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OVB LAW & CONSULTING, S.C. NEWSLETTER Monthly Newsletter - Your Legal Nook!

Firm Update:

What's in this Issue?

Page 1 Firm Update

Page 2
How to Obtain a

Page 3 The Importance of Buyou Agreements

Page 4

Minority Shareholders Litigation Disputes



Introducing our Spring Semester Law Clerks: Sydney, Kate, and Connor!

They will be hard at work with our attorneys this semester, soaking up new areas of law, honing their research skills, and learning what it's like to be an OVB Law & Consulting, S.C. legal gladiator.

Episode 4 of the Bottom-Up Podcast is

This episode takes on the notion of what it means to be "an Entrepreneurial Attorney".

Podcast hosts, Emil Ovbiagele and Kristen Hardy, are joined by their guest and former law school classmate, Alex Eichhorn, a partner at Tabak Law LLC.



Page 1

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HOW TO OBTAIN A LIQUOR LICENSE

A liquor license is a municipal permit issued to a business or individual to permit the sale and/or onsite consumption of alcohol at certain establishments permitted by state and local laws. There are 3 general classes for liquor licenses:

- Class A liquor licenses allow the retail sale of beer, wine, liquor, and cider for consumption off premises. Liquor stores, grocery stores, and convenience stores need this license to operate.
- Class B licenses allow retail sale of beer, wine, and liquor for consumption on premises, dependent on municipality. This also permits consumption of liquor and wine in sealed containers for consumption off premises.
- Class C licenses allow sale of wine for consumption only on the premises and allows the carryout of a single, opened, resealed bottle IF sold with a meal.

A business or individual must apply for a liquor license with Clerk of the city, village, or town where the license will be used. Each establishment requires its own license, even if operated by the same owner or under the same name. While each municipality has its own process for reviewing and approving license applications, generally the process will incorporate the following steps: (1) The clerk will review the application for compliance with state and local rules. (2) After that, a board votes on the application, usually referred to as the licensing authority.

Retail liquor licenses may only be granted if the applicant is 21 or older, has resided in Wisconsin for at least 90 days, and has a seller's permit issued by the Department of Revenue. Applicants must also remember to consider local zoning issues that may inherently prevent alcohol sales, even if all other requirements are met. For example, the state prohibits the sale of alcohol within a certain distance of churches and schools.

Most municipalities also require license holders to renew their license on an annual basis. Depending on the municipality, the standard of review for renewal applications may differ from an initial application for licensure. If a liquor license is revoked or denied, there are administrative appeal procedures.

As you can see, there are many factors to consider when applying to sell and serve alcohol at your business. Our attorneys at OVB Law & Consulting, S.C. are familiar with both state and local liquor license requirements and will be able to advise you on the requirements specific to your business to streamline the application process.

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THE IMPORTANCE OF BUYOUT AGREEMENTS

Business partners would be wise to explore buyout agreements or transfer restrictions that spell out what occurs in the event a partnership or venture fails (e.g., death, irreconcilable differences, etc.), or if one/some partners would like to transfer their interest during the life of the business. The best time to put these agreements in place is often at the beginning of the venture/partnership. Breakups can be hard. But they become much more of a nightmare in the absence of pre-ordained buyout/transfer procedures if the partners are already well into the venture.

The long-term viability of any business must account for buyout situations, often via a written, detailed buyout agreement. Most businesses and partners are familiar with partnership, operating, and shareholder agreements. These often set out the responsibilities and expectations of the parties. A good partnership agreement will work to maximize protection for a business, the owners, and the assets. It will also provide a clear and effective dispute resolution mechanism in the event that there are disputes amongst the parties.

Despite putting together partnership agreements, partners often forgo agreeing on buyout procedures or entering into a separate buyout agreement to address transfer concerns. A buyout agreement, or a buy-sell agreement, is a binding contract between business partners that addresses what the partners must do if they want to, or otherwise, must sell or transfer their ownership.

Though not legally required, most businesses will benefit from the security a buyout agreement provides. Multi-owner companies should consider including this contract in the case a co-owner intends to sell interest to an unwanted party. Single-member LLCs, or sole proprietorships, also benefit greatly from buyout agreements. While outlining a process for a third-party purchase, it also allows for a business to continue if the owner passes away, becomes incapacitated, or retires. If a buyout agreement is not included, businesses could end up in court, or could be dissolved by the state.

The experienced business transactions attorneys at OVB Law & Consulting, S.C. can help navigate the terms and conditions of a contract, ensure that interests are protected, and negotiate terms if necessary.

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MINORITI SHAREHOLDERS – LITIGATING DISPOTES

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While the "owners" of a publicly traded company have the benefit of selling their shares at any time and for any reason, minority shareholders of closely held companies generally do not have the same flexibility. In closely held ventures, there is no shortage of potential issues that could arise between minority and majority shareholders. From issues of perceived suppression and mismanagement to general discontent about the operation of the business, minority shareholders can easily find themselves at loggerheads with majority/controlling shareholders with no easy way to quickly liquidate their interests. Closely held companies do not have the flexibilities of being able to trade their shares on the open market. Further, interests in closely held companies are often subjected to transfer restrictions, further exacerbating the difficulties of easily and quickly selling a shareholder's shares. That said, in Wisconsin, under certain circumstances, minority shareholders are not totally devoid of options. In Wisconsin, a shareholder may petition a court to dissolve the company entirely where the directors are deadlocked in the management of the corporate affairs, or where the directors have acted in a manner that is oppressive.

Although the underlying law provides a rather drastic remedy for minority shareholders by requiring the dissolution of the company, continued creativity by courts and litigants have allowed minority shareholders to benefit while maintaining the company's existence. Short of pursuing the "nuclear" option (that is - dissolution), minority shareholders may use their rights to seek dissolution as leverage to get majority owners to come to the table to negotiate a buyout. However, a buyout is not the only remedy available. Courts have also employed less drastic resolutions when litigating parties can repair their ongoing relationships to salvage their partnership. For example, shareholders may agree to appoint provisional directors to resolve deadlock and enjoin specific acts of the majority. The options and strategies available to a dissatisfied minority shareholder will obviously depend on the particular circumstances at play; nevertheless, there are options short of throwing in the towel.

Considering legal action to protect your rights as a minority shareholder is an effective way of combatting the oppression of a majority shareholder group. Speaking with an attorney can help you to best prepare and navigate the corporate formalities and arrive at the best possible outcome to protect your equity interests. The attorneys at OVB Law & Consulting, S.C. are knowledgeable in shareholder disputes and will advocate on your behalf to prevent a majority strong-arm from forcing you out of your company.

Page 4











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