

Securities Enforcement Comparison:
Current 45.55 versus Proposed 45.56

NOTICE ORDERS 2012-PRESENT							
Date	Case Name	Description	Enforcement Action by Division	Fine / penalty	Older Alaskan? (Age 60+)	Potential fine/ penalty under proposed law [#]	Potential \$ to Investor Education Fund ⁺
12/4/15	Sitnasuak Native Corporation	Native corporation failed to make required disclosures about a board member's prior employment in 2014 and 2015 annual proxy statements.	Cease and Desist (C&D); \$1,000 civil penalty and three years prefilling materials with the Division	\$1,000		N/A	N/A
7/30/15	Global Arena Capital; Barbara Desiderio; Johan Engler; Hector Perez; Jonathan Sheklow; Joshua Turney (Alaska investor)	Respondent sold \$27k in junk bonds to older Alaskan using boiler room tactics and by misrepresenting them as a "safe investment."	Cease and Desist (C&D); \$150,000 civil penalty Joint and Several (J&S)	\$150,000.00	Yes	\$3,000,000 plus \$27,000 restitution	\$1,000,000.00
4/14/15	Success Trade Securities	Respondent firm denied broker-dealer (BD) agent registration because of dishonest and unethical conduct.	license denial			permanent bar	
4/14/15	Fuad Ahmed	Respondent firm denied BD registration because of dishonest and unethical conduct.	license denial			permanent bar	
3/16/15	Eric Bartoli & St. Andrews Investments (Alaska investor)	Investor gave respondent \$120k in four installments for purchase of bonds and commodities. Respondent provided fraudulent investment return statements which induced investor to give additional money.	C&D; \$50,000 civil penalty J&S	\$50,000.00	Yes	\$400,000 plus \$120,000 restitution	\$133,333.33
1/23/15	Flatiron Capital Partners LLC; Flatiron Systems, LLC; Spyglass Equity Systems, LLC; Landmark Asset Management, Inc.; and Martin Rybak (Alaska investor)	Unregistered respondents fraudulently sold unregistered securities and sold investors a proprietary stock trading system that did not exist.	C&D; \$125,000 civil penalty J&S	\$125,000.00	Yes	\$3,000,000 plus \$1978.35 restitution	\$100,000.00
12/4/14	Troy Stafford and Patrick Williams (Alaska investor)	Respondent defrauded investor, sold unregistered securities, and then filed fraudulent rescission paperwork with the division.	C&D; \$100,000 civil penalty J&S	\$100,000.00		\$1,000,000 plus \$40,000 restitution	\$333,333.34
6/17/14	Joseph Troiano	Respondent took \$27k of investment for personal use and used Alaska-registered LLCs to commit fraud in other states.	C&D; \$75,000 civil penalty	\$75,000.00	Yes	\$300,000 plus \$179,000 restitution	\$100,000.00
2/3/14	Fortune Oil	Respondent used money shows to solicit investors for their four oil drilling projects; 16 Alaskans invested around \$50k each; investments had no registration or notice filing and neither individual respondent was registered as BD or IA in AK.	C&D; civil penalty \$25,000 (J&S)	\$25,000.00	Yes	\$300,000 plus \$3,072,700 restitution	\$100,000.00
12/10/13	Daniel Digiacomio	Respondent advertised via website for investors (min. \$150k) for unregistered securities; Firm not registered in AK or homestate.	C&D	None			
CONSENT ORDERS 2012-PRESENT. Note: Consent Orders would not likely have a different outcome under the proposed AS 45.56 other than potential money to the investor education fund							
12/3/15	LPL Financial, LLC	Failure to supervise and follow internal policies and procedures regarding the sale of non-traded REITs	\$10,570.45 civil penalty	\$10,570.45		\$10,570.45	\$3,488.25
11/30/15	Inland Real Estate Income Trust, Inc.	Sale of unregistered securities (failure to timely notice file).	\$750 civil penalty	\$750.00		\$750.00	\$247.50
11/6/15	Citigroup Global Markets, Inc.	Respondent failed to register its broker-dealer agents in several jurisdictions and failed to supervise.	\$35,000 civil penalty	\$35,000		\$35,000	\$11,550.00

