

PROTECTIVE COMMITTEES (EXCERPT)
Act 89 of 1933

451.310 Protective committees; authority to take action.

Sec. 10. No protective committee, either now in existence or hereafter to be organized, shall take or authorize the taking of any action by suit or otherwise, against the property and/or business with respect to which a security was issued and/or against any person or persons liable or obligated in connection with said property or security, or consent to or approve of any plan, agreement, sale or exchange with respect to such security and/or property, unless the authority so to do has been conferred upon the protective committee by the commission.

Any committee desiring to obtain such authority shall file with the commission an application therefor; which application shall set forth the proposed action, plan, agreement, sale or exchange. Thereupon the commission shall enter an order appointing a time and place for a hearing before the commission upon said application and upon the fairness of the terms and conditions of the proposed action, plan, agreement, sale or exchange, and providing for the giving of notice of said hearing, either by mail or by publication, or both, as the commission shall determine, to all holders or owners of said securities, and to all persons to whom it is proposed to issue securities in exchange for 1 or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash. Any interested party, including all persons to whom it is proposed to issue securities in such exchange, shall have the right to appear at said hearing and to be heard.

The commission shall have the authority to approve said application, if satisfied that said action, plan, agreement, sale or exchange will not work a fraud, deception or damage upon the holders or owners of the securities affected thereby. If it is proposed to issue any security in exchange for 1 or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, authority to make, consent to or approve of such exchange shall not be granted unless, after such hearing, the fairness of the terms and conditions of such exchange are approved by the commission.

History: 1933, Act 89, Imd. Eff. May 25, 1933;—Am. 1935, Act 218, Imd. Eff. June 8, 1935;—Am. 1943, Act 149, Imd. Eff. Apr. 14, 1943;—CL 1948, 451.310.