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Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY CSHB 325:

Amends AS 45.55.200 relating to orders and injunctions under the Alaska Securities Act. When the Commissioner of Commerce and Economic Development determines that a person has engaged or is about to engage in a practice in violation of the Alaska Sec. Act he may, after giving reasonable notice, issue an order directing the person to cease and desist from continuing the act, or he may bring an action in the superior court. He may issue a temporary order pending the hearing, which shall remain in effect until 10 days after the hearing is held, and which becomes final, if the person to whom the notice is addressed does not request a hearing within 15 days after receipt. Bill expands the scope of the order issued by the administrator, and requires the person to file annual reports, proxies, consents or authorizations, proxy statements, or materials relating to proxy solicitations, with the administrator for examination, 10 working days before a distribution to shareholders. This period of filing may not exceed three years.

If the proxies were solicited by untrue or misleading means (prohibited under AS 45.55.160) the order shall void the proxies including their future exercise or actions resulting from their past exercise.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

Phone: 465-2500

April 28, 1981

Honorable Bob Mulcahy
Chairman
Senate Labor &
Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

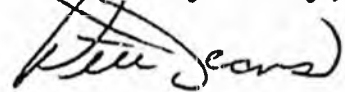
Re: SB 411

SB 411 which will soon be before your committee is a companion bill to CSHB 325 which recently passed the House.

Although the House Labor and Commerce Committee was provided with a Fiscal Note and testimony on this bill, the bill inadvertently passed the House without the attendant Fiscal Note. We are enclosing herewith a copy of that Fiscal Note as we feel it is important that it be considered by your committee. In addition, we are enclosing a copy of our Bill Analysis which requests that the language of SB 411 be conformed to that of CSHB 325. These changes will make clear that the area of concern is solely that of Native corporations.

The Division of Banking and Securities' staff is available for testimony on the bill at such time as you may schedule it for hearing.

Yours very truly,


For Charles R. Webber
Commissioner

CRW/mc2/1

Enclosures

Department of Commerce and Economic Development
Division of Banking and Securities

Bill Analysis
SB 411

Senate Bill 411, "An Act relating to orders under the Alaska Securities Act of 1959," provides the Administrator of Securities with proper authority to take action against deceptive and fraudulent practices in proxy solicitations. The bill corrects the lack of administrative remedies in AS 45.55.159, enacted in 1977.

The intention in adding the two new sections, (B) and (C), to AS 45.55.200(a) is to provide proper enforcement for violations of Section 160 by companies described in Section 139 only. The legislation, as introduced, does not limit the Administrator's authority to proxy solicitations by ANSCA corporations. In fact, it would permit the Administrator to take action against the GM's and IBM's even though the Alaska Securities Act does not otherwise provide such authority, as their proxy solicitations are already fully regulated under the Federal Securities Act of 1934.

The Division of Banking and Securities recommends the adoption of the amendments incorporated in CSHB 325 (L & C). With this proposed amendment, the Division would be in favor of this legislation to clarify and provide adequate authority over misleading and fraudulent proxy solicitations by Native corporations.

When AS 45.55.139 was enacted in 1977, the Division of Banking and Securities had no prior history or other documentation to show the potential impact of administering proxy laws and regulations relative to the Alaska Native Claims Settlement Act. Based on investigative time and costs incurred in this area since 1977 and on the fact that 31 regional and village corporations currently come under the provisions of AS 45.55.139 and this proposed legislation, the projected costs are reasonable.

Travel costs include investigative travel of securities staff for hearings and witness travel costs. Contractual cost is for additional persons as required by the Department of Administration pursuant to the memorandum of February 5, 1981.

