFFECTED.** Subsection (1) does not affect the
22 requirement that a cooperative report property under s. 177.17 (1).

23 **(3) OWNER'S RIGHT EXTINGUISHED ON DISBURSEMENT.** The articles or bylaws may
24 provide that a distribution under sub. (1) extinguishes all rights of the owner in and
25 to the distributed property.

SUBCHAPTER VIII

MERGER AND CONSOLIDATION

193.801 Merger and consolidation. (1) AUTHORIZATION. Unless otherwise prohibited and except as otherwise provided in this subsection, a cooperative may merge or consolidate with a business entity by complying with this section and the applicable law of the jurisdiction under whose laws the surviving business entity will be organized. A cooperative may not merge or consolidate with a business entity organized under the laws of this state, other than an association, unless the law governing the business entity specifically authorizes merger or consolidation with a cooperative.

(2) PLAN. To initiate a merger or consolidation, the board shall prepare a written plan stating all of the following:

(a) The name of the cooperative and each business entity that is party to the merger or consolidation.

(b) The name of the business entity that will survive the merger or consolidation.

(c) The manner and basis of converting membership or ownership interests in the cooperative and each business entity that is party to the merger or consolidation into membership or ownership interests in the surviving business entity, money, or other property.

(d) The terms of the merger or consolidation.

(e) The proposed effect of the merger or consolidation on the members of each association that is party to the merger or consolidation.

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1 (f) For a consolidation, the contents of the articles or other organizational
2 documents of the surviving business entity which will be filed with the jurisdiction
3 in which the surviving business entity is organized.

4 **(3) NOTICE.** (a) The board shall give notice of the merger or consolidation to
5 each member. The notice shall contain all of the following:

6 1. The full text of the plan under sub. (2).

7 2. The time and place of the meeting at which the plan will be considered.

8 (b) A cooperative with more than 200 members may provide the notice in the
9 same manner as notice of a regular members' meeting.

10 **(4) ADOPTION OF PLAN; ARTICLES OF MERGER OR CONSOLIDATION.** (a) If a quorum
11 of the members eligible to vote is registered as being present or represented by
12 alternative vote at the meeting specified in the notice under sub. (3), the plan of
13 merger or consolidation may be adopted by the following means, as applicable:

14 1. By a majority of the votes cast.

15 2. For a cooperative with articles or bylaws requiring more than majority
16 approval or other conditions for approval, by a sufficient vote as required under the
17 articles or bylaws or by satisfying the other conditions for approval.

18 (b) If a plan is adopted under par. (a), the chairperson, vice-chairperson,
19 records officer, or documents officer of each association that is party to the merger
20 or consolidation shall execute articles of merger or consolidation which state the plan
21 and the fact that the plan was adopted. The business entity surviving the merger
22 or consolidation shall file the articles of merger with the department. If the business
23 entity surviving the merger or consolidation is organized under the laws of this state,
24 the department shall issue a certificate of organization to the business entity.

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1 **193.805 Merger of subsidiary or parent. (1)** WHEN AUTHORIZED; PLAN OF
2 MERGER. (a) Except as otherwise provided in this paragraph, a parent cooperative
3 that owns at least 90 percent of the outstanding ownership interests of each class and
4 series of a subsidiary business entity, other than ownership interests that, absent
5 this section, would not be entitled to vote on a merger, may merge the subsidiary into
6 the parent or the parent into the subsidiary without a vote of the members of the
7 parent or the members of the subsidiary by complying with this section and the
8 applicable law of the jurisdiction under whose laws the business entity surviving the
9 merger will be organized. Except as otherwise provided in this paragraph, a parent
10 cooperative that owns at least 90 percent of the outstanding ownership interests of
11 each class and series of 2 or more subsidiary business entities, other than ownership
12 interests that, absent this section, would not be entitled to vote on a merger, may
13 merge the subsidiaries into one another without a vote of the members of the parent
14 or the members of the subsidiaries by complying with this section and the applicable
15 law of the jurisdiction under whose laws the business entity surviving the merger
16 will be organized. This paragraph does not permit a cooperative to merge with a
17 business entity organized under the laws of this state, other than an association,
18 unless the law governing the business entity specifically authorizes merger with a
19 cooperative.

20 (b) To initiate a merger under par. (a), the board shall prepare a written plan
21 stating all of the following:

22 1. The name of each subsidiary that is party to the merger, the name of the
23 parent, and the name of the business entity surviving the merger.

24 2. Except as provided in subd. 3., the manner and basis of converting
25 membership or ownership interests in the parent and each subsidiary that is party

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1 to the merger, as applicable, into membership or ownership interests in the surviving
2 business entity, money, or other property.

3 3. If the parent is party to the merger but is not the surviving business entity
4 and if the surviving business entity is a cooperative, a provision for the pro rata
5 issuance of membership interests of the surviving business entity to the holders of
6 membership interests in the parent on surrender of any certificates for shares of the
7 parent.

8 4. If the surviving business entity is a subsidiary cooperative, a statement of
9 any amendments to the articles of the surviving business entity that will be part of
10 the merger.

11 (c) If the parent is party to the merger but is not the surviving business entity,
12 the plan under par. (b) shall be approved by the affirmative vote of the holders of a
13 majority of the voting power of all membership interests of the parent entitled to vote
14 at a regular or special meeting.

