

Introduced: 1/14/76  
Referred: Commerce

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 501

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemptions from the securities  
7 registration statutes; administrative hearings."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 45.55.140(b)(5) is amended to read:

10 (5) sales by an issuer

11 (A) to no more than 10 persons in this state other  
12 than those designated in (4) of this subsection during a period  
13 of 12 consecutive months whether or not the offeror or any of the  
14 offerees is then present in this state, if

15 (i) no commission or other remuneration is paid  
16 or given directly or indirectly for soliciting a prospective  
17 buyer in this state,

18 (ii) the total dollar amount of the transaction  
19 does not exceed \$100,000,

20 (iii) a legend is placed on the certificate or  
21 other document evidencing ownership of the security, stating  
22 that the security is not registered under this chapter and  
23 cannot be resold without registration under this chapter or  
24 exemption from it,

25 (iv) offers are made without public solicitation  
26 or advertisement, and

27 (v) the issuer files with the administrator a  
28 notice specifying the issuer, the security to be offered,  
29 and the terms of the offer at least 10 days before the offer

1           is made;

2                   (B) to no more than 35 persons in this state other  
3 than those designated in (4) of this subsection during a period  
4 of 12 consecutive months whether or not the offeror or any of the  
5 offerees is then present in this state, if

6                   (i) the offering is made solely in this state,

7                   (ii) before any sales each prospective buyer is  
8 furnished access to the information that would be provided  
9 to a prospective buyer in a registration under sec. 100 of  
10 this chapter (which information shall be furnished to the  
11 administrator upon his request),

12                   (iii) commissions or other remuneration meet the  
13 requirements of this chapter and are made only to persons  
14 registered under sec. 40 of this chapter,

15                   (iv) a legend is placed on the certificate or  
16 other document evidencing ownership of the security, stating  
17 that the securities are not registered under this chapter  
18 and cannot be resold without registration under this chapter  
19 or exemption from it,

20                   (v) the issuer obtains a signed agreement from  
21 the buyer acknowledging that he is buying for investment  
22 purposes and that the securities will not be resold without  
23 registration under this chapter, and

24                   (vi) the issuer files with the administrator a  
25 notice specifying the issuer, the security to be offered,  
26 and the terms of the offer at least 10 days before the offer  
27 is made [A TRANSACTION PURSUANT TO AN OFFER DIRECTED BY THE

28 OFFEROR TO NOT MORE THAN 20 PERSONS, OTHER THAN THOSE DESIGNATED IN  
29 (b)(4) OF THIS SECTION, IN THIS STATE DURING A PERIOD OF 12 CONSECUTIVE

1 MONTHS, WHETHER OR NOT THE OFFEROR OR ANY OF THE OFFEREEES IS THEN  
2 PRESENT IN THIS STATE, IF THE SELLER REASONABLY BELIEVES THAT ALL THE  
3 BUYERS IN THIS STATE, ARE PURCHASING FOR INVESTMENT, AND NO COMMISSION  
4 OR OTHER REMUNERATION IS PAID OR GIVEN DIRECTLY OR INDIRECTLY FOR  
5 SOLICITING A PROSPECTIVE BUYER IN THIS STATE];

6 \* Sec. 2. AS 45.55.140(b)(7)(B) is amended to read:

7 (B) the issuer first files a notice specifying the  
8 terms of the offer and the administrator does not by order  
9 disallow the exemption within the next five full business days;

10 \* Sec. 3. AS 45.55.140(d) is amended to read:

11 (d) The administrator may by order deny or revoke an exemption  
12 specified in (a)(5), [OR] (7) or (11) of this section or in (b) of  
13 this section with respect to a specific security or transaction. The  
14 order may not be entered without appropriate prior notice to all  
15 interested parties, opportunity for hearing, and written findings of  
16 fact and conclusions of law, except that the administrator may by  
17 order summarily deny or revoke any of the specified exemptions pending  
18 final determination of a proceeding under this subsection. Upon the  
19 entry of a summary order, the administrator shall promptly notify all  
20 interested parties that it has been entered and of the reasons for it  
21 and that within 15 days of the receipt of a written request the matter  
22 will be set down for hearing. If no hearing is requested and none is  
23 ordered by the administrator, the order remains in effect until it is  
24 modified or vacated by the administrator. If a hearing is requested  
25 or ordered, the administrator, after notice of and opportunity for  
26 hearing to all interested persons, may modify or vacate the order or  
27 extend it until final determination.

28 \* Sec. 4. AS 45.55 is amended by adding a new section to read:

29 Sec. 45.55.225. HEARINGS; REGULATIONS. (a) The administrator

1 shall adopt regulations, consistent with the provisions of this  
2 chapter, governing administrative hearings conducted by the administrator  
3 or his designee for the following:

4 (1) orders issued under secs. 120, 140(d), or 200 of this  
5 chapter; in these instances, the administrator shall promptly send a  
6 notice of opportunity for hearing to the issuer of the securities and  
7 to all persons who have filed with the department a notice of intention  
8 to sell the securities; and

9 (2) orders issued under sec. 60 of this chapter; before the  
10 administrator enters an order under sec. 60, he shall send to the  
11 person involved a notice of opportunity for hearing; if the person  
12 involved is an agent, then the administrator shall in addition notify  
13 the employing broker-dealer, investment advisor, or issuer.

14 (b) In conducting a hearing in accordance with (a) of this  
15 section, the administrator may issue a subpoena for any witness or  
16 party or a subpoena duces tecum to compel production of evidence.

17 \* Sec. 5. AS 45.55.230(c) is amended to read:

18 (c) The Administrative Procedure Act applies to all [RULES,]  
19 regulations [, ORDERS AND REVIEWS] issued or authorized under this  
20 chapter [INCLUDING JUDICIAL REVIEW AND ITS SCOPE].  
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