1	POSITION TITLE Administrative Support Tech II			RANGE/STEP 8A	B/BG. UNIT. G	LOCATION Juneau	BOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No. 1186	PRIORITY	FORM 12	PAGE/LINE	LEG	

3 TYPE OF EXPENDITURE		AMOUNT
1	2	3
PERSONAL SERVICES:		
4 SALARY	\$1,393/month	16.7
5 BENEFITS		2.6
6 A		1.0
7 HEALTH INS.		1.8
8 TOTAL PERSONAL SERVICES	01	
9 TRAVEL	02	22.1
10 CONTRACTUAL	03	0
11 COMMODITIES	04	1.0
12 EQUIPMENT	05	0
13 OTHER space costs		2.7
14 TOTAL COST		25.8

JUSTIFICATION:

See Bill Analysis and Fiscal Note to House Bill 325.

	CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17		GEN. FUND 1004	25.8
18		I-A RCPTS. 1005	
19		PGM RCPTS 1028	
20		OTHER	

21	CONTINUATION		FOR B&M USE ONLY
22	ADDITION	X	

AGENCY Commerce and Economic Development PROGRAM Consumer Protection

13 REQUEST FOR NEW POSITION.

BRU Banking and Securities
 COMPONENT Financial Institutions

FY 82

Bristol
Bay
Native
Corporation

445 E. 5TH AVENUE / P. O. BOX 220 / ANCHORAGE / ALASKA 99510 / PH. (907) 278-3602

April 1, 1981

STATEMENT BY DONALD F. NIELSEN
IN SUPPORT OF HOUSE BILL NO. 325

My name is Donald F. Nielsen. I am the Vice President of Bristol Bay Native Corporation. Today, I am speaking on behalf of Bristol Bay Native Corporation and the Alaska Federation of Natives. Both organizations support House Bill No. 325 entitled "An Act relating to orders under the Alaska Securities Act of 1959." This bill would expand the remedies the State has in dealing with false and misleading statements made in proxy solicitations of Native corporation shareholders.

By way of background, let me state that Alaska Native Claims Settlement Act corporations are exempt from federal securities laws. Instead, their proxy solicitations are governed solely by the State of Alaska. Recently, the State took a major step to insure fairness in proxy solicitations of Native shareholders. The mechanism to insure fairness was regulations under Alaska Statute 45.55.139 and 160. These new regulations require that proxy solicitations give Native shareholders the type of information that is necessary for them to make an informed judgment before voting on matters presented for their consideration, such as election of directors or approval

of proposals. These regulations are comprehensive and reasonable. However, without adequate enforcement, they are meaningless.

At present, the State is sure of only two enforcement alternatives: (1) a criminal proceeding under Alaska Statute 45.55.210 with a fine, jail term or both, or (2) a civil proceeding with injunctive relief. One is, in many cases, too harsh a remedy, and the other is time consuming.

A prompt enforcement alternative is needed with a range of lesser penalties. Such a solution is embodied in House Bill No. 325. First, it applies to administrative hearings which are less expensive and time consuming for all. Second, its penalties are not harsh fines or jail sentences, but pre-distribution review of solicitation materials and/or voiding of proxies where there is a finding of false or misleading statements.

Bristol Bay Native Corporation believes that the new proxy regulations need to be enforced promptly for the protection of Native shareholders. We believe that House Bill No. 325 creates the opportunity for such prompt enforcement. Therefore, we support the passage of House Bill No. 325.

report to its stockholders containing substantially all the information contained in annual reports of corporations subject to the 1934 Act. Such reports by Native corporations would not be filed with or reviewed by the SEC, but the Committee believes that the Native leadership will comply fully with the intent of this provision and will submit annual reports to their stockholders which are as effective in disclosing corporate activities as those prepared by companies regulated under the 1934 Act by the SEC. Finally, the Committee understands that the general provisions of Alaska law provide protection for Native stockholders from any corporate mismanagement and misrepresentations or omissions to represent in connection with sales of securities, and that Alaska courts would look to precedents under federal securities laws for appropriate standards of conduct by management and other persons connected with securities transactions. Native corporations have assured the Committee that they do not intend to seek an exemption from state securities laws on the basis of this exemption from federal laws and intend to pursue the passage of State legislation to the extent necessary to provide any appropriate additional protection. Therefore, it is not necessary at this time to impose additional federal requirements.