15 **(2) NOTICE.** No later than 10 days after the effective date of the merger, the
16 board of the parent shall give notice of the merger, including a copy of the plan of
17 merger, to each member of each subsidiary that is party to the merger.

18 **(3) ARTICLES OF MERGER.** The board of the parent shall file with the department
19 articles of merger, signed by the chairperson or his or her designee, containing all of
20 the following:

21 (a) The plan of merger.

22 (b) The number of outstanding membership interests of each class and series
23 of each subsidiary that is party to the merger, other than the classes or series that,
24 absent this section, would not be entitled to vote on a merger, and the number of such
25 membership interests owned by the parent.

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1 (c) A statement that the plan of merger has been approved by the parent under
2 this section.

3 (5) CERTIFICATE. If the business entity surviving the merger is organized under
4 the laws of this state, the department shall issue a certificate of organization to the
5 business entity upon receipt of the articles of merger.

6 (6) RIGHTS OF DISSENTING OWNERS. If, immediately prior to a merger under this
7 section, a business entity that is party to the merger is owned, at least in part, by
8 persons other than the parent or an affiliate of the parent, those persons have
9 dissenters' rights under the law governing that business entity's organization.

10 (7) NONEXCLUSIVITY. Mergers authorized under sub. (1) (a) may instead be
11 accomplished under s. 193.801, in which case this section does not apply.

12 **193.807 Effective date; effect of merger or consolidation. (1) EFFECTIVE**
13 **DATE.** Unless a later date is provided in the plan of merger or consolidation or is
14 required under other applicable law, a merger or consolidation is effective when the
15 articles of merger or consolidation are filed with the department.

16 (2) EFFECT OF MERGER OR CONSOLIDATION. All of the following occur when a
17 merger or consolidation takes effect:

18 (a) All business entities that are party to the merger or consolidation become
19 the business entity surviving the merger or consolidation, as designated in the plan,
20 and the separate existence of every business entity that is party to the merger or
21 consolidation, except the business entity surviving the merger or consolidation,
22 ceases.

23 (b) The title to all property owned by each business entity that is party to the
24 merger or consolidation is vested in the surviving business entity without reversion
25 or impairment.

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1 (c) If, under the laws applicable to a business entity that is a party to the merger
2 or consolidation, one or more of the owners thereof is liable for the debts and
3 obligations of such business entity, such owner or owners shall continue to be liable
4 for the debts and obligations of the business entity, but only for such debts and
5 obligations accrued during the period or periods in which such laws are applicable
6 to such owner or owners. This paragraph does not affect liability under any taxation
7 laws.

8 (d) If, under the laws applicable to the surviving business entity, one or more
9 of the owners thereof is liable for the debts and obligations of such business entity,
10 the owner or owners of a business entity that is party to the merger, other than the
11 surviving business entity, who become subject to such laws shall be liable for the
12 debts and obligations of the surviving business entity to the extent provided in such
13 laws, but only for such debts and obligations accrued after the merger or
14 consolidation. The owner or owners of the surviving business entity prior to the
15 merger shall continue to be liable for the debts and obligations of the surviving
16 business entity to the extent provided in par. (c). This paragraph does not affect
17 liability under any taxation laws.

18 (e) The surviving business entity has all liabilities of each business entity that
19 is party to the merger or consolidation.

20 (f) A civil, criminal, administrative, or investigatory proceeding pending by or
21 against any business entity that is a party to the merger or consolidation may be
22 continued as if the merger or consolidation did not occur, or the surviving business
23 entity may be substituted in the proceeding for the business entity whose existence
24 ceased.

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1 (g) The articles or other similar governing document of the surviving business
2 entity shall be amended to the extent provided in the plan.

3 (h) The interests of each business entity that is party to the merger that are to
4 be converted into shares, interests, obligations, or other securities of the surviving
5 business entity or any other business entity or into cash or other property are
6 converted, and the former holders of the interests are entitled only to the rights
7 provided in the articles of merger or consolidation to their dissenters' rights under
8 the laws applicable to each business entity that is party to the merger.

9 **193.835 Abandonment of merger. (1)** AUTHORITY AND PROCEDURE. A merger
10 may be abandoned before it takes effect by any of the following means:

11 (b) An abandonment may be approved at a meeting by the affirmative vote of
12 the holders of a majority of the voting power of the membership interests of each
13 cooperative that is party to the merger who are entitled to vote on the approval of the
14 plan of merger, except that the board of a cooperative that is party to the merger may
15 approve the abandonment if no members of that cooperative are entitled to vote. In
16 addition to the other requirements of this paragraph, if a business entity other than
17 a cooperative is party to the merger, an abandonment may only be approved by
18 taking any actions to approve the abandonment that are required by the laws under
19 which the business entity is organized.

20 (c) An abandonment may be approved as provided in the plan of merger.

21 (d) An abandonment may be approved by adoption, by the board of any
22 cooperative that is party to the merger, of a resolution abandoning the merger,
23 subject to the contract rights of any other person under the plan of merger. If a
24 business entity other than a cooperative is party to the merger, an abandonment may
25 be approved by a resolution of the governing body of the business entity adopted

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1 according to the laws under which the business entity is organized, subject to the
2 contract rights of any other person under the plan of merger.

