



## ORGANIZING A STATUTORY CLOSE CORPORATION

1. **Adaptation of Form 2 (Articles of Incorporation).** For organizing a “statutory close” corporation under Chapter 180 of the Wisconsin Statutes:

*As other provisions:* “This corporation is organized as a statutory close corporation under ss. 180.1801 to 180.1837 of the Wisconsin Statutes.”

### 2. Other Requirements.

- A. Statutory close corporations are limited to 50 or fewer shareholders.
- B. The following notice shall be noted conspicuously on each share certificate issued by a statutory close corporation:

“The rights of shareholders in a statutory close corporation may differ materially from the rights of shareholders in other corporations. Copies of the articles of incorporation, the bylaws, if any, and shareholders’ agreements or other documents, which may restrict transfers and affect voting and other rights, may be obtained without charge by a shareholder on written request to the corporation.”

### 3. Converting an Existing Corporation to a Statutory Close Corporation.

- A. Conversion may be elected by corporations having 50 or fewer shareholders at the time of election.
- B. Conversion requires amendment of the articles of incorporation to the state that the corporation elects to become a statutory close corporation under ss.180.1801 to 180.1837 of the Wisconsin Statutes.
- C. The amendment must be approved by the holders of at least two-thirds of the votes of each class or series of shares of the corporation, voting a separate voting groups, whether or not otherwise entitled to vote on amendments.
- D. A shareholder who did not vote in favor of a conversion is entitled to assert dissenter’s rights under ss. 180.1301 to 180.1331, Wis. Stats.
- E. Each share certificate is to be conspicuously noted with the remark set forth above, “the rights of shareholders in a statutory close corporation may differ materially...”.

4. **CAUTION:** One should not attempt to organize a statutory close corporation, or convert an existing corporation, without first giving immediate attention to the Wisconsin Business Corporation Law, Chapter 180 of the Wisconsin Statutes, and subchapter XVIII in particular.