It should be noted that these corporations are being exempted from the federal securities laws on the understanding that federal regulation of Settlement Act corporations is not necessary to protect Native stockholders or the public during the twenty-year period when Native-owned stock cannot be sold. However, if this assumption proves invalid in light of experience, the Committee is prepared to re-impose such provisions of the federal laws as may be necessary. In short, the twenty-year exemption should be viewed by the Natives as an experiment which will be stopped if it is abused.

SECTION 4

Subsection (a) merely makes clear the congressional intent that payments and grants under the Settlement Act are not to be deemed a substitute for any governmental program or benefit which is otherwise available to Alaska Natives as citizens of the United States and Alaska.

Subsection (b) makes clear that benefits under the Settlement Act shall not be considered as income or other resources for purposes of the Food Stamp program. The background to subsection (b) is provided in an August 6, 1974, memorandum prepared by the Congressional Research Service of the Library of Congress:

THE LIBRARY OF CONGRESS, WASHINGTON, D.C. 20540

THE COUNTING OF INCOME FROM PAYMENTS UNDER THE ALASKA NATIVE CLAIMS SETTLEMENT ACT IN DETERMINING ELIGIBILITY FOR AND THE AMOUNT OF FOOD STAMP AND CASH WELFARE BENEFITS

Food Stamps

In March 1974, the State of Alaska notified the Federal offices of the Food Stamp Program (in the USDA's Food and Nutrition Service) that it was Alaska's interpretation that



STATE OF ALASKA
OFFICE OF THE GOVERNOR
NOME

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Case Rev
APR 5 23-4
APR

March 19, 1981
Myrtle Johnson
Special Assistant
P.O. Box 25
Nome, Alaska 99762

State Banking & Securities Office
ATTN: James Thompson
Pouch D
Juneau, Alaska 99811

Dear James,

Enclosed you will find a complete proxy packet that was mailed to all Stockholders enrolled to Sitnasuak. And-this was all we received. Note postmark March 2nd/meeting was March 14th.

Here are the concerns of the Shareholders:

1. The motion that was made to postpone the meeting, reason not enough time had been allowed for the proxy's and the way of filing of the conflict of interest plus the proxy statement forms had not been made available. Also the proxy enclosed in the packet had no blank line for write-ins.

This motion was ruled out of order by the Legal Council for the Sitnasuak Corp.

The motion or second never were cancelled out. They were left hanging fire.

2. At the end of the Election the Shareholders in attendance would not accept the results of the Election.

3. A shareholders meeting was called and they decided to challenge the meeting. Immediately after the Annual meeting was adjourned.

4. A Shareholders info meeting was called the next Tuesday after the meeting. 145 shareholders in attendance and voiced their concerns of the Election and Meeting. Since Juneau had already been called Monday of this week and they requested more info concerning the proxy's we would send all info gathered this evening to Juneau. It was noted the highest voter getter, went around telling every one she was for disbursement and when the time came to show of hands who was for disbursement she held her hand up against disbursement. After she had all the proxy votes in hand. One shareholder told how he illegally voted his sons ballot, by signing his name to the ballot, he knew it had no time to get to the North slope and back in time for the meeting. (Attached is the concerns from that evening's meeting.)

5. An Organizational meeting of the new Board was held 3-18-81 at the Sitnasuak Office. As the meeting began one shareholder voiced the Shareholders were challenging the Election results and this meeting was illegal. The Board members said we don't care and went on with the meeting, electing officers and etc.

of proposals. These regulations are comprehensive and reasonable. However, without adequate enforcement, they are meaningless.

At present, the State is sure of only two enforcement alternatives: (1) a criminal proceeding under Alaska Statute 45.55.210 with a fine, jail term or both, or (2) a civil proceeding with injunctive relief. One is, in many cases, too harsh a remedy, and the other is time consuming.

A prompt enforcement alternative is needed with a range of lesser penalties. Such a solution is embodied in House Bill No. 325. First, it applies to administrative hearings which are less expensive, and time consuming for all. Second, its penalties are not harsh fines or jail sentences, but pre-distribution review of solicitation materials and/or voiding of proxies where there is a finding of false or misleading statements.