3 **(2) ARTICLES OF ABANDONMENT.** The board or other governing body of any
4 business entity that approves an abandonment under sub. (1) shall file with the
5 department articles of abandonment that contain all of the following:

6 (a) The names of the business entities that were party to the proposed merger.

7 (b) The provisions under sub. (1) under which the proposed merger is
8 abandoned.

9 (c) If the proposed merger is abandoned under sub. (1) (d), the text of the
10 resolution approving the abandonment.

11 **SUBCHAPTER IX**

12 **DISSOLUTION**

13 **193.905 Voluntary dissolution; winding up. (1) NOTICE OF DISSOLUTION.**
14 To initiate a voluntary dissolution the board shall file with the department a notice
15 of intent to dissolve. The board may not file a notice under this subsection unless the
16 notice is approved by affirmative vote of the members.

17 **(1m) COLLECTION AND PAYMENT OF DEBTS.** After a notice is filed under sub. (1),
18 the board shall proceed as soon as possible to collect, or make provision for the
19 collection of, all unpaid subscriptions for shares and all other debts owing to the
20 cooperative and pay, or make provision for the payment of, all debts, obligations, and
21 liabilities of the cooperative according to the priority accorded to the debts,
22 obligation, and liabilities, by law.

23 **(2) TRANSFER OF ASSETS.** After a notice is filed under sub. (1), the board may
24 lease or dispose of all or substantially all of the property and assets of the cooperative
25 without a vote of the members.

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1 **(3) DISTRIBUTION TO MEMBERS AND FORMER MEMBERS.** Any property of the
2 cooperative remaining after discharge of the cooperative's debts, obligations, and
3 liabilities may be distributed to the members and former members as provided in the
4 bylaws.

5 **(4) UNCLAIMED ASSETS.** (a) If the articles or bylaws so provide, assets
6 distributable in the course of the dissolution of a cooperative that remain unclaimed
7 as provided in this paragraph may be forfeited to the cooperative in the manner set
8 forth in s. 185.03 (10), except that the board, a committee designated by the board
9 to liquidate the cooperative's assets, or a court, trustee, or other person authorized
10 to liquidate the assets of the cooperative may declare the funds forfeited, give the
11 notice, determine the purpose or purposes, and dedicate the funds as provided under
12 s. 185.03 (10) and except that any of these persons may declare the funds forfeited
13 no earlier than 2 years and no later than 5 years after the funds are first made
14 available to their owners in the course of the liquidation of the cooperative.

15 (b) Assets distributable in the course of the dissolution of a cooperative that are
16 not forfeited under par. (a) shall be reported and delivered to the state treasurer as
17 provided under ch. 177.

18 **(5) ARTICLES OF DISSOLUTION.** After payment of all debts, obligations, and
19 liabilities of the cooperative has been made or provided for as required under sub.
20 (1m) and the remaining property of the cooperative has been distributed as provided
21 under sub. (3) or otherwise disposed of under sub. (4), the board shall file with the
22 department articles of dissolution. The articles of dissolution shall state all of the
23 following, as applicable:

24 (a) That all debts, obligations, and liabilities of the cooperative have been paid
25 or adequate provisions have been made for their payment or time periods during

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1 which claims may be made against the cooperative have expired and no other claims
2 are outstanding.

3 (b) That the remaining assets of the cooperative have been distributed to the
4 members, pursuant to a liquidation authorized by the members, or as provided under
5 sub. (4).

6 (c) That legal, administrative, or arbitration proceedings by or against the
7 cooperative are not pending or adequate provision has been made for the satisfaction
8 of a judgment, order, or decree that may be entered against the cooperative in such
9 a pending proceeding.

10 **(6) EFFECTIVE DATE.** A cooperative is dissolved upon the filing of the articles of
11 dissolution as required under sub. (5).

12 **(7) CERTIFICATE.** Upon accepting articles of dissolution for filing, the
13 department shall issue to the dissolved cooperative or its legal representative a
14 certificate of dissolution that contains all of the following:

15 (a) The name of the dissolved cooperative.

16 (b) The date the articles of dissolution were filed with the department.

17 (c) A statement that the cooperative is dissolved.

18 **193.911 Revocation of dissolution proceedings. (1) AUTHORITY TO REVOKE.**
19 Dissolution proceedings under s. 193.905 may be revoked before the articles of
20 dissolution are filed with the department as required under s. 193.905 (5).

21 **(2) REVOCATION BY MEMBERS.** The chairperson may call a members' meeting to
22 submit to the members the question of revoking dissolution proceedings under s.
23 193.905. The dissolution proceedings are revoked if the proposed revocation is
24 approved at the members' meeting by a majority of the votes cast or, for a cooperative
25 with articles or bylaws requiring more than majority approval or other conditions for

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1 approval, by a sufficient vote as required under the articles or bylaws or by satisfying
2 the other conditions for approval.

3 **(3) FILING WITH THE DEPARTMENT.** The chairperson of the board or the records
4 officer shall file with the department a notice of revocation promptly after the
5 revocation is approved as provided under sub. (2). The revocation is effective upon
6 filing of the notice under this subsection.

