

## CHAPTER 80B

### CORPORATE TAKE-OVERS

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#### 80B.01 DEFINITIONS.

*[For text of subds 1 to 5, see M.S.1984]*

Subd. 6. "Offeror" means a person who makes or in any way participates in making a take-over offer. Offeror does not include any bank or broker-dealer loaning funds to an offeror in the ordinary course of its business, or any bank, broker-dealer, attorney, accountant, consultant, employee, or other person furnishing information or advice to or performing ministerial duties for an offeror, and not otherwise participating in the take-over offer. When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, owning or voting securities of a target company, the syndicate or group is an "offeror."

*[For text of subd 7, see M.S.1984]*

Subd. 8. "Take-over offer" means the offer to acquire any equity securities of a target company from a resident of this state pursuant to a tender offer or request or invitation for tenders, if after the acquisition of all securities acquired pursuant to the offer either (1) the offeror would be directly or indirectly a beneficial owner of more than ten percent of any class of the outstanding equity securities of the target company and was directly or indirectly the beneficial owner of less than ten percent of any class of the outstanding equity securities of the target company prior to the commencement of the offer; or (2) the beneficial ownership by the offeror of any class of the outstanding equity securities of the target company would be increased by more than ten percent of that class and the offeror was directly or indirectly the beneficial owner of ten percent or more of any class of the outstanding equity securities of the target company prior to the commencement of the offer. Take-over offer does not include:

(a) an offer in connection with the acquisition of a security which, together with all other acquisitions by the offeror of securities of the same class of equity securities of the issuer, would not result in the offeror having acquired more than two percent of this class during the preceding 12-month period;

(b) an offer by the issuer to acquire its own equity securities unless the offer is made during the pendency of a take-over offer by a person who is not an associate or affiliate of the issuer;

(c) an offer in which the target company is an insurance company subject to regulation by the commissioner, a financial institution regulated by the commissioner, or a public service utility subject to regulation by the public utilities commission.

Subd. 9. "Target company" means an issuer of publicly traded equity securities which has at least 20 percent of its equity securities beneficially owned by residents of this state and owns or controls assets located within this state which have a fair market value of at least \$1,000,000. For the purposes of this chapter, an equity security is publicly traded if a trading market exists for the security at the time the offeror makes a take-over offer for the security. A trading market exists if

the security is traded on a national securities exchange, whether or not registered pursuant to the Securities Exchange Act of 1934, or the over-the-counter market.

*[For text of subd 10, see M.S.1984]*

**History:** *1Sp1985 c 5 s 1-3*

### **80B.03 REGISTRATION OF TAKE-OVER OFFERS.**

Subdivision 1. It is unlawful for any person to make a take-over offer or to acquire any equity securities pursuant to the offer, unless the offer is effective under sections 80B.01 to 80B.13. A take-over offer is effective when the offeror files with the commissioner a registration statement containing the information prescribed in subdivisions 2 and 6. The offeror shall deliver a copy of the registration statement by personal service to the target company at its principal office and publicly disclose the material terms of the proposed offer, not later than the date of filing of the registration statement. Public disclosure shall require, at a minimum, that a copy of the registration statement be supplied to all broker-dealers maintaining an office in this state currently quoting the security.

Subd. 2. The registration statement shall be filed on forms prescribed by the commissioner, and shall be accompanied by a consent by the offeror to service of process and the filing fee specified in section 80B.08, and shall contain the following information:

(a) all of the information specified in subdivision 6;

(b) two copies of all solicitation materials intended to be used in the take-over offer in the form proposed to be published or sent or delivered to offerees;

(c) if the offeror is other than a natural person, information concerning its organization and operations, including the year, form and jurisdiction of its organization, a description of each class of equity security and long-term debt, a description of the business conducted by the offeror and its subsidiaries and any material changes therein during the past three years, a description of the location and character of the principal properties of the offeror and its subsidiaries, a description of any material pending legal or administrative proceedings in which the offeror or any of its subsidiaries is a party, the names of all persons directly or indirectly controlling the offeror, directors and executive officers of the offeror and their material business activities, their business affiliations during the past three years and any material legal or administrative proceedings in which the controlling persons, directors, or executive officers are or were a party during the past three years, and financial statements of the offeror in such form and for such period of time as the commissioner may by rule prescribe;

(d) if the offeror is a natural person, information concerning his identity and background, including his business activities and affiliations during the past three years, and a description of any material pending legal or administrative proceedings in which the offeror is a party.