Bristol Bay Native Corporation believes that the new proxy regulations need to be enforced promptly for the protection of Native shareholders. We believe that House Bill No. 325 creates the opportunity for such prompt enforcement. Therefore, we support the passage of House Bill No. 325.



BILL ANALYSIS

Department Commerce and Economic Development	Sponsor (Principal) Adams	Bill Number HB 325
Department Position Approve with amendments as noted		
Division Director <i>William F. Koolyapantuk</i>	Date 3/18/81	Commissioner Date

GOVERNOR'S OFFICE USE

Comments:

<input type="checkbox"/> Position Noted	By	Date
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SUMMARY

1. a) Related Bills (Similar or Conflicting) None	1. b) Other Agencies Affected by Bill None
2. a) Organizational Support for Bill Alaska Federation of Natives Various regional corporations	2. b) Organizational Opposition to Bill None known

3. Program Effects of Bill
Provides Administrator of Securities with proper authority to enforce deceptive and fraudulent practices in proxy solicitations. This bill corrects the lack of administrative remedies in AS 45.55.139, enacted in 1977.

4. Fiscal Impact: None Fiscal Note Attached

5. Amendments Proposed:
Addition of the words "in filings under Section 139" immediately after Section 45.55.200(a)(1)(B) and immediately after Section 45.55.200(a)(1)(C)

6. Comments:
See attached.

Anti-Analytic

HB 525

The intention of adding the two new sections, B and C, to AS 45.55.200(a) is to provide proper enforcement for violations of Section 160 by companies described in Section 139 only. The legislation, as introduced, does not limit the Administrator's authority to proxy solicitations by ANCSA corporations. In fact, it would permit the Administrator to take action against the GM's and IBM's even though the Alaska Securities Act does not otherwise provide such authority as their proxy solicitations are already fully regulated under the Federal Securities Act of 1934.

With the proposed language added, the Division of Banking and Securities would be in support of this legislation to clarify and provide adequate authority over misleading and fraudulent proxy solicitations by Native corporations.

COMMITTEE REPORT
SENATE

FURTHER: Judiciary

4/16/81

Date: 11 May 1981

Mr. President:

The Committee on LABOR & COMMERCE has had CSHB 325 (L&C)
Alaska Securities Act of 1959

under consideration and (a majority of the committee) (the committee)
reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

This Bill does have Fiscal Impact

[Signature]
 CHAIRMAN



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

COMMITTEE MINUTES:

11 May, 1981

The Senate Committee on Labor and Commerce was called to order by Senator Mulcahy; Senator Fahrenkamp had been excused from a call on the Senate. Senator Mulcahy announced that HB 214 am would be the first order of business.

Representative Brown, sponsor of the bill, provided an overview of the bill and its amendment, urging passage. Don Koch, Division of Insurance, gave testimony in support of the bill and offered to entertain questions of the committee.

Next on the agenda was CS HB 124, addressed by Judy Knight, Department of Labor, expressing the Department's support of the bill, and explaining the provision granting authority to the commissioner for waiving the bonding requirements for those "mom and pop" operations which neither purchase fish nor use employees. The bill further provides penalties for those cash buyers who are un-bonded (class A misdemeanor) and that both the Departments of Labor and Fish and Game support this concept. For the record, Senator Mulcahy explained that he and Dale Cheek (Dept. of Labor) had discussed this bill at length. The next testimony given was from Dan Moore, a cash buyer, who felt that the bonding requirements were restrictive to small businessmen, and he proposed some amendments for those operations which complied with the "spirit" of the intent. Along with his proposed exemption amendments, he questioned the various effective dates provided for in the bill, hoping to amend the effective date in Section 2. Senator Mulcahy explained the rationale for having the December 31st effective date. Roger Painter, UFA, spoke next, expressing support for the bill, urging passage.