7 **193.925 Court-supervised voluntary dissolution.** After a notice of intent
8 to dissolve is filed as required under s. 193.905 (1) and before a certificate of
9 dissolution is issued under s. 193.905 (7), the cooperative or, for good cause shown,
10 a member or creditor of the cooperative may petition the circuit court for the county
11 where the registered address of the cooperative is located to have the dissolution
12 conducted under the supervision of the court. Section 193.905 does not apply to a
13 dissolution conducted under the supervision of the court under this section. Section
14 193.911 applies to a dissolution conducted under the supervision of the court under
15 this section. The court may grant equitable relief that it deems appropriate in a
16 dissolution conducted under its supervision under this section, if the supervision
17 resulted from an application by the cooperative.

18 **193.931 Involuntary dissolution. (1) CAUSES OF ACTION.** (a) A member may
19 bring an action against a cooperative for dissolution, liquidation, and equitable relief
20 if any of the following apply:

21 1. The directors or the persons having the authority otherwise vested in the
22 board are deadlocked in the management of the cooperative's affairs and the
23 members are unable to break the deadlock.

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1 2. The directors or those in control of the cooperative have acted fraudulently,
2 illegally, or in a manner unfairly prejudicial toward one or more members in their
3 capacities as members, directors, or officers.

4 3. For a period that includes the time when 2 consecutive regular members'
5 meetings were held, the members failed to elect successors to directors whose terms
6 expired or would have expired upon the election and qualification of their successors.

7 4. The cooperative's assets are being misapplied or wasted.

8 5. The cooperative's period of duration as provided in the articles has expired
9 and has not been lawfully extended.

10 (b) A creditor may bring an action against a cooperative for dissolution,
11 liquidation, and equitable relief if any of the following apply:

12 1. The creditor has obtained a money judgment against the cooperative and an
13 execution on that judgment has been returned unsatisfied.

14 2. The cooperative has admitted in writing that a claim of the creditor against
15 the cooperative is due and owing and that the cooperative is unable to pay its debts
16 in the ordinary course of business.

17 (c) Except as provided in sub. (1m), the attorney general may bring an action
18 against a cooperative for dissolution and liquidation, and for equitable relief for
19 persons other than the attorney general, if any of the following apply:

20 1. The articles and certificate of organization of the cooperative were procured
21 through fraud.

22 2. The cooperative was organized for a purpose prohibited by state law or not
23 permitted by this chapter.

24 3. The cooperative has knowingly, with intentional disregard of the harm that
25 the provision is intended to avert, violated a provision of this chapter, has violated

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1 a provision of this chapter more than once, or has violated more than one provision
2 of this chapter.

3 4. The actions of the cooperative, or its failure to act, constitutes surrender or
4 abandonment of the business of the cooperative.

5 **(1m)** NOTICE TO COOPERATIVE BY ATTORNEY GENERAL. The attorney general may
6 not commence an action under sub. (1) (c) until 30 days after giving notice to the
7 cooperative of the reason for the action. If the reason for the action is an act that the
8 cooperative has done or failed to do and the act or omission may be corrected by
9 amending the articles or bylaws or by performing or abstaining from the act, the
10 attorney general shall give the cooperative 30 additional days to make the correction
11 before filing the action. If the cooperative makes the correction before the expiration
12 of the 30 additional days, the attorney general may not bring an action under sub.
13 (1) (c) based upon that act or omission.

14 **(2)** FINANCIAL CONDITION OF COOPERATIVE. In determining whether to order a
15 remedy in an action under sub. (1), the court shall consider the financial condition
16 of the cooperative. The court may not refuse to order a remedy solely on the ground
17 that the cooperative has accumulated operating profits or current operating profits.

18 **(3)** ALTERNATIVE REMEDIES. In deciding whether to order dissolution in an action
19 under sub. (1), the court shall consider whether other relief suggested by one or more
20 parties would permanently remedy the cause of the action and, if so, may order such
21 other relief.

22 **(4)** EXPENSES. If the court finds that a party to an action under sub. (1) has acted
23 arbitrarily, vexatiously, or in bad faith, the court may award reasonable expenses,
24 including attorney fees and disbursements, to any of the other parties.

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1 **(5) VENUE.** An action under sub. (1) shall be brought in the circuit court for the
2 county where the registered address of the cooperative is located.

3 **(6) PARTIES.** It is not necessary to make members parties to an action under sub.
4 (1).

5 **193.935 Procedure in involuntary or court-supervised voluntary**
6 **dissolution. (1) ACTION BEFORE HEARING.** In a dissolution conducted under the
7 supervision of a court under s. 193.925 or in any action under s. 193.931 (1) the court
8 may take any of the following actions before an initial hearing is completed:

9 (a) Issue injunctions.

10 (b) Appoint receivers temporarily, until the conclusion of a hearing under sub.
11 (2), with all powers and duties that the court directs.

12 (c) Take actions required to preserve the cooperative's assets wherever located.

13 (d) Carry on the business of the cooperative.

14 **(2) APPOINTMENT OF RECEIVER.** In a dissolution conducted under the supervision
15 of a court under s. 193.925 or in any action under s. 193.931 (1) the court may appoint
16 a receiver after a hearing is completed, following notice to the parties as directed by
17 the court. The receiver shall collect the cooperative's assets and amounts owing to
18 the cooperative by subscribers on account of an unpaid portion of the consideration
19 for the issuance of shares. Subject to the order of the court, the receiver may continue
20 the business of the cooperative and lease or dispose of the property and assets of the
21 cooperative at public or private sale.