*[For text of subd 3a, see M.S.1984]*

Subd. 4a. Within three calendar days of the date of filing of the registration statement, the commissioner may by order summarily suspend the effectiveness of the take-over offer if the commissioner determines that the registration statement does not contain all of the information specified in subdivisions 2 and 6 or that the take-over offer materials provided to offerees do not provide full disclosure to offerees of all material information concerning the take-over offer. The suspension

shall remain in effect only until the determination following a hearing held pursuant to subdivision 5.

Subd. 5. A hearing shall be scheduled by the commissioner with respect to each suspension under this section and shall be held within ten calendar days of the date of the suspension. Chapter 14 does not apply to the hearing. The commissioner may allow any interested party to appear at and participate in the hearing in a manner considered appropriate by the commissioner. The commissioner's determination made following the hearing shall be made within three calendar days after such hearing has been completed but not more than 16 calendar days after the date of the suspension. The commissioner may prescribe time limits that are shorter than those specified in this subdivision by rule or order. If, based upon the hearing, the commissioner finds that the registration statement does not contain all of the information provided in subdivisions 2 and 6 or that the take-over offer materials provided to offerees do not provide full disclosure to offerees of all material information concerning the offer, or that the take-over offer is in material violation of any provision of sections 80B.01 to 80B.13, the commissioner shall permanently suspend the effectiveness of the take-over offer, subject to the right of the offeror to correct disclosure and other deficiencies identified by the commissioner and to reinstitute the take-over offer by filing a new or amended registration statement pursuant to this section.

Subd. 6. The form required to be filed by subdivision 2, clause (a), shall contain the following information:

(a) the identity and background of all persons on whose behalf the acquisition of any equity security of the issuer has been or is to be affected;

(b) the source and amount of funds or other consideration used or to be used in acquiring any equity security, including, if applicable, a statement describing any securities which are being offered in exchange for the equity securities of the issuer, and if any part of the acquisition price is or will be represented by borrowed funds or other consideration, a description of the material terms of any financing arrangements and the names of the parties from whom the funds were borrowed;

(c) if the purpose of the acquisition is to gain control of the target company, a statement of plans or proposals which the person has, upon gaining control, to liquidate the issuer, sell its assets, effect its merger or consolidation, to change the location of its principal executive office or of a material portion of its business activities, to change its management or policies of employment, to materially alter its relationship with suppliers or customers or the communities in which it operates, or make any other major change in its business, corporate structure, management or personnel, and such other objective facts as would be substantially likely to affect a reasonable shareholder's evaluation of the take-over offer;

(d) the number of shares or units of any equity security of the issuer owned beneficially by the person and any affiliate or associate of the person, together with the name and address of each affiliate or associate;

(e) the material terms of any contract, arrangement, or understanding with any other person with respect to the equity securities of the issuer whereby the person filing the statement has or will acquire any interest in additional equity securities of the issuer, or is or will be obligated to transfer any interest in the equity securities to another.

**History:** *1Sp1985 c 5 s 4-8*

## **80B.05 FRAUDULENT AND DECEPTIVE PRACTICES.**

It is unlawful for any offeror or target company or any controlling person of an offeror or target company or any broker-dealer acting on behalf of an offeror or

target company to engage in any fraudulent, deceptive or manipulative acts or practices in connection with a take-over offer. Fraudulent, deceptive and manipulative acts or practices include, without limitation:

(1) the publication or use in connection with the offer of any false statement of a material fact or the omission to state a material fact necessary to make the statements made not misleading;

(2) the sale by any controlling shareholders of a target company of any or their equity securities to the offeror for a consideration greater than that to be paid other stockholders pursuant to the offer or the purchase of any of the securities of a controlling shareholder of the target company by the offeror for a consideration greater than that to be paid other shareholders, pursuant to an agreement not disclosed to the other shareholders;

(3) the refusal by a target company incorporated under the laws of this state to permit an offeror who is a stockholder of record to examine its list of stockholders, and to make extracts therefrom, pursuant to the applicable statutes and rules of this state and the United States, for the purpose of making a take-over offer in compliance with sections 80B.01 to 80B.13, or in lieu thereof, to mail any solicitation materials published by the offeror to its security holders with reasonable promptness after receipt from the offeror of such materials together with the reasonable expenses of postage and handling;

(4) except for forms of communication described in section 80C.19, subdivision 4, the solicitation of any offeree for acceptance or rejection of a take-over offer or acquisition of any equity security pursuant to a take-over offer before the take-over offer is effective under sections 80B.01 to 80B.13 or while the offer is suspended under sections 80B.01 to 80B.13.