CSHB 325 was addressed by Willis Kirkpatrick, Division of Banking Securities, explained that the bill would allow for remedial actions

for fraudulent proxy solicitations in Native Corporations. Various Native Corporations have expressed the need to address the problem of proxy solicitations and this bill would allow the Department to expedite measures thru examination of proxies rather than injunctive operations. The bill inadvertently passed the House without the attendant fiscal note, and Mr. Kirkpatrick clarified the fiscal note distributed to the L&C committee explaining the requirement of additional staff for assisting with proxies at Native stock holders meetings. He urged passage of the bill.

SB 552 was addressed by Senator Mulcahy who expounded on the specific problem in the Kodiak community and around the State, where "live-in" parents in certain institutions are impacted by the wage and hour act, while working an on call (24 hr.) shift. Bob Smathers, Department of Labor, explained that while the Department supports the bill, there may be problems with the Federal Government. The bill only addresses couples (married), and Mr. Smathers offered some proposed changes. Judy Knight, DOL, expressed concern with the language, and Senator Mulcahy suggested we hold the bill until the appropriate amendments have been drafted.

HB 214am, CSHB 124, and CSHB 325 were moved from committee with individual recommendations. Senator Mulcahy adjourned the meeting at 3:25pm.

ty or interim certificate for...
nt to subscribe to or purchase...
not include an insurance...
contract under which an insur...
variable sum of money either...
for some other specified pur...
itory, or possession of the Un...
-11-1961 ch 190 SLA 1961; am...
-1-1966 ch 5 SLA 1966; am...
-1-1975; am §§ 14, 108 ch 218 SLA...
-2 ch 69 SLA 1980

Seven percent debentures offer...
exchange for stock must be registr...
See same catchline in note...
AS 45.55.070

For analysis of securities law...
Alaska and its effect on corpor...
transactions, see 1961 Op. At...
1961

AIR references. Who is de...
under state securities acts exempt...
by owner other than transfere...
source of successive transactions, see...
title, 6 AIR3d 1425

What constitutes "public" or "priv...
offer" with meaning of state secur...
securities, 11 AIR3d 1009

Alaska Native Claims...
by initial issue of stock of a...
by pursuant to the Alaska Nat...
35 Stat. 639; 43 U.S.C. 160;...
under AS 45.55.070 and...

Section of the Act or AS 10.05.01...
of a provision of the Alaska...
from Settlement Act of 1920...
at 630, 11 AIR3d 1601 et seq...
section in the article of incorporat...
laws required by the 1933 Se...
to Internat under sec 701 of the...
of the federal Act or the reg...
provision in the article or by laws...
able regard to a corporation org...
for Alaska pursuant to the...
However, nothing in this...

As a law pursuant to the federal Act. To
to extent of an inconsistency between a
provision of this Act and a provision of AS

10.05 or 10.20, this Act prevails with
regard to a corporation organized under
Alaska law pursuant to the federal Act."

Sec. 45.55.138

Reports of corporations. A copy of all annual
reports, proxies, consents or authorizations, proxy statements and
other materials relating to proxy solicitations distributed, published or
made available by any person to at least 30 Alaska resident
shareholders of a corporation which has total assets exceeding
\$1,000,000 and a class of equity security held of record by 500 or more
persons and which is exempted from the registration requirements of
AS 45.55.070 by AS 45.55.138, shall be filed with the administrator
concurrently with its distribution to shareholders. (§ 1 ch 58 SLA
1977)

For case construing common law
prohibition of materially false and
misleading statements in proxy

solicitations, see *Brown v. Ward*, Sup. Ct.
Op. No. 1826 (File No. 3579), 513 P.2d 247
(1979).

Sec. 45.55.140. Exemptions. (a) The following securities are
exempted from AS 45.55.070:

(1) a security, including a revenue obligation, issued or guaranteed
by the United States, a state, a political subdivision of a state, or an
agency or corporate or other instrumentality of one or more of the
foregoing; or a certificate of deposit for any of the foregoing;

(2) a security issued or guaranteed by Canada, a Canadian province,
a political subdivision of a Canadian province, an agency or corporate
or other instrumentality of one or more of the foregoing, or a foreign
government with which the United States currently maintains
diplomatic relations, if the security is recognized as a valid obligation
by the issuer or guarantor;