22 **(3) DISTRIBUTION OF ASSETS.** In a dissolution conducted under the supervision
23 of a court under s. 193.925 or in any action under s. 193.931 (1), the court shall apply
24 the assets of the cooperative and the proceeds resulting from the lease or disposition

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1 of the cooperative's property by following all of the following steps, in alphanumerical
2 order:

3 (a) Applying the assets and proceeds to cover attorney fees and disbursements
4 made in connection with the proceedings and the other costs and expenses of the
5 proceedings.

6 (b) Applying the assets and proceeds to cover debts, taxes, and assessments
7 owing to the United States, this state, and other states, in that order.

8 (c) Applying the assets and proceeds to cover worker's compensation claims for
9 which the cooperative is liable under ch. 102, except that this paragraph does not
10 apply to a claim if, at the time of injury, as defined in s. 102.01 (2) (g), the cooperative
11 had in force a policy of worker's compensation insurance as required under s. 102.28
12 (2) (a).

13 (d) Applying the assets and proceeds to cover claims of employees for services
14 performed within 3 months preceding the appointment of the receiver, if any.

15 (e) Applying the assets and proceeds to cover other claims proved and allowed.

16 (f) Distributing the assets and proceeds to the members or pursuant to a
17 liquidation plan approved by the members.

18 **193.941 Receiver qualifications and powers. (1) QUALIFICATIONS.** A
19 receiver appointed under s. 193.935 (1) or (2) shall be an individual, a domestic
20 business entity, or a foreign business entity authorized to transact business in this
21 state and shall give a bond as directed by the court with the sureties required by the
22 court.

23 **(2) POWERS.** A receiver may bring and defend suits.

24 **193.951 Filing claims in involuntary or court-supervised voluntary**
25 **dissolution proceedings. (1) FILING UNDER OATH.** In a dissolution conducted under

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1 the supervision of a court under s. 193.925 or in any action under s. 193.931 (1), the
2 court may require all creditors and claimants of the cooperative to file their claims,
3 under oath and in a form prescribed by the court, with the court or with a receiver
4 appointed under s. 193.935 (1) or (2).

5 **(2) DATE TO FILE A CLAIM; NOTICE.** If the court requires the filing of claims in a
6 dissolution conducted under the supervision of a court under s. 193.925 or in any
7 action under s. 193.931 (1), the court shall do all of the following:

8 (a) Set a date at least 120 days after the date the order is filed, as the last day
9 for the filing of claims.

10 (b) Prescribe a notice of the fixed date that shall be given to creditors and
11 claimants.

12 **(3) CLAIMS BARRED; EXTENSION OF TIME FOR FILING.** The court may prohibit any
13 person who fails to file a claim before the date established under sub. (2) (a) from
14 claiming an interest in or receiving payment out of the property and assets of the
15 cooperative. At any time before the date established under sub. (2) (a), the court may
16 extend the time for filing claims beyond the date established under sub. (2) (a).

17 **193.955 Discontinuance of court–supervised dissolution proceedings.**
18 A dissolution conducted under the supervision of a court under s. 193.925 or any
19 action under s. 193.931 (1) may be discontinued at any time during the dissolution
20 proceedings if it is established that cause for dissolution does not exist. The court
21 shall dismiss the proceedings and direct the receiver appointed under s. 193.935 (1)
22 or (2), if any, to deliver to the cooperative its remaining property and assets.

23 **193.961 Order of dissolution. (1) ISSUANCE; EFFECTIVE DATE.** After
24 distribution of a cooperative’s assets and proceeds under s. 193.935 (3), the court

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1 shall issue an order dissolving the cooperative. The dissolution is effective upon
2 issuance of the order.

3 (2) FILING. After the court issues an order under sub. (1), the court shall file
4 a certified copy of the order with the department. The department may not charge
5 a fee for filing the order.

6 **193.971 Barring of claims. (1) CLAIMS BARRED.** Except as provided in s.
7 193.951 (3), a creditor or claimant who does not file a claim or bring an action during
8 the pendency of the dissolution proceedings or has not brought an action before the
9 commencement of the dissolution proceedings, and all those claiming through or
10 under the creditor or claimant, are forever barred from bringing an action to collect
11 on that claim or otherwise enforcing it, except as provided in this section.

12 (2) CERTAIN CLAIMS ALLOWED FOR GOOD CAUSE. Except as provided in s. 193.951
13 (3), within one year after the date on which the articles of dissolution are filed under
14 s. 193.905 (5) or an order of dissolution is issued under s. 193.961, a creditor or
15 claimant who shows good cause for not having previously filed the claim may apply
16 to the circuit court to allow a claim against the cooperative's undistributed assets or,
17 if the undistributed assets are not sufficient to satisfy the claim, against a person to
18 the extent of the distributions received by that person in the dissolution by virtue of
19 that person's status as a member.

20 (3) CERTAIN OMITTED CLAIMS ALLOWED. A person to whom is owed a debt,
21 obligation, or liability incurred during an action under s. 193.931 (1), but who is not
22 paid before the distribution of assets and proceeds under s. 193.935 (3) (f), may bring
23 an action to recover on the claim against the officers, directors, or members of the
24 cooperative before the expiration of the applicable statute of limitations.