Notwithstanding any contrary provisions of this chapter, during the time a take-over offer is suspended under sections 80B.01 to 80B.13, the offeror may distribute to offerees who are residents of this state the take-over offer materials, and any amendments to the offer, if the following statement, printed in not less than 10-point bold face type, is affixed by the offeror or with the offeror's consent to the front cover of the materials: "The commissioner of commerce, state of Minnesota, has suspended the solicitation and effectiveness within the state of Minnesota of the attached offering materials. Until further notice, the attached materials are sent for informative purposes only and are not a solicitation to purchase shares." During the time any take-over offer is suspended under sections 80B.01 to 80B.13, if the offeror elects to distribute materials to offerees who are residents of this state for informational purposes, the target company may distribute to offerees who are residents of this state a statement of the target company's position with respect to the take-over offer and the take-over offer materials, if the following statement, printed in not less than 10-point bold face type, is attached to the front cover of the target company's communication: "The commissioner of commerce, state of Minnesota, has suspended the solicitation and effectiveness within the state of Minnesota of the offer addressed herein. Until further notice, the attached materials are sent for informative purposes only and are not a solicitation to reject or accept the offer."

**History:** *1Sp1985 c 5 s 9*

## **80B.06 LIMITATIONS ON OFFERORS.**

*[For text of subds 1 and 2, see M.S.1984]*

Subd. 3. [Repealed, 1Sp1985 c 5 s 20]

Subd. 4. [Repealed, 1Sp1985 c 5 s 20]

*[For text of subd 5, see M.S.1984]*

Subd. 6. [Repealed, 1Sp1985 c 5 s 20]

Subd. 7. No offeror may acquire from any resident of this state in any manner any equity securities of any class of a target company at any time within two years following the last purchase of securities pursuant to a take-over offer with respect to that class, including, but not limited to, acquisitions made by purchase, exchange, merger, consolidation, partial or complete liquidation, redemption, reverse stock split, recapitalization, reorganization or any other similar transaction, unless the resident is afforded, at the time of the acquisition, a reasonable opportunity to dispose of the securities to the offeror upon substantially equivalent terms as those provided in the earlier take-over offer.

**History:** 1Sp1985 c 5 s 10

## 80B.07 ADMINISTRATION, RULES AND ORDERS.

*[For text of subds 1 and 2, see M.S.1984]*

Subd. 3. The commissioner may by rule or order exempt from any provisions of sections 80B.01 to 80B.13 any proposed take-over offer or any category or type of take-over offer which the commissioner determines does not have the purpose or effect of changing or influencing the control of a target company or where he determines that compliance with sections 80B.01 to 80B.13 is not necessary for the protection of the offerees.

**History:** 1Sp1985 c 5 s 11

## 80B.10 PENALTIES.

Subdivision 1. Any person, including a controlling person of an offeror or target company, who willfully violates any provision of sections 80B.01 to 80B.13 or any rule thereunder, or any order of the commissioner of which this person has notice, may be fined not more than \$25,000 or imprisoned not more than five years or both. Each of the acts specified shall constitute a separate offense and a prosecution or conviction for any one of such offenses shall not bar prosecution or conviction for any other offense. No indictment or information may be returned under sections 80B.01 to 80B.13 more than six years after the alleged violation.

*[For text of subds 2 and 3, see M.S.1984]*

Subd. 4. All shares of a target company incorporated under the laws of this state acquired from a Minnesota resident in violation of any provision of this chapter or any rule hereunder, or any order of the commissioner of which the person has notice, shall be denied voting rights for one year after acquisition, the shares shall be nontransferable on the books of the target company for one year after acquisition and the target company shall, during this one-year period, have the option to call the shares for redemption at the price at which the shares were acquired. Such a redemption shall occur on the date set in the call notice but not later than 60 days after the call notice is given.

Subd. 5. **Rights of action.** Offerors, offerees, and target companies may sue at law or in equity to enforce the provisions of this chapter.

**History:** 1Sp1985 c 5 s 12-14