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#potential fine = \$100k x respondents x violations

+ up to 33% of civil penalty could go to investor ed fund

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11/2/15	Kenai Natives Association, Inc.	Native corporation failed to file required documents timely and distributed materials containing false and misleading statements to its shareholders.	C&D; \$1,000 fine with \$500 suspended for three years; prefile all proxy solicitation materials 10 days prior to distribution to shareholders for three years	\$1,000.00		N/A	N/A
10/23/15	Peter Snetzko	Respondent signed off on the sale of \$27k in junk bonds to older Alaskan and directed junior sales people to use boiler room tactics and misrepresent them as a "safe investment."	C&D; pay \$16,675.08 in restitution to Alaskan victim; permanent bar from all industries that the Division regulates plus insurance		yes		
8/20/15	Russell H. Armstrong (Alaska investors)	Unregistered respondent targeted US postal service employees, while falsely claiming to be an expert in government benefits, affiliated with the USPS. Respondent obtained account information and PIN numbers and invested the money to buy life insurance and annuities in the investor's names in order to earn a commission.	C&D; \$25,000 suspended civil penalty, lifetime revocation of his insurance producer license; lifetime bar from securities, mortgage, and MSB industries in Alaska		yes		
8/11/15	Northwest Financial Advisors (Alaska investors)	Respondents failed to correctly disclose required information in CRD; lack of supervision.	C&D; \$12,500 civil penalty w/ \$6,250 suspended.	\$12,500.00		\$12,500.00	\$4,166.67
8/7/15	Ventures Capital Partners, LLC (Alaska investors)	Twice sale of unregistered securities (failure to timely notice file).	\$500 civil penalty	\$500.00		\$500.00	\$166.67
7/6/15	Otter Creek Partners; Christine Dahl	Unregistered investment advisor(IA) allowed employee to work as IA without being registered.	C&D; Dahl \$500 civil penalty; Otter Creek \$1,000 civil penalty	\$1,500.00		\$1,500.00	\$500.00
6/1/15	Franklin Tax-Free Trust	Sale of unregistered securities (failure to timely notice file).	\$1,000 civil penalty	\$1,000.00		\$1,000.00	\$333.33
6/1/15	Franklin Strategic Mortgage	Sale of unregistered securities (failure to timely notice file).	\$1,000 civil penalty	\$1,000.00		\$1,000.00	\$333.33
5/22/15	McKinley Capital	Sale of unregistered securities (failure to timely notice file).	\$5,000 civil penalty	\$5,000.00		\$5,000.00	\$1,666.67
4/6/15	137 Holdings VII (Alaska investor)	Sale of unregistered securities (failure to timely notice file).	\$500 civil penalty	\$500.00		\$500.00	\$166.67
1/16/15	David Howard II (Alaska investor)	Unregistered respondent fraudulently sold unregistered securities and sold a proprietary stock trading system that did not exist. Promised refunds for the system's access fee were not produced when the system failed to produce a profit and instead resulted in a loss of investment. A second stock trading system was suggested as a reinvestment when the investor asked for a return of his money. Howard misappropriated \$373k of investors funds during the course of his multi-state scheme.	C&D; \$25,000 civil penalty	\$25,000.00	Yes	\$25,000.00	\$8,333.33
1/9/15	Ukpeagvik Inupiat Corp and ballot candidate Leavitt (Alaska investors)	Native corporation and board member filed false/misleading proxy materials in 2011 and 2014.	C&D; UIC pay \$1,000; Leavitt pay \$500 suspended	\$1,500.00		N/A	N/A