(3) a security issued by and representing an interest in or a debt of,
or guaranteed by, a bank organized under the laws of the United
States, or a bank, savings institution, savings and loan association,
building and loan association, or trust company organized and
supervised under the laws of a state or of the United States;

(4) a commercial paper which arises out of a current transaction or
the proceeds of which have been or are to be used for current
transactions, and which evidences an obligation to pay cash within
three months of the date of issuance, exclusive of days of grace, or any
renewal of the paper which is likewise limited, or a guarantee of the
paper or of the renewal, if the commercial paper is of the type eligible
for discount by a federal reserve bank;

(5) an investment contract issued in connection with an employee's

Title 47
Welfare, Social Services
and Institutions

Title 4
Water, Air
Environmental

in this chapter, the burden of proving a violation of a definition is upon the person who is alleged to have violated the definition.

By order deny or revoke an exemption from this section or in (b) of this section with respect to a transaction. The order may not be made without notice to all interested parties. Findings of fact and conclusions of law may by order summarily deny or revoke an exemption pending final determination of the matter. Upon the entry of a summary order, promptly notify all interested parties of the reasons for it and that within 15 days after the date of the order, they may request the matter will be set down for hearing and none is ordered by the administrator until it is modified or vacated. If a hearing is requested or ordered, the administrator shall afford opportunity for hearing to all interested parties and may by order extend it until such time as the administrator determines that the public interest may be served. This section may operate retroactively. No person who has violated AS 45.55.070 or 45.55.150 is liable for a violation of this section after the entry of an order under this section unless the person had actual knowledge of the order at the time of the violation. A regulation prescribe a schedule of fees for the filing of a claim of exemption. (§ 302 ch 198 SLA 1961; am § 1 ch 8 SLA 1966; am § 13 ch 86 SLA 1972; am § 15 ch 218 SLA 1977; am § 1 ch 56 SLA 1978; am § 1 ch 218 SLA 1977)

Sec. 45.55.160. Filing of sales and advertising literature. The administrator may by rule or order require the filing of a prospectus, pamphlet, circular, form letter, advertisement, or other sales literature, or advertising communication addressed or intended for distribution to prospective investors, including clients or prospective clients of an investment adviser. (§ 303 ch 198 SLA 1959; am § 12 ch 86 SLA 1961; am § 14 ch 86 SLA 1972)

Sec. 45.55.160. Misleading filings. It is unlawful for a person, in a document filed with the administrator or in a proceeding under this chapter, to make or cause to be made an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. (§ 304 ch 198 SLA 1959; am § 15 ch 86 SLA 1972)

Materiality under common law. — Under Alaska common law, a misrepresentation is material if there is a substantial likelihood that a reasonable shareholder would consider it important in deciding how to vote. Subjective proof that one or more shareholders actually granted a proxy because of a falsehood is not required; only the objective standard encompassed in the definition of materiality need be met. *Brown v. Ward*, Sup. Ct. Op. No. 1825 (File No. 3579), 693 P.2d 247 (1979).

Proxy solicitations held materially false. — Where the misrepresented ability of a regional corporation to distribute

money or land to shareholders on the large scale expressed in the solicitation would be likely to influence shareholders to grant proxies to the solicitor, the proxy solicitations were materially false as a matter of law. *Brown v. Ward*, Sup. Ct. Op. No. 1825 (File No. 3579), 693 P.2d 247 (1979).

ALR and C.J.S. references. — Attorney's preparation of legal document incident to sale of securities as rendering him liable under state securities regulations statutes, 62 ALR3d 262.

19 C.J.S. Corporations § 931, 1364; 63 C.J.S. Licenses § 78.

Sec. 45.55.170. Unlawful representations concerning registration or exemption. (a) Neither the fact that an application for registration under AS 45.55.030—45.55.060 or a registration statement under AS 45.55.070—45.55.120 is filed nor the fact that a person or security is effectively registered constitutes a finding by the administrator that a document filed under this chapter is true, complete, and not misleading. Neither the fact of filing nor the fact that an exemption or exception is available for a security or a transaction means that the administrator has passed in any way upon the merits or qualifications of, or recommended or given approval to, a person, security, or transaction.