25 **SECTION 79.** 196.01 (10) of the statutes is amended to read:

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1 196.01 **(10)** “Telecommunications utility” means any person, corporation,
2 company, cooperative, unincorporated cooperative association, partnership,
3 association and lessees, trustees or receivers appointed by any court that owns,
4 operates, manages or controls any plant or equipment used to furnish
5 telecommunications services within the state directly or indirectly to the public.
6 “Telecommunications utility” does not include a telecommunications carrier.

7 **SECTION 80.** 196.02 (2) of the statutes is amended to read:

8 196.02 **(2)** DEFINITION; CLASSIFICATION. In this subsection, “public utility” does
9 not include a telecommunications cooperative, an unincorporated
10 telecommunications cooperative association, or a small telecommunications utility
11 except as provided under s. 196.205 or 196.215 (2) and does not include an alternative
12 telecommunications utility. The commission shall provide for a comprehensive
13 classification of service for each public utility. The classification may take into
14 account the quantity used, the time when used, the purpose for which used, and any
15 other reasonable consideration. Each public utility shall conform its schedules of
16 rates, tolls and charges to such classification.

17 **SECTION 81.** 196.09 (1) of the statutes is amended to read:

18 196.09 **(1)** In this section, “public utility” does not include a
19 telecommunications cooperative or an unincorporated telecommunications
20 cooperative association except as provided under s. 196.205. In subs. (2) to (7),
21 “public utility” does not include a telecommunications utility. Subsection (9) only
22 applies to a telecommunications utility. Every public utility shall file with the
23 commission, within such time as may be required by the commission, its estimate of
24 the annual rate of depreciation required for each of its classes of fixed capital used
25 for public utility purposes, and of the composite annual rate of depreciation required

ASSEMBLY BILL 1186**SECTION 81**

1 for such fixed capital as an aggregate, which shall constitute the public utility's
2 estimates of the amount which should be returned to it out of its rates for service, to
3 meet the depreciation of its property.

4 **SECTION 82.** 196.11 (2) of the statutes is amended to read:

5 196.11 (2) Any arrangement under this section shall be under the supervision
6 and regulation of the commission. The commission may order any rate, charge or
7 regulation which the commission deems necessary to give effect to the arrangement.
8 The commission may make any change in a rate, charge or regulation as the
9 commission determines is necessary and reasonable and may revoke its approval
10 and amend or rescind all orders relative to any arrangement. This subsection does
11 not apply to telecommunications cooperatives, unincorporated telecommunications
12 cooperative associations, or telecommunications utilities.

13 **SECTION 83.** 196.20 (3) of the statutes is amended to read:

14 196.20 (3) Except as provided in subs. (1m) and (5) (a), this section does not
15 apply to telecommunications cooperatives, unincorporated telecommunications
16 cooperative associations, or small telecommunications utilities unless made subject
17 to this section under s. 196.205 or 196.215 (2).

18 **SECTION 84.** 196.205 (1m) of the statutes is amended to read:

19 196.205 (1m) A telecommunications cooperative or an unincorporated
20 telecommunications cooperative association may elect to be subject to ss. 196.28 and
21 196.37 as they apply to any rate, toll or charge and to ss. 196.02 (2), 196.09 (1), 196.11
22 (2), 196.20 and 196.26 in any of the following ways:

23 (a) By amendment of the articles of incorporation of the cooperative under s.
24 185.51 or the articles of organization of the association under s. 193.221.

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1 (c) By a majority of the voting members of the board of directors of the
2 cooperative or association.

3 **SECTION 85.** 196.205 (2) of the statutes is amended to read:

4 196.205 (2) Notwithstanding sub. (1m), a telecommunications cooperative or
5 an unincorporated telecommunications cooperative association shall be subject to s.
6 196.26 if it is a party in a proceeding on a complaint specified in s. 196.26 (1) (b) or
7 (c).

8 **SECTION 86.** 196.26 (4) (a) of the statutes is amended to read:

9 196.26 (4) (a) This section does not apply to any rate, toll, charge or schedule
10 of any telecommunications cooperative or unincorporated telecommunications
11 cooperative association, except as provided under s. 196.205 or unless at least 5% of
12 the customers of the telecommunications cooperative or association file a complaint
13 with the commission that the rate, toll, charge or schedule is in any respect
14 unreasonable, insufficient or unjustly discriminatory.

15 **SECTION 87.** 196.28 (4) of the statutes is amended to read:

16 196.28 (4) This section does not apply to rates, tolls or charges of a
17 telecommunications cooperative, an unincorporated telecommunications
18 cooperative association, or a small telecommunications utility except as provided in
19 s. 196.205 or 196.215 (2).

20 **SECTION 88.** 196.37 (4) of the statutes is amended to read:

21 196.37 (4) This section does not apply to rates, tolls or charges of a
22 telecommunications cooperative, an unincorporated telecommunications
23 cooperative association, or a small telecommunications utility except as provided in
24 s. 196.205 or 196.215 (2).

