

H B

1 2 6

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House Judiciary	3/18/85	1:30 pm
" "	3/19/85	1:30 pm

COMMITTEE REPORT

HOUSE

7)

FURTHER: FINANCE

2/15/85

Date: 5-18-85

Mr. Speaker:

The Committee on JUDICIARY has had HB 126

"An Act amending the Alaska Securities Act."

under consideration and reports it back as follows:

[] do pass [] do not pass

[] do pass with attached amendments(s)

[X] replace with CS for JUD CS [X] same title [] new title
and recommends _____

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation [] Zero Fiscal Note Attached

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

*passed
3/18*

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 126 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the Alaska Securities Act."

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

8 * Section 1. AS 45.55.260(c) is amended to read:

9 (c) For the purpose of this section, an offer to sell or to buy
10 is made in this state, whether or not either party is then present in
11 this state, when the offer

12 (1) originates from this state; [OR]

13 (2) is directed by the offeror to this state and received at
14 the place to which it is directed, or at a post office in this state
15 in the case of a mailed offer;

16 (3) in the case of an offer to sell or to buy an interest or
17 participation in oil, gas, or mining rights, titles, or leases, or in
18 payments out of production under those rights, titles, or leases, is
19 for an oil, gas, or mining right, title, or lease on land, including
20 submerged land, located in the state, regardless of where the offer to
21 sell or the offer to buy is made; or

22 (4) is for an interest or participation in real property
23 located in the state, a domestic corporation, or a domestic limited
24 partnership, provided that jurisdiction over the offer to sell or to
25 buy an interest or participation in real property located in the
26 state, a domestic corporation, or a domestic limited partnership may
27 be exercised only where the exercise is not inconsistent with the
28 constitution of this state or of the United States.

29

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 19, 1985

SUBJECT: CSHB 126 (Jud)

TO: Representative Mike M. Miller
Chairman, Judiciary Committee

FROM: Theresa L. Bannister ^{2B}
Legislative Counsel

The committee substitute for HB 126 that the Judiciary Committee passed out of committee on March 18, 1985 accompanies this memo. The committee substitute incorporates the same language approved by the committee. However, the language of paragraphs (3) and (4) of the CS does not conform to the drafting style in Alaska Statutes. Therefore, I suggest that the Judiciary Committee, or the next committee to consider the bill, consider changing the language of paragraphs (3) and (4) to read as follows:

(3) is for an interest or participation in an oil, gas, or mining right, title, or lease on land in the state, including submerged land, regardless of where the offer is made;

(4) is for an interest or participation in payments out of production under an oil, gas, or mining right, title or lease on land in the state, including submerged land, regardless of where the offer is made; or

(5) is for an interest or participation in real property located in the state, a domestic corporation, or a domestic limited partnership; jurisdiction under this paragraph may be exercised only when the exercise is not inconsistent with the constitution of this state or of the United State.

The suggested changes do not change the meaning of the paragraphs, but do make the paragraphs clearer and easier to understand.

TLB:mkr
J13/005

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

BUREAU OF
CONSUMER PROTECTION

March 14, 1984

The Honorable Richard I. Eliason
Chairman
Senate Labor and Commerce Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Chairman Eliason:

The Federal Trade Commission's Bureaus of Competition, Consumer Protection, and Economics,¹ at the request of Governor Sheffield, submit comments on Senate Bill No. 432. We wish to thank you and Governor Sheffield for the opportunity to share our views on S. 432. We think that expanding the jurisdiction of the Alaska Securities Act of 1959 to cover all oil and gas leases to land located in Alaska would complement our efforts and those of other federal and state agencies to control what appear to be serious abuses in the rapidly growing, nation-wide marketing of Alaska oil and gas leases. The Commission staff favors passage of S. 432.

The Commission, in fulfilling its Congressionally-mandated mission to protect consumers from unfair and deceptive practices in the nation's commerce, has been investigating suspected fraud by sellers of oil and gas leases and related services. In the course of these investigation the Commission staff has identified from the public records of the federal Bureau of Land Management ("BLM") and the Alaska Department of Natural Resources a number of companies that have acquired oil and gas leases to millions of acres of land in Alaska. These companies acquired most of their leases for \$1 per acre under the BLM noncompetitive oil and gas leasing program.² Most of these acquisition have occurred in the Minchumina, Denali, and Tielke block areas of Alaska.³

¹ This statement reflects the views of the Bureaus of Competition, Consumer Protection and Economics of the Federal Trade Commission, but does not necessarily reflect the views of the Commission or of any individual Commissioner. The Federal Trade Commission has voted, however, to authorize the Bureaus to submit these comments.

² 43 C.F.R. § 3110 et seq.

