



STATE OF KANSAS

Office of the Attorney General

1st Floor, State Capitol Bldg. (913) 296-2215 Topeka, Kansas 66612

Curt T. Schneider
Attorney General

December 22, 1975

ATTORNEY GENERAL OPINION NO. 75- 467

The Honorable Elwill M. Shanahan
Secretary of State
2nd Floor - State Capitol Building
Topeka, Kansas 66612

Attn: Mr. Sherman Parks

Re: Corporations--Articles of Incorporation

Synopsis: Articles of incorporation must include information concerning the number of shares and par value of each set forth at K.S.A. 17-6002(4).

* * *

Dear Secretary Shanahan:

K.S.A. 17-6401(a) provides in pertinent part thus:

"Every corporation, whether or not organized for profit, may issue one or more classes of stock or one or more series of stock within any class thereof, any or all of which classes may be of stock with par value or stock without par value and which classes or series may have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, *as shall be stated and expressed in the articles of incorporation or of any amendments thereto, or in the resolution or resolutions providing for the issue of such stock*

December 22, 1975

adopted by the board of directors pursuant to authority expressly vested in it by the provisions of the articles of incorporation."
[Emphasis supplied.]

K.S.A. 17-6002 sets forth the matter which articles of incorporation are to include. Subsection (4) requires the following in pertinent part:

"If the corporation is to be authorized to issue only one class of stock, the total number of shares of stock which the corporation shall have authority to issue and the par value of each of such shares, or a statement that all such shares are to be without par value. If the corporation is to be authorized to issue more than one class of stock, the articles of incorporation shall set forth the total number of shares of all classes of stock which the corporation shall have authority to issue and the number of shares of each class that are to have a par value and the par value of each share of each such class, the number of shares of each class that are to be without par value and a statement of the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, . . . in respect to any class or classes of stock or any series of any class of stock . . . and the fixing of which by the articles of incorporation is desired, and an express grant of such authority as it may then be desired to grant to the board of directors to fix by resolution or resolutions any thereof that may be desired by which shall not be fixed by the articles of incorporation."

Thus, the articles must disclose whether, if the corporation is to issue but one class of stock, the total number of shares and the par value of each of such shares, or else a statement that such shares will be without par value. If the corporation is to issue more than one class of stock, the articles must set forth the total number of shares of all classes, the number of shares of each class that are to have a par value and what the par value is, and the number of shares of each class that are to be without par value.

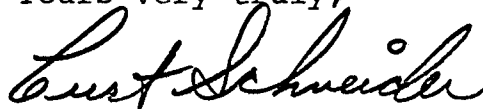
The Honorable Elwill M. Shanahan
Page Three
December 22, 1975

You enclose a copy of proposed articles of Leonard Ford Motors, Inc., a for profit close corporation, article six of which states regarding capitalization only as follows:

"Except to the extent limited by the provisions of Article Five, the Board of Directors of the corporation is granted authority to fix by Resolution or Resolutions, the classes and series of stock, rights, voting powers, designations, preferences; qualifications and restrictions; redemptions of and dividends upon preferred or special stock; conversions and exchange; stock certificates and issuance of stock, all as provided for in K.S.A. 17-6401, as it may be amended, and in conformity with the provisions of K.S.A. 17-6002(4) as it may be amended."

As proposed, the articles do not, thus, indicate whether only one or more than one class of stock is to be issued, the number of each of such shares, the number to be at par value and the par value of each such class, and the number to be without par value. In short, the proposed articles disclose nothing whatever regarding the capitalization of the corporation. Clearly, both K.S.A. 17-6002 (a) (4) and -6401 permit the articles to vest in the directors express authority regarding the stock of the corporation, regarding voting powers, and many other matters. However, the articles themselves must set forth the minimum of information descriptive of capitalization of the corporation, including the number of classes of stock and shares of each, and the par value of those with par value, and the number of shares without par value. Without such basic information, we agree with you that the articles are entirely insufficient to satisfy K.S.A. 17-6004(4).

Yours very truly,



CURT T. SCHNEIDER
Attorney General

CTS:JRM:kj