Murkowski introduces bill to shore up shareholders' rights

Washington, D.C. — Legislation which would give shareholders more control in the decision-making processes of large corporations was introduced in the U.S. Senate by Senator Frank Murkowski.

The legislation, called The Shareholder Voting Rights Act, would help ensure that the rights of shareholders are adequately protected in hostile corporate takeovers, said Murkowski, R-Alaska.

Murkowski's bill would require any person who seeks to acquire more than 15 percent of a "target" corporation to make a single offer to all shareholders for the remaining outstanding shares at an identical price.

The board of directors would then have 10 days in which to accept or reject the offer. If the board rejects the takeover bid, the officer may submit the bid to all the shareholders, he said.

Murkowski explained that hostile corporate take-overs weaken the capital structure of most companies. Heavy debt is usually incurred by the offeror in his or her attempt to buy out the target company. After the buyout, the debt is transferred to the corporation.

"The reverse is also true. Sometimes corporations will purposefully put themselves in debt to avoid a hostile takeover," Murkowski said.

Increasing a corporation's debt to acquire short-term profits over long-term investments should be a shareholder decision, he said.

"When the debt increases, research and development are affected because expenditures are curtailed," Murkowski said.

"My bill is not for or against corporate takeovers. It simply gives shareholders a voice in fundemental decisions affecting their corporations."