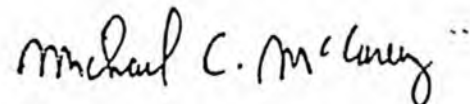
³ Public Land Orders Nos. 6098, 46 Fed. Reg. 61472 (December 17, 1981), and 6329, 47 Fed. Reg. 39495 (September 8, 1982).

for lands located in Alaska. This revision would empower the Alaska Division of Securities to require these companies to register their leases as securities and to provide prospective purchasers with meaningful disclosures of the speculative nature of these investments.

Senate Bill No. 432 should not materially hinder the development of Alaska's resources. The Alaska Securities Act already includes an exemption for sales of leases to bona fide oil and gas exploration companies. Thus, the expansion of the securities law's jurisdiction should not materially change the effect of the statute on those firms actually exploring and developing Alaska's resources.

The Commission staff strongly supports passage of S. 432. With the new authority granted by this bill, state officials could effectively join the Commission and other federal law enforcement agencies in our efforts to protect consumers and to stop the possible misuse of Alaska's name and its resources.

Very truly yours,



Michael C. McCarey
Associate Director

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 455-3600

OFFICE OF THE ATTORNEY GENERAL

March 23, 1984

The Honorable Fritz Pettyjohn
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: SB 432, "an Act amending
the Alaska Security's Act"

Dear Senator Pettyjohn:

At the Senate Labor and Commerce Committee hearing on February 15, 1984, you requested our opinion with respect to the effect on the jurisdictional scope of SB 432. This legislation would clarify the existing Alaska Security's Act to better reach fraudulent or high pressure out-of-state sales of oil and gas lease hold interests on state or federal lands in Alaska.

The Administration believes that Alaska is well served by having an ability to regulate sales of land or lease hold interests located in Alaska, even where the transactions take place outside the state between non-residents of the state. The state may protect the legitimate concerns of its citizens by exercising the right to sue according to the doctrine of parens patriae. This doctrine is recognized in Alaska. State v. First National Bank of Anchorage, 660 P.2d 406, 420-21 (Alaska 1982); Public Defender Agency v. Superior Court, 534 P.2d 947 (Alaska 1975).

Because we believe there is a substantial state interest in preventing fraudulent sales of oil and gas leases located within the state's border, we believe a constitutional challenge against Alaska's assertion of jurisdiction provided by the proposed legislation would fail. A claim that the jurisdiction afforded by the proposed legislation violates an out-of-state citizen's rights under the Due Process Clause, Full Faith and Credit Clause or Commerce clause of the U.S. Constitution would, in all likelihood, be dismissed. See generally, Aldens, Inc., v. Packel, 524 F.2d 38 (3rd Cir. 1975). The Aldens case is instructive because it involved a challenge to Pennsylvania's right to enforce state credit sales laws as applied to an

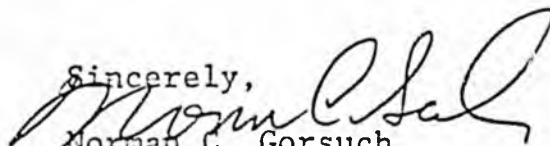
Illinois corporation operating a mail order business in all fifty states and where all orders were accepted in Chicago. In that case, the court performed a thorough and comprehensive analysis of a variety of constitutional issues and concluded that none of the constitutional provisions were violated by enforcement of Pennsylvania's laws.

The currently accepted approach to Due Process Clause limitation challenges is one of interest analysis where the court focuses on whether a state has sufficient interest "to justify any exercise of it's sovereignty in connection with the transaction and dispute." Id. at 42-43, (citing McGee v. International Company, 355 U.S. 220 (1957)) emphasis in original. The court further noted in Alden that a relatively low threshold of state interest is needed to justify jurisdiction. Id. at 43.

In conclusion, because Alaska has a substantial interest in transactions involving land or interest of land within its borders, we believe a court would find that the exercise of jurisdiction through the proposed legislation does not interfere with an out-of-state defendant's due process or other constitutional rights.

Please feel free to call if we can be of additional assistance.

Sincerely,



Norman C. Gorsuch
Attorney General

NCG:eer

cc: Senator Richard I. Elaison
Chairman, Senate Labor and
Commerce Committee

Senator Bob Mulcahy
Vice-Chairman, Senate Labor
and Commerce Committee

Senator Patrick Rodey
Senate Labor and Commerce
Committee

Senator John C. Sackett
Senate Labor and Commerce
Committee

harm than good! There are some fine mineral (specializing) lawfirms out of Denver and Texas - but you probably couldn't afford even an hour's worth of their time! Also remember, there are NO state or federal laws that protect or help we little guys! The first point you'll have to prove is that the accounting they give you is probably more crooked than a witch's hairpin! And without some knowledge of how and where to prove that (even for a geologist with a foundation in mineral/security laws) will have to spend thousands and probably come up with nothing! The only ones who will win will be the lawyers, and that will be through their terribly high hourly legal fees! ■

Letter 3

PHONE PEDLARS SELLING OIL FRAUDS THINK EVERYONE THEY CALL IS AN A.. H...