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8/15/14	J.P. Morgan Securities (Alaska investors)	Respondent failed to establish supervision and to ensure registration of its investment personnel; accepted orders through investment personnel that weren't properly registered.	\$51,120 civil penalty	\$51,120.00		\$51,120.00	\$17,040.00
6/20/14	Jessie Dave Holmes	Unregistered IA activity and misrepresentation.	Lifetime revocation of his insurance producer license; lifetime bar from securities industry				
5/8/14	Lorrie Saunders-Irwin (Alaska investors)	Respondent created company to help Alaskans get loans for surgical procedures; found investor for \$18k in exchange for a promissory note for \$10k w/ 10% ROI; security not registered, federally covered, or exempt.	C&D; \$5,000 civil penalty w/ \$4,500 suspended	\$5,000.00		\$5,000.00	\$1,666.67
4/17/14	Abbey Capital Multi Manager Fund, Ltd (Alaska investors)	Sale of \$734k in unregistered securities (failure to timely notice file.	\$4,500 civil penalty	\$4,500.00		\$4,500.00	\$1,500.00
3/24/14	Sage Financial LLC (Alaska investors)	Respondent provided investment advice to Alaskans w/o registration as IA.	C&D; J&S \$7,500 suspended; permanent bar from financial industry	\$7,500.00		\$7,500.00	\$2,500.00
2/19/14	VirtualMetrix, Inc. (Alaska investors)	Sale of unregistered securities (failure to timely notice file).	\$500 civil penalty	\$500.00		\$500.00	\$166.67
12/11/13	James Thomas Gonski	Respondent, a state investment adviser, misrepresented his credentials on the form ADV (disclosure form required of all investment advisers).	C&D; \$12,500 with \$5,000 suspended	\$12,500.00		\$12,500.00	\$4,166.67
12/4/13	Fractal Medical Solutions, Inc.	Group of doctors sold unregistered securities; solicited investors on website, through brochure, and via other promotional materials.	C&D; offer of rescission to all investors				
10/31/13	RBC Capital Markets, LLC	Failure to register broker-dealer agents and failure to supervise.	\$44,370.17 civil penalty	\$44,370.17		\$44,370.17	\$14,790.06
10/14/13	UBS Financial Services, Inc.	Respondents failed to monitor registration status of person accepting client orders and maintain order tickets, resulting in sales of securities by unregistered agents.	C&D; \$64,661.51 civil penalty	\$64,661.51		\$64,661.51	\$21,553.84
9/30/13	Arbor Capital Management, Robert Sheldon and Matthew Kolesky	Respondents failed to file correct info on their Form ADV and to timely renew its notice filing and investment advisor representative registration in Alaska.	C&D; Sheldon and Kolesky pay \$1,000 civil penalty; \$5,000 civil penalty J&S; assent to Division exams for 3 years	\$6,000.00		\$6,000.00	\$2,000.00
8/1/13	Challenger Mining, LLC	Respondents operated a website that advertised for potential investors to purchase its securities; Securities were unregistered.	C&D; \$500 civil penalty	\$500.00		\$500.00	\$166.67
6/7/13	Michael Claiborne (Alaska investor)	Respondent worked at Primerica as a BD; he borrowed \$ from a client and also deposited a check intended for \$1,000 deposit into a client's investment account into his personal account.	Permanent bar from the financial industry in AK				
6/6/13	Qanirtuuq, Inc.	Native corporation failed to file annual reports and proxy materials in 2011 and 2012.	C&D				
5/7/13	Alaska Gold Venture, LLC (Alaska investors)	Sale of unregistered securities and use of online websites to advertisement for investors in its gold exploration.	C&D; \$3,000 civil penalty (suspended); rescission offer to investors	\$3,000.00		\$3,000.00	\$1,000.00