25 **SECTION 89.** 196.50 (2) (b) of the statutes is amended to read:

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1 196.50 (2) (b) A certificate, franchise, license or permit, indeterminate or
2 otherwise, in effect on September 1, 1994, for a telecommunications utility shall
3 remain in effect and shall have the effect of a certificate of authority. A
4 telecommunications utility is not required to apply for a new certificate of authority
5 to continue offering or providing service to the extent of the prior authorization. Each
6 telecommunications utility, including telecommunications cooperatives and
7 unincorporated telecommunications cooperative associations, shall have on file with
8 the commission under s. 196.19 a tariff that sets forth the rates, terms and conditions
9 for all services provided and a map that defines the geographical limits of the service
10 territory that the telecommunications utility is obliged to serve.

11 **SECTION 90.** 196.605 (1) of the statutes is amended to read:

12 196.605 (1) A public utility which is a cooperative association incorporated
13 under ch. 185 or 193 to furnish telecommunications service in rural areas on a
14 nonprofit basis with a telecommunications utility financed in part through a loan
15 from the United States under the rural electrification act of 1936, 7 USC 901 to
16 950aaa–5, as amended, may require each of its local service telecommunications
17 patrons to deposit with the association the amount of the membership fee or other
18 form of capital representing the proportional share of the total equity capital of the
19 association required as a condition of federal financing. The membership fee or other
20 form of equity capital attributable to each local service patron may be collected by
21 the association in installments in connection with billings for service. The required
22 deposits of equity capital shall be segregated in the billing from service charges and
23 shall be credited when received on the membership or equity capital account of the
24 patron.

25 **SECTION 91.** 196.807 (1) (a) of the statutes is amended to read:

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1 196.807 (1) (a) “Affiliate or utility” means a nonutility affiliate, holding
2 company system, public utility or cooperative association organized under ch. 185 or
3 193.

4 **SECTION 92.** 199.03 (12) of the statutes is amended to read:

5 199.03 (12) “Public utility” means any person, except a town, village, city or
6 sanitary district, who owns, operates, manages or controls any plant or equipment
7 or any part of a plant or equipment, within the state for the production, transmission,
8 delivery or furnishing of heat, light, water, telecommunications service or power
9 either directly or indirectly to or for the public. “Public utility” includes any person
10 engaged in the transmission or delivery of natural gas for compensation within this
11 state by means of pipes or mains. “Public utility” does not include a cooperative
12 association organized under ch. 185 for the purpose of generating, distributing, or
13 furnishing electric energy to its members only, or a cooperative organized under ch.
14 185 or 193 for the purpose of ~~generating, distributing or~~ furnishing
15 telecommunications service ~~or electric energy~~ to its members only.

16 **SECTION 93.** 201.01 (3) (d) of the statutes is amended to read:

17 201.01 (3) (d) Any securities issued by a corporation organized under ch. 185
18 or 193 for the purpose of furnishing telecommunications service in rural areas.

19 **SECTION 94.** 223.105 (1) (b) of the statutes is amended to read:

20 223.105 (1) (b) “Organization” means any corporation, unincorporated
21 cooperative association, limited liability company, association, partnership or
22 business trust, other than a national bank, state or federal savings and loan
23 association, state or federal savings bank or federal credit union or other than a
24 corporation, limited liability company, association or partnership, all of whose
25 shareholders or members are licensed under SCR 40.02.

ASSEMBLY BILL 1186**SECTION 95**

1 **SECTION 95.** 231.35 (2) (b) of the statutes is amended to read:

2 231.35 **(2)** (b) A cooperative organized under ch. 185 or 193 that consists of one
3 or more rural hospitals, each with no more than 100 beds.

4 **SECTION 96.** 234.59 (1) (d) 3. of the statutes is amended to read:

5 234.59 **(1)** (d) 3. A dwelling unit in a condominium ~~or~~ a cooperative, or an
6 unincorporated cooperative association, together with an interest in common areas,
7 if the unit is or will be the principal residence of an applicant.

8 **SECTION 97.** 234.622 (7) of the statutes is amended to read:

9 234.622 **(7)** “Qualifying dwelling unit” means a dwelling unit, not including a
10 mobile home as defined in s. 66.0435, located in this state, habitable as a permanent
11 residence and to which property taxes or special assessments are, or may
12 conveniently be, allocated and up to one acre of land appertaining to it held in the
13 same ownership as the dwelling unit. For purposes of ss. 234.621 to 234.626,
14 “qualifying dwelling unit” includes a unit in a condominium or in a cooperative or an
15 unincorporated cooperative association or in a multi-unit dwelling with 4 or fewer
16 units, but in all of these 3 cases only the portion of taxes or special assessments
17 allocable to the unit lived in by the participant may qualify for loans under ss.
18 234.621 to 234.626.

19 **SECTION 98.** 421.301 (28) of the statutes is amended to read:

20 421.301 **(28)** “Organization” means a corporation, government or
21 governmental subdivision or agency, trust, estate, limited liability company,
22 partnership, cooperative or association other than a cooperative organized under ch.
23 185 or 193 which has gross annual revenues not exceeding \$5 million.

24 **SECTION 99.** 445.01 (8) of the statutes is amended to read:

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1 445.01 **(8)** “Person” includes firm, corporation, partnership, cooperative,
2 unincorporated cooperative association, and association of individuals.

3 **SECTION 100.** 445.12 (3) (a) of the statutes is amended to read:

4 445.12 **(3)** (a) The solicitation of memberships or the sale of stock or
5 memberships in any association organized under ch. 185 or 193 by any person who
6 is not a licensed funeral director.