Dear Sirs

"Please find inclosed, an oil & gas leaseing rip off I received in the mail today. I have during the past several months received numerous telephone calls, from any numbers of file for you agents. I always give them a bad time. The windup telling them off in terms which would be inprintable. Then Hang Up. In one case I got a call back, the fellow representing himself as THE DISTRICT ATTORNEY!

So I started giving him a BAD TIME, but before I got around to really telling him off. He beat me to it by telling me. (QUOTE: "I knew you were A BIG A-- H--- BEFORE I CALLED YOU, BUT YOU ARE A BIGER A-- H--- THAN I THOUGHT YOU WERE"). THEN HE SLAMME UP THE PHONE! HE BEAT ME TO THE PUNCH, AND TOLD ME OFF. BUT I GOT A BIG LAUGH OUT OF IT ANYWAY."

Yours truly

ANS: Dear subscriber - you learned a silly but happily good lesson from the "telemarketeer" who called you! [You are too intelligent to be taken - the poor slob who called you is the "class rated" JACK-ASS!] Your letter really "tells it like it is!" That psychopath showed you just how low such telemarketers (as they call themselves) can get to... (the gutter)!

He proved exactly what Thyra Thompson, Secretary of State for Wyoming wrote in one of her excellent legal opinions (on the subject) in late 1983! He proved what the Denver Post described in a funny article in 1984 - giving the same descriptive (slang terms and names) such boiler room con-artist use to describe their potential VICTIMS! The low-life that call their sucker lists across the U.S. consider the public dribbling morons. They have less respect for the public they call than killing a rat.

When, in fact, the boiler room bosses (allegedly most of the time) are right out of the ranks of "organized crime" - or as the two

arrested in Florida recently were described by federal authorities, "Underworld characters!"

I recently read about a \$250,000 study and report commissioned by the Justice Department. And it clearly states that such "underworld" swindlers have gotten SO RICH (the Godfathers behind the scenes) that run all types of "SECURITY swindles"-are RICHER than the federal government and the state governments. And its now too expensive to fight these criminals!

We have found in recent years that when it comes down to the various federal agencies who do good to excellent investigations - then have to hand it all over to young, inexperienced federal attorneys (low in the pecking order) that all the "task force's investigations eventually go for nothing!" Now, you make up your own mind - come to your own conclusions WHY THAT IS A FACT?! I know what I believe! And it goes right back to the statement made in the report - "the people who head such "franchised" security scams HAVE BIG MONEY!" And what is the old saying? -- Money Talks?!

Its no wonder that the public is so gullible. For "ignorance is bliss!" Even with the swindlers, their ignorance is only exceeded by their stupidity, lead by arrogance and cunning!

You got a good dose (happily so, from what you report), of just exactly what LOW esteem these salesmen think of the people they swindle! They are the lowest form of human - as you now know, they aren't fit to lick your boots! And they darned well know exactly what they are doing! The "room" bosses - their secret "godfathers" - and YES - including the salespeople (they also USE) are lower than grave-robbers and from what that early 1984 Airline Magazine reported, these salesmen even "stink like a major-leagues' locker room!" - Its reported (alleged) the real "Underworld" bosses (the king-pins at the top in the real high chain of command) have always been pushing prostitution, drugs, gambling, you name it ... -- And many a "low-level soldier" has been watched getting on and off planes to and from Las Vegas "every week-end." This was reported by a well-known (respected) investigative reporter from Phoenix several years ago! [And he recently came out with still another article about the same "mob figure!"]

I'm glad that many readers are finding this all out on their own! YES! we've heard tapes of threatening (egotistical) salesmen's high-pressure calls. When a client tells them off! (Calling back and threatening potential victims is nothing new)! Your letter is one of many received (only more expressive and clear)! "They" are obviously using OLD sucker-lists - worked over and over again! As we stated in earlier issue, "The people being called are weary of such time consuming bunk." And some are "getting mad!"

In a way you were lucky, He did you a big favor! Its also an experience you'll never

forget! Such "Under-world" characters, as you now know, are low-life that can't earn a living in any other way (outside of "armed robbery" as one recent Classified ad so stated in late 1984 - seeking more salesmen)! At least you really got the last laugh and the biggest laugh! -- Such temper-tantrums are classic and reveal more than a psychiatric evaluation! He exposed himself completely, proving his mouth and mind are nothing more than a sewer! -- And that joker is trying to make his suckers believe he's an "investment advisor?!?!?" The FBI's warnings last summer, naming men's names, was most significant! It proves these people are capable of any kind of violence and are the worst of human types! Yet they love to portray themselves as such up-right citizens in their slick promotional brochures! And they guarantee everything! But then why should they care! So far such long past histories reveal a series of C&Ds, civil lawsuits, and often criminal histories - and they are still out there calling people using ever new names and shell corporations! And invariably "lawyers" names show up prominently in their expensive literature!

