

Michigan Chamber of Commerce Weighs in Supporting Changes To the Michigan Control Share Act

After evaluating House Bill 4764 -- amendments to the Michigan Control Share Act -- and receiving input from opposing parties, the Michigan Chamber of Commerce today announced its support of HB 4764.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20000320/DEM039>)

Earlier this week, members of the Michigan Chamber's Executive Committee voted to endorse the passage of HB 4764. When the Executive Committee last met in April, it tabled action on Senate Bill 218, deferring this matter until after the Federal District Court had issued its decision on litigation pending between Taubman Centers, Inc., and the Simon Property Group. With U.S. District Court Judge Victoria Roberts' recent ruling in Simon v Taubman and the introduction of House Bill 4764, the Executive Committee voted to support this bill.

"While respecting the decision of Senate Majority Leader Ken Sikkema to delay action on HB 4764 until completion of the state budget, the Michigan Chamber wants to announce its support before floor action takes place on this important legislation," said Michigan Chamber President & CEO Jim Barrett.

The Michigan Chamber based its decision to support HB 4764 on these key points:

-- U.S. District Court Judge Victoria Roberts' ruling in Simon v. Taubman is not consistent with the intent of Michigan's Control Share Acquisition Act, which was originally adopted in 1988 to help protect Michigan companies from hostile takeovers. "The court decision appears to turn the act on its head and advantage those attempting a takeover," said Robert S. LaBrant, Senior Vice President of Political Affairs and General Counsel for the Michigan Chamber.

-- The Michigan Chamber's decision to support passage of HB 4764 is consistent with policy adopted by the Michigan Chamber Board of Directors in support of the Michigan Control Share Acquisition Act in 1988.

-- HB 4764, unlike Senate Bill 218, does one simple thing: it clarifies the original intent of the Michigan Control Share Acquisition Act. Specifically, the legislation would clarify that all shareholders are allowed to vote their shares, even if those shares form a "control share." Under the recent court ruling, some Taubman shareholders are blocked from exercising their voting rights.

Passage of this legislation alone would not determine the outcome of the current takeover battle involving the Simon Group and Taubman Centers. The legislation would allow all shareholders to vote their shares, noted LaBrant. If the Simon Group was to purchase enough shares to elect a majority of directors, or convince enough shareholders to support its position, it could still prevail in a "take over."

The Michigan Chamber of Commerce is a statewide business organization that represents approximately 6,500 employers, trade associations and local chambers of commerce. The Michigan Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process.

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