7 **SECTION 101.** 551.22 (12) of the statutes is amended to read:

8 551.22 **(12)** Any securities of a cooperative corporation organized under ch. 185
9 or 193.

10 **SECTION 102.** 560.16 (1) (c) (intro.) of the statutes is amended to read:

11 560.16 **(1)** (c) (intro.) “Employee–owned business” means a business located in
12 this state which is organized in a manner determined by the secretary to involve
13 substantial employee participation or a cooperative organized under ch. 185 or 193
14 or a corporation in which the employees own the stock of the corporation through an
15 employee stock ownership plan as defined under 26 USC 4975 (e) (7) and in which:

16 **SECTION 103.** 560.17 (1) (b) of the statutes is amended to read:

17 560.17 **(1)** (b) “Business” includes cooperatives organized under ch. 185 or 193.

18 **SECTION 104.** 560.9801 (1) (b) of the statutes is amended to read:

19 560.9801 **(1)** (b) A nonprofit cooperative organized under ch. 185 or 193.

20 **SECTION 105.** 560.9801 (3) (a) 7. of the statutes is amended to read:

21 560.9801 **(3)** (a) 7. If the housing is owned and occupied by members of a
22 cooperative or an unincorporated cooperative association, fees paid to a person for
23 managing the housing.

24 **SECTION 106.** 560.9804 (2) (e) of the statutes is amended to read:

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1 560.9804 (2) (e) A cooperative organized under ch. 185 or 193, if the articles of
2 incorporation, articles of organization, or bylaws of the cooperative limit the rate of
3 dividend that may be paid on all classes of stock.

4 **SECTION 107.** 600.03 (37m) of the statutes, as affected by 2005 Wisconsin Act
5 (Senate Bill 617), is amended to read:

6 600.03 (37m) “Preferred provider plan” means a health care plan, as defined
7 in s. 628.36 (2) (a) 1., that is offered by an organization established under ch. 185 or
8 193, 611, 613, or 614 or issued a certificate of authority under ch. 618 and that makes
9 available to its enrollees, without referral and for consideration other than
10 predetermined periodic fixed payments, coverage of either comprehensive health
11 care services or a limited range of health care services, regardless of whether the
12 health care services are performed by participating, as defined in s. 609.01 (3m), or
13 nonparticipating providers, as defined in s. 609.01 (5m).

14 **SECTION 108.** 609.01 (2) of the statutes is amended to read:

15 609.01 (2) “Health maintenance organization” means a health care plan
16 offered by an organization established under ch. 185 or 193, 611, 613 or 614 or issued
17 a certificate of authority under ch. 618 that makes available to its enrollees, in
18 consideration for predetermined periodic fixed payments, comprehensive health
19 care services performed by providers participating in the plan.

20 **SECTION 109.** 616.09 (1) (c) 1. of the statutes is amended to read:

21 616.09 (1) (c) 1. Plans authorized under s. 616.06 are subject to ch. 185 or 193,
22 as applicable, except that ss. 185.03 (5) and (6), 185.05 (1) (c), 185.55, 185.61, 185.62,
23 185.63, 185.64, 185.71 to 185.76 and, 185.81, 193.151, 193.215 (2) (a) 2., 193.225,
24 193.301 (9), 193.801, 193.805, 193.905 to 193.971, and those provisions applicable to
25 cooperatives or unincorporated cooperative associations with stock do not apply.

ASSEMBLY BILL 1186**SECTION 110**

1 **SECTION 110.** 706.05 (2m) (b) 2. of the statutes, as affected by 2005 Wisconsin
2 Act 179, is amended to read:

3 706.05 **(2m)** (b) 2. Descriptions of property that is subject to liens granted on
4 property thereafter acquired by a rural electric cooperative organized under ch. 185,
5 ~~or by a telephone cooperative,~~ organized under ch. 185 or 193, by a pipeline company
6 under s. 76.02 (5), by a public utility under s. 196.01 (5) ~~or,~~ by a railroad under s.
7 195.02 (1), ~~or by~~ a water carrier under s. 195.02 (5).

8 **SECTION 111.** 815.18 (2) (c) of the statutes is amended to read:

9 815.18 **(2)** (c) “Debtor” means an individual. “Debtor” does not include an
10 association, a corporation, a partnership, a cooperative, an unincorporated
11 cooperative association, or a political body.

12 **SECTION 112.** 893.28 (2) of the statutes is amended to read:

13 893.28 **(2)** Continuous use of rights in real estate of another for at least 10 years
14 by a domestic corporation organized to furnish telegraph or telecommunications
15 service or transmit heat, power or electric current to the public or for public purposes,
16 ~~or by~~ a cooperative association organized under ch. 185 or 193 to furnish telegraph
17 or telecommunications service, ~~or by a cooperative organized under ch. 185 to~~
18 transmit heat, power or electric current to its members, establishes the prescriptive
19 right to continue the use, except as provided by s. 893.29. A person who has
20 established a prescriptive right under this subsection may commence an action to
21 establish prescriptive rights under ch. 843.

22 **SECTION 113.** 946.69 (1) (c) of the statutes is amended to read:

23 946.69 **(1)** (c) A cooperative association organized under ch. 185 or 193 to
24 furnish or provide telecommunications service, or a cooperative organized under ch.
25 185 to furnish or provide gas, electricity, power or water.