We have got too little state and federal law enforcement, along with 'know nothing' staff (about security fraud). Most are green-behind-the-ears (about how legitimate O&G deals work). They couldn't recognize O&G security frauds if they fell in them. All too many bureaucrats don't really care, as long as their paychecks arrive. The general public be damned! Victims must realize they are responsible for their own involvement in sending thousands to a fraudulent investment! There are laws on books to be enforced. Legislatures fund such state agencies. And even the Justice Dept. gives only 'lip service.' (such as last March when top of criminal division promised "grand jury indictments soon")! [When D.C. official made TV-news of Postal Inspectors raids on "22 boiler rooms" nationwide!] Its past due for "buyer beware!" But I must say, not to get in trouble with ALL security agencies, that there are a few states (such as Alaska, Iowa, Texas, etc.), that have done good jobs of attempting to clean up and stop white-collar/career criminals. Texas is doing best job with court sentences of as much as 25-years to such criminals. ■

Don't move without letting us know! - Include your old address (address sticker if possible).

Name _____

Address _____

City 5 _____ State _____ Zip _____

1-27-85
Southwest Oil & Gas News
P.O. Drawer 25847
Albuquerque NM 87125

FCW

M E M O R A N D U M

TO: All Members, House Labor and Commerce Committee

FROM: Committee Staff

DATE: February 6, 1985

SUBJECT: Overview, HB 126

The House Labor and Commerce Committee will be meeting at 1:15 pm on Wednesday, February 6, 1985 concerning HB 126: "An Act Amending the Alaska Securities Act." By Rules by Request of the Governor.

Basically, this bill would extend the scope and jurisdiction of the Alaska Securities Act so that the state could more vigorously pursue offending companies who were offering fraudulent oil and gas scheme leases. There have been numerous consumer complaints of this occurring, and this bill would allow the state to even pursue cases and sales not made in the state and/or not made to Alaskan residents (for further details, see material provided by the Dept. of Commerce under (9) in your File Contents). The bill would not affect legitimate companies, who are already protected under the same Act, only the fraudulent ones, by requiring them to file and register their sales and provide truthful information to consumers.

Last year, this bill was introduced as SB 432 by Senate Rules at the Request of the Governor. It passed the Senate on an 18-2 vote on June 1, 1984, but did not pass in the House because it was too close to the end of the session. It also received the support of the Federal Trade Commission (see letter in File Contents under (6)). There is no companion legislation in the Senate this year.

Senator Pettyjohn in Senate L & C Committee did raise the issue of legality and constitutional authority of the state to do this beyond its boundaries, and Norman Gorsuch considered the issue important enough that he wrote both a letter to the Senator and testified personally before the Senate L & C Committee. Since the session, a Superior Court case of June 29, 1984 (see (8) in your File Contents) essentially upheld this position. Although there is no precedent for this expansion of the State's powers in the Alaska Securities Act, there is precedent for it in the Uniform Land Sales Practices Act.

The Fiscal Notes from the two affected Departments indicate modest costs of \$45,000 for the Dept. of Commerce for a position to handle registration activities that are required; and a budget of some \$47,000+ annually from the Dept. of Law to provide outside travel and contractual fees to outside counselors and court reporters for investigation.

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 25, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that amends the Alaska Securities Act (AS 45.55) by extending its scope to include offers to buy or sell interests in oil, gas, or mining rights on land in the state, regardless of where the offer or sale occurs.

The bill was jointly prepared by the division of banking, securities and corporations of the Department of Commerce and Economic Development and the consumer protection section of the Department of Law in response to numerous complaints of fraudulent oil and gas lease schemes. These schemes typically involve solicitations by firms located outside Alaska who acquire an interest in oil or gas leases through bid offerings of the Department of Natural Resources or the federal Bureau of Land Management.

The lease tracts these firms acquire are often the least likely to contain valuable oil, gas, or mineral resources. However, these firms conduct massive high pressure telephone sales and media advertising aimed at would-be investors in the lower 48 states, promising them high returns if they "invest" in a portion of one of these Alaskan oil or gas leases. The offering firms often falsely represent that they have expertise in oil, gas or mineral exploration or development. What is especially offensive to our state is that these slick operators often use names such as "Alaska Oil and Gas Exploration" or "Alaska Petroleum Investments," and set up empty "shell" corporations with Alaska addresses.

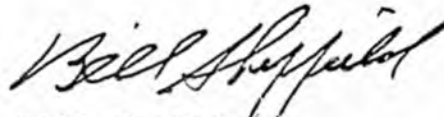
This bill would broaden the Alaska Securities Act to cover these business firms even if the "investment" sales are not made in our state or to Alaska residents. Essentially, the bill would do this by extending the jurisdiction of our state securities regulators and of our courts over these

fraudulent schemes. The state would be able to take legal action against these out-of-state sellers of Alaska mineral rights. By amending the Securities Act, Alaska can require these firms to file securities registrations regarding their sales, and to give prospective purchasers truthful information about the likelihood of realizing a gain on such investments.