(b) It is unlawful to make, or cause to be made, to a prospective purchaser, customer, or client any representation inconsistent with (a) of this section. (§ 305 ch 198 SLA 1959; am § 13 ch 86 SLA 1961; am § 14 ch 86 SLA 1972)

66 substituted "sold" for "offered" near the middle of the subparagraph, and substituted "any sales are" for "the offer of" near the end of the subparagraph.

Legislative history reports. For report on ch. 39, SLA 1966, see *House Journal* (1966), p. 169. For report on ch. 132, SLA 1977 (SB 18), see *1977 Senate Journal*, p. 190.

ALR references. What securities are exempt from registration under § 402(a) of the Uniform Securities Act, 81 ALR2d

...provision of this chapter...
...which exist at common law...
...other evidence is sought...
...ator or an officer or employee...
...1959)

...incurred in connection with an examination incident to
...under this chapter.
...The administrator may by rule or order adopt a schedule of
...for annual examination, fees of issuers, broker-dealers, agents
...and investment advisers.

...If an issuer, broker-dealer, agent or investment adviser fails to
...the fees and expenses provided for in this section, the fees and
...expenses shall be paid out of the funds of the administrator in the same
...manner as other disbursements made by the administrator. The
...amounts paid from the funds of the administrator are a lien upon all
...of the assets and property in this state of the issuer, broker-dealer,
...agent or investment adviser and the amount may be recovered by the
...attorney general on behalf of the state.

...Failure of the issuer, broker-dealer, agent or investment adviser
...to pay fees and expenses under this section is a willful violation of this
...chapter and the violation falls within the provisions of AS 45.55.060,
...45.55.120, 45.55.200 and 45.55.210. (§ 16 ch 86 SLA 1972)

Sec. 45.55.200. Orders and injunctions Whenever it appears to
...the administrator that a person has engaged or is about to engage in
...an act or practice in violation of any provision of this chapter or rule
...or order under this chapter, he may

(1) if he considers it in the public interest or for the protection of
...investors, issue an order directing the person to cease and desist from
...continuing the act or practice, provided that reasonable notice of and
...an opportunity for a hearing shall first be given, except that the
...administrator may issue a temporary order pending the hearing which
...shall remain in effect until 10 days after the hearing is held and which
...shall become final if the person to whom notice is addressed does not
...request a hearing within 15 days after the receipt of notice; or

(2) bring an action in the superior court to enjoin the acts or
...practices and to enforce compliance with this chapter or rule or order
...under this chapter, and upon a proper showing, the appropriate remedy
...shall be granted and a receiver or conservator may be appointed for the
...defendant or the defendant's assets; the court may not require the
...administrator to post a bond. (§ 308 ch 198 SLA 1959; am § 1 ch 126
...SLA 1968)

Sec. 45.55.210. Criminal penalties. (a) A person who wilfully
...violates a provision of this chapter except AS 45.55.160, or who wilfully
...violates a rule or order under this chapter, or who wilfully violates AS

Title 45
Water, Air and
Environmental Conservation

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 325

Title An Act Relating to Orders Under the Alaska Securities Act of 1959

Requested by Adams

Date 3/21/81

II. FISCAL DETAIL

Agency Affected Commerce and Economic Development

Program Category Affected Consumer Protection

BRU, Program, or Subprogram(s) Affected Banking and Securities

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		22.1	23.4	24.8	26.3	27.9
200 TRAVEL		10.0	10.5	11.0	11.5	12.0
300 CONTRACTUAL		2.7	2.7	2.7	2.7	2.7
400 COMMODITIES		1.0	1.0	0	0	0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	35.8	37.6	38.5	40.5	42.6

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	0	35.8	37.6	38.5	40.5	42.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		1	1	1	1	1
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached.

IV. DATE 3/16/81

PREPARED BY James J. Thompson

AGENCY Dept. of Commerce & Econ. Dev.

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Original: Legislative Finance

cc. Budget and Management

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