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4/17/13	Morgan Asset Management and Morgan Keegan and Co (Alaska investors)	BDs sold six funds that were heavily invested in riskier tranches; funds overlapped in holdings, exposing investors to over-concentration; reports filed w/ SEC and investor brochures didn't disclose risks and quality of holdings.	C&D; \$100,000,000 to SEC's fair fund and \$100,000,000 to investors fund; \$3,000 to Alaska; don't create proprietary fund; submit to state regulatory audits; improve training of personnel; independent oversight	\$3,000.00		\$3,000.00	\$1,000.00
3/15/13	Sea Lion Corporation	AK Native Corp didn't file annual reports and proxy materials from 10/2007 to 8/2012.	\$2,000 civil penalty; reimburse for investigative costs of \$1,000	\$3,000.00		N/A	N/A
2/19/13	Touchstone Funds Group Trust (Alaska investors)	Respondent sold federal covered securities in AK w/o filing required notice filing and paying required fees.	\$5,000 civil penalty	\$5,000.00		\$5,000.00	\$1,666.67
1/29/13	Uvest Financial Services Group, Inc. (Alaska investors)	Respondents, while affiliated with Bankers Life, provided brokerage and investment advisory services out of Bankers Life branch offices, thereby aiding Bankers in their unlawful activities.	\$14,150,94 civil penalty (\$750,000 total settlement); refrain from attempting to recoup payments from dual agents, bankers of customers	\$14,150.94		\$14,150.94	\$4,716.98
12/17/12	ProEquities, Inc. (Alaska investors)	Respondents, while affiliated with Bankers Life & Casualty, failed to register as BD or IA when engaged in BD/IA activity.	C&D; \$8,207.55 civil penalty (total settlement \$435,000); no attempt to recover fees from Bankers Life, dual agents, or customers.	\$8,207.55		\$8,207.55	\$2,735.85
11/21/12	Bankers Life & Casualty Company/ BLC Financial Services (Alaska investors)	Respondents, while affiliated with ProEquities, Inc, failed to register as BDs when engaged in BD activity.	C&D; \$19,822.80 civil penalty (total settlement \$9,900,000); licensing and registration fees of \$5,000 to AK for total past fees; \$2,000 to AK for its portion of the state audit funds; engage indepdent auditor to monitor compliance; lost FINRA membership.	\$26,822.80		\$26,822.80	\$8,940.93
11/13/12	Gana-A 'Yoo, Limited	AK Native Corp failed to file annual reports and proxy materials since 2008.	C&D; investigation cost of \$500	\$500.00		N/A	N/A
9/13/12	ICON Funds, Inc. (Alaska investors)	Respondent let its notice filing expire, but continued to sell funds totaling \$317,983.29.	\$4,250 civil penalty	\$4,250.00		\$4,250.00	\$1,416.67
9/6/12	Raymond James and Associates (Alaska investors)	Multi-state task force investigation found respondents, acting as BDs, sold auction-rate securities (ARS) without full disclosure of the risks, especially concerns with liquidity; Company failed to adopt policies and procedures to ensure reps and IAs were adequately trained.	AK \$6,521.93 (total settement \$1,750,000); customers bought ARS and provide Notice to Eligible Investors (had a purchase offer option), including specific customer assistance provisions; not charge customers for return of ARS.	\$6,521.93		\$6,521.93	\$2,173.98
8/20/12	Doppelganger Productions, LLC (all Alaska investors)	Improperly sold unregistered securities by engaging two agents, who were paid finder's fees.	\$500 civil penalty	\$500.00		\$500.00	\$166.67
5/17/12	E*Trade Securities (Alaska investors)	Respondent sold ARS, with financial advisors misrepresenting the liquidity; financial advisors lacked training and adequate supervision in advising on ARS.	C&D; \$11,363.94 to AK (AK share of \$5,000,000 total settlement); ordered dedicated toll-free telephone assistance line and website; pay investors who rec'd sub par payments, plus interest; reimbursement for loans secured by ARS when auction failed.	\$11,363.94		\$11,363.94	\$3,787.98
1/30/12	Merrill Lynch, Pierce, Fenner & Smith, Inc. (Alaska investors)	Respondent failed to register its broker-dealer agents in several jurisdictions.	C&D; \$295,450 (\$26,563,094.50 in fines and penalties to be divided among 50 states).	\$295,450.00		\$295,450.00	\$97,498.50
			Total	\$1,200,239.29		\$8,668,239.29	\$1,988,273.87

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