This legislation will not affect legitimate companies engaged in oil, gas, or mineral exploration or production, as they are already exempted from the Alaska Securities Act by AS 45.55.140(b)(17).

This bill should be supported by consumer groups as well as by the legitimate members of the oil and gas industry. Therefore, I urge your prompt action on this bill to prevent further damage to the commercial image, nationwide, of Alaska.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 126
Title: An Act amending the Alaska Securities Act
Sponsor: _____
Requestor: Governor Sheffield
Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
Program Category Affected: Consumer Protection
BRU, Program or Subprogram(s) Affected: Banking, Securities & Corporations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		34.0	35.4	36.8	38.2	40.0
200 TRAVEL		2.0	3.2	3.4	3.6	4.0
300 CONTRACTUAL		3.0	3.2	3.4	3.6	4.0
400 SUPPLIES		1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT		5.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		45.0	42.9	44.8	46.7	49.4

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
----------------	------------	------------	------------	------------	------------	------------

FUNDING: (Thousands of Dollars)

GENERAL FUND		45.0	42.9	44.8	46.7	49.4
FEDERAL FUNDS						
OTHER						
TOTAL		45.0	42.9	44.8	46.7	49.4

POSITIONS:

FULL-TIME		1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached analysis.

Prepared By: Willis F. Kirkpatrick Phone: 465-2521
 Division: Banking, Securities & Corporations Date: 12/11/84
 Approved by Commissioner: Richard A. Lyon Date: 12/11/84
 Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

This bill, if enacted, will require that the Securities Section of the division undertake securities registration for the sale of oil and gas leases located in Alaska and will undoubtedly result in increased filings as well as substantial efforts in compliance and enforcement activities including hearings. A Business Registration Examiner position will be necessary to support these registrations. The current substantially increased workload has stretched the examining/enforcement staff to the limit. The additional clerical support will free up the professional staff time to cope with the expanded registration and enforcement duties imposed by the proposed legislation.

Travel of 3.0 will be required for investigation of wrongdoers in the field. Contractual funds of 3.0 is needed for hearing officer purposes in administrative proceedings. Additionally, a one time expense of 5.0 is included to cover costs of typewriter and computer terminal for the new position.

Amounts shown in FY '85 assume bill passage with an effective date that will permit one month personal services and purchase of equipment within this fiscal year. Form C5 reflects 5.0 in FY '86 for equipment assuming we do not have authority in FY '85.

0932W10884a

1.	POSITION TITLE BUSINESS REGISTRATION EXAMINER				RANGE/STEP 12B	DEPT. UNIT GGU	PAGE/LINE	COY.	APPROV.	DE			
2.	TYPE OF POSITION Fulltime	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.					
3.	CONTINUATION LEVEL				JUSTIFICATION								
4.	TYPE OF EXPENDITURE				<p>A new position will be required when the Alaska Securities Act is amended to protect the public against the shams in oil and gas land leases involving Alaska lands. The Securities Section will undertake the registration of the leases and will experience a substantial increase in the requirements for compliance, enforcement including hearing.</p> <p>The responsibility for this position will be to set up investigative files, maintain data entry, file investigative reports, coordinate material necessary for preparation of Cease and Desist Orders or possible court actions, screen initial registration documents, do follow-up for inquiry with other securities jurisdictions, BLM, DNR, as well as local State and federal law enforcement agencies.</p> <p>Manage files and documents relative to registration, record funds. In-field registration inspection as required. Generally assist securities examiner as directed.</p>								
	1		2									3	
	FINANCIAL SERVICES												
5.	Salary	25.6											
6.	Benefits	6.8											
7.	Supplemental Benefits	1.6											
8.	Fixed Benefits												
9.	TOTAL FINANCIAL SERVICES	01		34.0									
10.	Travel	02		2.0									
11.	Contractual	03		3.0									
12.	Commodities	04		1.0									
13.	Equipment	05		5.0									
14.	Other												
15.	TOTAL COST			45.0									
	RECEIPT CODE	FUNDING SOURCE											
16.		Federal Receipts 1002											
17.		C.F. Match 1003											
18.		General Funds 1004											
19.		I-A Receipts 1005											
20.		Program Receipts 1028											
21.		Other											
FOR BSM USE ONLY													
KEY NUMBER _____													

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
 PROGRAM Consumer Protection
 BRU Banking, Securities & Corporation
 COMPONENT Financial Institutions

Page 3 of 5

Revised Date

FY 86

Revision Date: _____

REQUEST

Bill/Resolution No.: 11/126-312
Title: "An Act amending the Alaska Securities Act."

