

POLICY STATEMENT ON BUSINESS AND INDUSTRIAL
DEVELOPMENT CORPORATIONS (BIDCO)

The following policy shall be in effect as of July 29, 1991 and remain in effect unless rescinded or modified by the Bureau Director.

The Michigan BIDCO Act, PA 89 of 1986, is administered by the Financial Institutions Bureau. However, the BIDCO may be incorporated under either the Business Corporation Act, PA 284 of 1972, or under the Nonprofit Corporation Act, PA 162 of 1982.

Corporation names including "BIDCO" may be filed without disclosure that the corporation intends to obtain a BIDCO license. The Financial Institutions Bureau will handle violations of Section 311 of PA 89 of 1986. However, assumed names for BIDCOs will not be filed because Section 401 of PA 89 of 1986 prohibits BIDCO's from using assumed names. From June 6, 1986 to the present the Corporation Division had accepted assumed names for BIDCOs and the Financial Institutions Bureau had handled any violations of Section 401. Therefore, this is a change from the previous policy.

Profit corporations may use an all purpose clause when incorporating a BIDCO but a nonprofit corporation must state specific purposes consistent with Section 503 of PA 89 of 1986 which limits the purposes to "the business of providing financing assistance and management assistance to business firms."

A BIDCO cannot merge with another corporation unless the merger is approved by the Financial Institutions Bureau. The Corporation Division can only file a Certificate of Merger for a BIDCO after the corporation has obtained written approval of the merger from the Financial Institutions Bureau.

Approved by Carl L. Tyson, Director
Corporation and Securities Bureau
on July 29, 1991