

**MICHIGAN GAMING CONTROL AND REVENUE ACT (EXCERPT)**  
**Initiated Law 1 of 1996**

**432.206c Institutional investor.**

Sec. 6c. (1) Unless the board determines that an institutional investor is unqualified, an institutional investor holding either under 10% of the equity securities or debt securities of a casino licensee's affiliate or affiliated company that is related in any way to the financing of the casino licensee, if the securities represent a percentage of the outstanding debt of the affiliate or affiliated company not exceeding 20%, or a percentage of any issue of the outstanding debt of the affiliate or affiliated company not exceeding 50%, must be granted a waiver of the eligibility and suitability requirements of section 6 if its holdings of those securities were purchased for investment purposes only and, if requested by the board, the investor files with the board a certified statement that it has no intention of influencing or affecting the affairs of the issuer, the casino licensee, or its affiliate or affiliated company.

(2) The board may grant a waiver under this section to an institutional investor holding a higher percentage of securities as allowed in subsection (1), on a showing of good cause and if the conditions specified in subsection (1) are met.

(3) An institutional investor granted a waiver under this section that subsequently intends to influence or affect the affairs of the issuer must provide notice to the board and file an application for a determination of eligibility and suitability before taking any action that may influence or affect the affairs of the issuer.

(4) Notwithstanding any provisions of this act, an institutional investor may vote on all matters that are put to the vote of the outstanding security holders of the issuer.

(5) If an institutional investor changes its investment intent or if the board finds that the institutional investor is unqualified, no action other than divestiture of the security holdings shall be taken until there has been compliance with this act.

(6) The casino licensee or an affiliate or affiliated company of the casino licensee shall immediately notify the board of any information concerning an institutional investor holding its equity or debt securities that may impact the eligibility and suitability of the institutional investor for a waiver under this section.

(7) If the board finds that an institutional investor holding any security of an affiliate or affiliated company of a casino licensee that is related in any way to the financing of the casino licensee fails to comply with the requirements of this section, or if at any time the board finds that, by reason of the extent or nature of its holdings, an institutional investor is in a position to exercise a substantial impact upon the controlling interests of a casino licensee, the board may take any necessary action to protect the public interest, including requiring this institutional investor to satisfy the eligibility and suitability requirements under section 6.

**History:** Add. 1997, Act 69, Imd. Eff. July 17, 1997;—Am. 2019, Act 158, Imd. Eff. Dec. 20, 2019.

**Popular name:** Proposal E