Sponsor: House Rules/by req. of Gov.
Requestor: Governor's Office - OMB
Date of Request: 12/11/84

FISCAL DETAIL

Agency Affected: Department of Law
Program Category Affected: _____
General Government

BRU, Program or Subprogram(s) Affected: _____
Legal Services Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		8.0	8.5	9.0	9.5	10.1
300 CONTRACTUAL		39.2	41.6	44.0	46.6	49.4
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	47.2	50.1	53.0	56.1	59.5

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND	-0-	47.2	50.1	53.0	56.1	59.5
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Not specified by sponsor.

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administration Division Date: 12/12/84
 Approved by Commissioner: Norman C. Gorsuch Date: 12/12/84
 Agency: Department of Law

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

This bill amends the state's existing securities laws to strengthen the state's law enforcement jurisdiction over securities offerings made in other states, where the underlying "value" of the security is a (non-competitive) oil, gas, or mineral lease on Alaska land. Sales of speculative investments in such leases are already regulated "security" transactions, but Alaska's current law does not allow the state to require registration, or to take enforcement action against sellers who set up offices outside Alaska but who market Alaskan leases as securities, usually only to non-Alaskans.

These sales are often fraught with misrepresentations about the value of the Alaskan oil or gas lease, or the true cost of exploring and developing production on the lease land. Investors in other states pay up to \$1,000 an acre for state and federal lease lands available over-the-counter in Alaska for \$1.00 an acre, in hopes of striking it rich, in line with the promoters' glowing promises.

These sales, and the subsequent losses of \$6,000, \$10,000, even \$20,000 to each of thousands of out-of-state investors, are very damaging to Alaska's commercial and investment image. Moreover, the subdividing into smaller parcels of these 640 acre leases may well defeat the underlying purpose of the state and federal exploratory (non-competitive) leasing program.

Enactment of this bill will require the attorney general to provide additional legal support for research, advice and enforcement action in the courts, as requested by the Division of Banking and Securities. As most of the offending companies are located outside Alaska, lawsuits to obtain injunctions against them will require substantial out-of-state travel funds to take depositions and interview witnesses, as well as funds to conduct those depositions and interviews.

It is expected that, at a minimum, five trips outside Alaska will be necessary to enforce registration of sales Alaskan oil, gas, or mineral leases outside Alaska. It will also be necessary to hire court reporters in order to take depositions and to hire outside counsel to file actions in jurisdictions outside the state.

Out-of-state Travel

5 trips X \$800 air fare =	\$4,000
5 X 10 days X \$80 per day =	<u>\$4,000</u>
Total travel & per diem =	\$8,000

Contractual

Court reporter services
6 hrs. X \$80 X 40 days = \$19,200

Outside counsel 4 occurrences
X \$5,000 = \$20,000

Total \$39,200

TOTAL COSTS \$47,200

Costs beyond FY 86 include a 6% annual inflation factor.

STATE OF ALASKA,)
)
 Plaintiffs,)
)
 vs.)
)
 ALASKA LAND LEASING, INC.,)
 an Alaska Corporation, TUNDRA)
 OIL, INC., a California Corp.)
 ANCHORAGE RESEARCH & MANAG-)
 EMENT COMPANY, an Alaska)
 Corp., and FEDERAL LEASE)
 FILING CORPORATION, a)
 CALIFORNIA CORPORATION,)
)
 Defendants.)
)

Case No. 3AN-83-8867 Civil

DECISION AND ORDER

This case is before the Court on defendant's motion to dismiss or for partial summary judgment. Also before the court is defendant's motion to strike the affidavit of Edward Watkins, which is attached to plaintiff's opposition motion.

In a first amended complaint dated December 12, 1983, the State alleges the following violations by defendants, Alaska Land Leasing (ALLI) and Tundra Oil (Tundra):

- (1) Common law fraud;
- (2) Violations of the Alaska Securities Act, AS 45.55.010;
- (3) Violations of the Alaska Uniform Land Sales Practices Act, AS 34.55 et seq.;
- (4) Violations of the Unfair Trade Practices and Consumer Protection Act, AS 45.50.47-.561.

In their motion to dismiss or for partial summary judgment, defendants ALLI and Tundra request that the court dismiss the allegations of violations of the Uniform Land Sales Practices

Defendants further request that the court dismiss all claims for relief which request remedies to be applied outside the State of Alaska.

