

SENATE BILL No. 156

By Committee on Judiciary

2-2

9 AN ACT concerning corporations; relating to close corporations; amend-
10 ing K.S.A. 17-7207 and repealing the existing section.

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12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 17-7207 is hereby amended to read as follows: 17-
14 7207. (a) If stock of a close corporation is issued or transferred to any
15 person who is not entitled under any provision of the articles of incor-
16 poration permitted by subsection (b) of K.S.A. 17-7202 to be a holder of
17 record of stock of such corporation, and if the certificate for such stock
18 conspicuously notes the qualifications of the persons entitled to be hold-
19 ers of record thereof, such person is conclusively presumed to have notice
20 of the fact of his ineligibility to be a stockholder.

21 (b) If the articles of incorporation of a close corporation state the
22 number of persons, not in excess of ~~thirty (30)~~ 35, who are entitled to be
23 holders of record of its stock, and if the certificate for such stock con-
24 spicuously states such number, and if the issuance or transfer of stock to
25 any person would cause the stock to be held by more than such number
26 of persons, the person to whom such stock is issued or transferred is
27 conclusively presumed to have notice of this fact.

28 (c) If a stock certificate of any close corporation conspicuously notes
29 the fact of a restriction on transfer of stock of the corporation, and the
30 restriction is one which is permitted by K.S.A. 17-6426, the transferee of
31 the stock is conclusively presumed to have notice of the fact that he has
32 acquired stock in violation of the restriction, if such acquisition violates
33 the restriction.

34 (d) Whenever any person to whom stock of a close corporation has
35 been issued or transferred has, or is conclusively presumed under this
36 section to have, notice either (1) that he is a person not eligible to be a
37 holder of stock of the corporation, or (2) that transfer of stock to him
38 would cause the stock of the corporation to be held by more than the
39 number of persons permitted by its articles of incorporation to hold stock
40 of the corporation, or (3) that the transfer of stock is in violation of a
41 restriction on transfer of stock, the corporation, at its option, may refuse
42 to register transfer of the stock into the name of the transferee.

43 (e) The provisions of subsection (d) shall not be applicable if the

1 transfer of stock, even though otherwise contrary to subsection (a), (b) or
2 (c), has been consented to by all the stockholders of the close corporation,
3 or if the close corporation has amended its articles of incorporation in
4 accordance with K.S.A. 17-7206.

5 (f) The term "transfer," as used in this section, is not limited to a
6 transfer for value.

7 (g) The provisions of this section do not impair in any way any rights
8 of a transferee regarding any right to rescind the transaction or to recover
9 under any applicable warranty, express or implied.

10 Sec. 2. K.S.A. 17-7207 is hereby repealed.

11 Sec. 3. This act shall take effect and be in force from and after its
12 publication in the statute book.