

17-7208. Breach of condition necessary to status as close corporation; proceeding to prevent loss of status; jurisdiction and powers of district court. (a) If any event occurs, as a result of which one or more of the provisions or conditions included in a close corporation's articles of incorporation, pursuant to K.S.A. 17-7202, and amendments thereto, to qualify it as a close corporation has been breached, the corporation's status as a close corporation shall terminate unless:

(1) Within 30 days after the occurrence of the event, or within 30 days after the event has been discovered, whichever is later, the corporation files with the secretary of state a certificate, executed in accordance with K.S.A. 2016 Supp. 17-7908 through 17-7910, and amendments thereto, stating that a specified provision or condition included in its articles of incorporation pursuant to K.S.A. 17-7202, and amendments thereto, to qualify it as a close corporation has ceased to be applicable, and furnishes a copy of such certificate to each stockholder; and

(2) the corporation concurrently with the filing of such certificate takes such steps as are necessary to correct the situation which threatens its status as a close corporation, including, without limitation, the refusal to register the transfer of stock which has been wrongfully transferred as provided by K.S.A. 17-7207, and amendments thereto, or a proceeding under subsection (b).

(b) The district court, upon the suit of the corporation or any stockholder, shall have jurisdiction to issue all orders necessary to prevent the corporation from losing its status as a close corporation, or to restore its status as a close corporation, by enjoining or setting aside any act or threatened act on the part of the corporation or a stockholder which would be inconsistent with any of the provisions or conditions required or permitted by K.S.A. 17-7202, and amendments thereto, to be stated in the articles of incorporation for a close corporation, unless it is an act approved in accordance with K.S.A. 17-7206, and amendments thereto. The district court may enjoin or set aside any transfer or threatened transfer of stock of a close corporation which is contrary to the terms of its articles of incorporation or of any transfer restriction permitted by K.S.A. 17-6426, and amendments thereto, and may enjoin any public offering, as defined in K.S.A. 17-7202, and amendments thereto, or threatened public offering of stock of the close corporation.

History: L. 1972, ch. 52, § 132; L. 2000, ch. 39, § 43; L. 2016, ch. 110, § 112; July 1.