Pre-emption

Defendants assert that the State is pre-empted from regulating sales or assignments of Bureau of Land Management oil and gas leases on lands situated in Alaska. Defendants cite Ventura County v. Gulf Oil Corporation, 601 F.2d 1080 (9th Cir. 1979), aff'd per curiam, 445 U.S. 947 (1980), as support for the proposition that the federal Mineral Lands Leasing Act of 1920, 30 U.S.C. §§ 181 et seq., pre-empts the Alaska State Uniform Land Sales Practices Act in the field of oil and gas leases. In Ventura, the court held that the federal act pre-empted local regulations where local ordinances impermissibly conflicted with the Mineral Lands Leasing Act. The present case is distinguishable from Ventura in that there is no impermissible conflict between the federal act and AS 34.55 et seq. See, Texas Oil and Gas Corp. v. Phillips Petroleum Company, 406 F.2d 1303 (1969), in which the court upheld a state's oil well spacing and forced pooling orders relating to federal leases which did not conflict with federal regulations. The Court stated that nothing in the Mineral Lands Leasing Act indicated a Congressional intent to assume exclusive control of federal lands leased for oil and gas development. In Ventura County, the conflict between the local ordinances and federal regulations was direct and fundamental, as the county had given itself a right of final

approval over drilling operations by federal lessees. No such conflict exists in the present case, and no Congressional intent to assume exclusive control of the field is evident. Therefore, the motion must be denied.

The constitutionality of state regulation of
sales or assignments of BLM oil and gas
leases between non-residents on lands located in Alaska

Defendants further assert that the extension of extra-territorial jurisdiction based solely on AS 34.55.032(3) violates due process, the full faith and credit clause and the commerce clause. Defendants argue that the sole nexus between the state of Alaska and defendants is the fact that real property underlying a non-Alaska lease transaction is situated in Alaska. Thus, the contact between Alaska and defendants is a de minimus one and the law of the forum in which the transaction takes place should apply.

In the present case, Alaska has a substantial state interest in preventing fraudulent sales of oil and gas leases within its borders. Therefore, due process is not violated in the extension of the state's jurisdiction pursuant to AS 34.55.032(3). In Shaffer v. Heitner, 433 US 186, 53 L. Ed. 2d 683, 97 S. Ct. 2569 (1977), the U.S. Supreme Court expressed the strong state interest involved when property which is directly related to the cause of action is located in the state. The court stated:

1

The court stated: "The Federal government has authorized a specific use of federal lands, and Ventura County cannot prohibit that use either temporarily permanently, in an attempt to substitute its judgment for that of Congress." Ventura County, 601 F.2d at 1084.

The State's strong interest in assuring the marketability of property within its borders and in providing a procedure for peaceful resolution of disputes about the possession of that property would also support jurisdiction, as would the likelihood that important records and witnesses will be found in the state. Id. 433 US at 208, 53 L. Ed. at 700

The state of Alaska's assumption of jurisdiction under AS 34.44.032(3) is consistent with this policy favoring jurisdiction where property directly related to a controversy is located within the state. The state has a strong interest in regulating sales of property and assuring marketability of land within its borders.

Defendants ALLI and Tundra argue that extension of extraterritorial jurisdiction under AS 34.55.032(3) violates the full faith and credit clause because their principal place of business is in California and their business transactions take place within and from the state of California. However, as plaintiffs argue, the full faith and credit clause only arises when there is a conflict of laws between states. Defendants' assertion of a conflict is therefore hypothetical, as they fail to allege a specific conflict between AS 34.44 et seq. and the laws of other states.

Defendants further argue that the state's assertion of authority under AS 34.55.032(3) unduly burdens interstate commerce in that the state seeks directly to regulate interstate commerce the regulation is not targeted at any legitimate public interest, and is clearly excessive in

regard to any benefit which the state may derive from the regulation. However, the general rule for determining the validity of a state statute affecting interstate commerce has been stated in the following manner: "Where the statute regulates even handedly to effectuate a legitimate local public interest, and its effects on interstate commerce are only incidental, it will be upheld unless the burden imposed on such commerce is clearly excessive in relation to the putative local benefits." Pike v. Bruce Church, 397 US 137, 142, 25 L. Ed. 2d 173, 90 S. Ct. 844 (1970), quoting Huron Cement Co. v. Detroit, 362 US 440, 443; 4 L. Ed. 2d 852, 856, 80 S. Ct. 813. The extent of the burden that will be tolerated depends on the nature of the local interest, and on whether that interest could be promoted with a lesser impact on interstate activities, Pike v. Bruce Church, supra, 397 US at 142.

In the present case, the state's interest is in preventing fraudulent activities in sales of oil and gas leases by requiring full disclosure to potential buyers. The "burden" upon interstate commerce is that defendants must provide buyers of their oil and gas leases with a public offering statement as required by AS 34.55.012. Thus, since the state's interest in preventing fraudulent activities in the sale of oil and gas leases considerably outweighs the burden imposed by AS 34.55.-.012's requirement of the filing of a public offering statement, the effect upon interstate commerce is minimal. Additionally, it does not appear that the State's interest in regulation of the sale of oil and gas leases could be promoted with a lesser impact on interstate activities.

under parens patriae theory

Defendants assert that since the state's authority to sue for common law fraud stems from a parens patriae theory of standing, the Attorney General has no standing to assert claims for relief on behalf of non-resident investors for investments offered and accepted outside the State of Alaska. However, Alaska has a legitimate state interest in preventing fraudulent practices in sales of oil and gas leases on Alaska land. The state has the authority to protect those interests under a parens patriae theory. Also, in Hoppeston Co. v. Cullen, 318 U.S. 313, 318 (1943), the United States Supreme Court reasoned, in determining whether a state had authority to regulate a particular business activity, the following factors were important: the location of the activity prior and subsequent to the making of the contract, the degree of interest of the regulating state in the object insured, and the location of the property insured. Thus, under either of these tests, Alaska has the authority to regulate the sale of oil and gas leases to non-resident investors for investments offered and accepted outside the state.

