

# Anti-takeover bills sail through House

By Tim Richard  
staff writer

A state bill to shield Michigan corporations from hostile takeovers has something no other state law in the country has, according to state Treasurer Robert Bowman.

"It attempts to curtail greenmail. I tip my hat to the business community for accepting that," said Bowman, who administers investments in state pension funds.

"Greenmail" occurs when an entrenched management, facing a challenge from an important minority stockholder, "pays it off above the market rate to go away," in Bowman's definition.

THE STATE HOUSE of Representatives last week overwhelmingly passed a pair of bills to protect Michigan-based corporations from raids.

The first was House Bill 4907, by Rep. John Bennett, D-Redford, an amendment to the Business Corporation Act. It passed 95-5. Of 13 Opposer & Eccentric area representatives, only David Honigman, R-West Bloomfield, opposed it.

It will allow stockholders to curb the voting rights of raiders, who would need approval from a majority of "disinterested" stockholders — those other than the bidders and the company's management.

It also would discourage raiders from paying top dollar only until

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— Robert Bowman  
state treasurer

they gained 51 percent of a corporation's stock.

THE SECOND is House Bill 4936, an amendment to the Executive Powers Act sought by Bowman. It passed 94-3 with support from all 13 area members.

"This bill (4936) gives the pension fund time to notify other shareholders why we're voting in favor of a takeover and against management," said Bowman. "We (pension fund managers) get 20 days notice to send out our flyer."

"I'm happy to have 'disinterested' stockholders make a decision, but I don't want them uninformed. Typically they get only management's side."

"We voted against management 99 times in the last two years and won one time. We voted with management maybe 300 or 400 times. Beating management is almost im-

possible."

The tone of the interview revealed clearly that Bowman doesn't think hostile takeovers of a company are always a bad thing.

THE ANTI-GREENMAIL provision Bowman sought would work like this:

A corporation would be prohibited from buying back any of its shares listed on a national securities exchange from any person holding 3 percent or more of the shares except under certain conditions.

For example, the firm would have to offer an equal price to other shareholders; or the purchase would have to be authorized in advance by stockholders.

"That was a progressive concu-

sion by the business community, the Michigan Manufacturers Association and John Thodis (MMA president)," said Bowman.

BENNETT AND supporters of his bill, corporate raids are a dirty word.

Early last week Bennett held a State Capitol news conference with supporters who talked about the negative impact mergers and takeovers have had on the national economy. Star witness was Moon Landrieu, former Carter Administration secretary of Housing and Urban Development.

During raids, stock prices may rise, said Landrieu, but in the meantime jobs are lost, companies go bankrupt and the communities that rely on good corporate citizens suffer.

"None of this adds one dollar to the American economy. It doesn't produce a better product. It doesn't produce a better service," said Landrieu, a former mayor of New Orleans.

Landrieu heads the Coalition to Stop the Raid on America. He said opponents of the Michigan bill have been silent because they are concentrating on amending proposed federal legislation to add state laws affecting takeovers.

Landrieu urged state lawmakers to make Michigan the 21st state to pass anti-takeover legislation, because he said Congress has taken too long to rein in takeover artists.

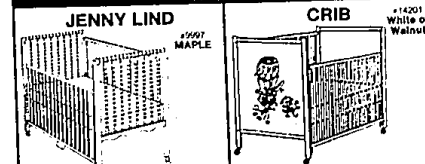
THE TIE-BARRED bills go to the Senate Commerce Committee, where supporters expect friendly treatment from chairman Richard

Posthumus, R-Lowell.

Those likely to oppose Bennett's bill — corporate raiders like T. Boone Pickens and Carl Icahn — have yet to turn up in Lansing and argue against the proposal.

The Associated Press contributed to this story.

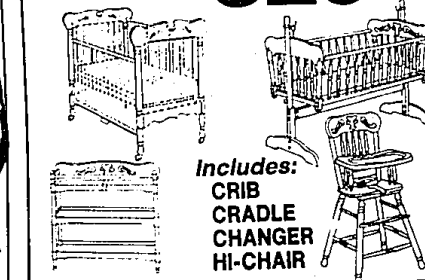
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