New kind of business lender studied by state

It wouldn't be a bank. It wouldn't be a venture capital firm seeking high-risk, high-profit investments.

A "BIDCO" would be somewhere in between. And several local businessmen are enhussitsells) upporting a bill to create this new class of state-regulated financial institution in Michigan.

"It's apparent this financing niche is "It's apparent this financing niche is "

m. "It's apparent this financing niche is

"It's apparent this financing niche is not being addressed by bank or venture capitalists," said Rick Beer, president of Cambrian Capital Corp. in Farmington IIIIs.

Beer and others testified last week before the Senate Economic Development Committee on a bill to allow creation of Business and Industrial Development Corporations — BIDCOs.

THEY GOT a warm reception from Chairman Harry DeMaso, R-Battle Creek, sponsor of Senate Bill 564. DeMaso sees BIDCOs as a method of

Demaso sees BIDCOs as a method of attracting capital fleeing Hong Kong, which is due to be taken over by the Republic of China (Communist China)

Richard Francis, merchant banker with Carleton, Ward & Co. in Birming-harn, supported it on behalf of the 2,500-member Small Business Associa-tion of Michigan, of which he is presi-dent.

They will offer a new source of private funding to those who have a good idea but are unable to get it to the marketplace because they lack the necessary start-up or expansion money."

Richard Francia, president Small Business Association of Michigan

will allow investor conlidence in BIDCOs."

BEER, WHOSE Cambrian firm offers management and capital help for
starting businesses, and BIDCOs could
be of special help to floedling companies with a "negative net worth"—
more debt than assets.

Banks con't lend to such firms beBanks con't lend to such firms beSeer said BIDCOs could either lose dent.

"They will offer a new source of private funding to those persons who have a good idea but are unable to get it to be dispectable processory start-up or expansion money," Franche testified.

"At the same time, state regulation of the same time, state regulation or a state banks and the same time, state regulation or a state banks and the same time, state regulation or invest in firms seeking technology."

"BEER, WHOSE Cambrian firm of transmissioner in the Milliken Administration, agreed. "Federal bank examination or investigation or invest and patch of the market place because they lack the necessary start-up or expansion money," Francis, a former state banking for starting businesses, said BIDCOs could read the market place because they lack the market place and the market place the marke

A PREVIOUS device, called Business Development Corporations, allowed under a 1963 law, hasn't worked; according to Murray Erown of the state Financial Institutions Bureau.

No such corporations were chartered, Brown told the Senate para-

el.

William E. Holmer, president of Onset, Inc., of Rossville, said, "We see the
need for 20 to 25 such growth funds"—
to distinguish ourselves from venture
capitalists who— rightly so— demand
a high return because of high risk."
Although the Michigan Bankers Aasociation has yet to take a position on

6H 384, one Bank president endorsed the bill.

"Banks can't take big risks," said N. James Flizgerald of East Lansing State Sank. The money banks lend is not their money. It's the depositors money." But he said his "moder-taked bank" would be interested in forming a BIDCO as a joint venture with another firm.

FRANCIS SAID other investors which might find BIDCOs attractive are savings and loans, insurance companies, trust funds and pension funds.

"BIDCOs are not competition for any existing institution. They are complementary to our lending systems, in said.

said.

BIDCOs could help companies
financing packages that included d
equity and royalties, Francis said.

Bill to stop voter fraud OK'd

"LAW ENFORCEMENT officials have testified about abuses in the absence ballot process, particularly in local elections," said McCollough, whose district includes Garden Civ.

said McCollough, whose district includes Garden City,

"While the legislature has taken steps to encourage voter participation by liberalizing the absentee ballot process, the potential for abuse has also increased.

"Most of the abuse comes from aggressive and overzealous campaign workers who solicit applications for absentee ballots and appear at the voter's home shortly after the ballot has been mailed by the local clock.

"There are documented cases of bailots being turned over to a campaign worker

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A bill designed to eliminate the potential for election froud has been approved by the Michigan Senate and sent to the House. Senate Bill 329, sponsored by state Sen. Patrick McGollough, D-Dearborn, Is almed in reducing the potential for election fraud "by restricting the process of delivering absence ballots to local clerks. The measure passed Nov. 5 by a vote of 32 to 2. All area senators supported the bill. tered in some way."

SPECIFICALLY, the bill would restrict who could return a voter's absentee ballot. The proposal specifies members of the voter's family, household resident or persons deputized by the local clerk for the purpose of collecting absentee ballofs.

The proposal would also require a person clivering an absentee ballot to do so within one business day after receiving the ballot from the voter.

One local clerk received a massive number of absentee ballots between 6 and 7 p.m. on election day, and in another community nearly 600 of 900 absentee ballots were received in the mail on election day,

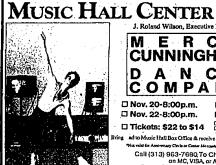
McCollough noted.

This appears to be part of a strategy to provent the opposition from knowing how many absentee ballot have been solicited and returned, but it casts a shadow over the

process.

Patrick Foley, Wayne County assistant prosecutor who has been involved in two major investigations of elections frou within the last three years, told a Senate subcommittee that McCollough's bill would substantially reduce the problem.

"If only a member of the family or the voter's household could return it, then out-siders who engage in massive returns of such votes would clearly be lilegal. It hink it would reduce the fraud substantially."



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