The application of the Uniform Land Sales Practices Act to state oil and gas leases which were never subdivided

Defendants argue that Count III of the Complaint alleging violations of the Uniform Lands Sales Practices Act must be dismissed with respect to State of Alaska oil and gas

leases because the state oil and gas leases have not been "subdivided". The Act's scope is limited to transactions involving subdivided land. "[S]ubdivided land" is defined as

land which is divided or proposed to be divided for the purpose of disposition into two or more lots, parcels, units, or interests. . . AS 34.55.044(6)

The parties have stipulated to the following
2 facts. The defendants initially attempted to sell interests in subdivided portions of the state leases, but the state Department of Natural Resources declined to approve the plan. After the state's refusal to allow the defendants to sell subdivided leases, defendants organized twenty-one limited partnerships, each of which was to own 100% of individual leases subject to overriding royalty interests. Defendant Alaska Land Leasing, Inc. [ALLI] is general partner in all of the partnerships, some of which included as limited partners those who had made their investment in the state leases before ALLI had notice of the Department's disapproval of its plan to subdivide them. There has been no subdivision of the state leases.

The State contends the land is "subdivided", for two reasons. First, it argues that the word "interest" in AS 34.55.044, as it refers to subdivided land, should be construed to include limited partnerships. Second, it says ALLI offered certain investors subdivided lease parcels and received money from investors who were told and believed they were buying specific, subdivided lease parcels. Thus,

2

Stipulation, at 5, 6, [¶6, 7, 8, 10].

the land was proposed to be divided within the meaning
AS 34.44.044.

As to the first contention, that "interests" should be construed to include limited partnerships, defendants reply only that "[s]uch a contention is ridiculous." Neither party supports its interpretation of the statute with citations to case law or rules of statutory construction. The briefing on this issue is inadequate and must be supplemented.

As to the second issue, that the land was "proposed to be divided", the fact that some investors initially made their investment in a purported subdivided state lease before ALLI had notice of the DNR's position on subdivided lease assignments is not in dispute (See stipulation of facts, ¶7). The Act does not regulate transactions relating to non-subdivided land. However, the State claims the fact that no actual subdivision ever occurred is irrelevant.

AS 34.55.044(2) provides that an "offer includes "every inducement, solicitation or attempt to encourage a person to acquire an interest in land, if undertaken for gain or profit." AS 34.55.044(6) defines subdivided land as "land which is divided or is proposed to be divided for the purpose of disposition into two or more lots . . ." (emphasis added). In addition, AS 34.55.006 prohibits fraudulent conduct "in connection with the offer, sale or purchase of subdivided land."

In the present case, I conclude that the alleged fraudulent conduct by ALLI "in connection with" the sales of state leases which were proposed to be subdivided--those transactions in which ALLI offered investors subdivided lease parcels and received money from investors who believed

they were buying subdivided lease parcels is within the scope of AS 34.55.006. Although the stipulation of the parties shows that the land was never actually subdivided, the fact that the land was "proposed to be divided" makes it subdivided land within the meaning of AS 34.55.044(2) and therefore subject to regulation under AS 34.55.006.

Plaintiff's amended complaint appears to refer to these "proposed to be divided" transactions in its prayer for relief only in paragraph 4, which asks for an order requiring full disclosure of all material facts to the purchasers and an offer to rescind the transaction and to have the purchase price repaid. Other prayers for relief in the amended complaint would not seem to refer to relief provided by the Uniform Land Sales Practices Act, unless I accept the state's proposed interpretation of the word "interests" as it is used in the Act. As to those transactions in which the leases were proposed to be subdivided, the motion for summary judgment must be denied. As to those in which the State contends that a limited partnership interest makes the land subdivided within the meaning of the statute,³ I shall defer decision until the briefing is complete.

The applicability of the Unfair
Trade Practices and Consumer Protection Act

The State asserts that defendants' representations in connection with the promotion of oil and gas leases were consumer services as defined by AS 45.50.471. However, in State v. First National Bank of Anchorage, 660 P.2d 406

3

Defendants have contended also that AS 34.55.042(b)(5) exempts limited partnership sales from regulations under the Uniform Land Sales Practices Act because these sales are regulated under the Alaska Securities Act. The State has responded that the Alaska Securities Act only regulates offers made by defendants to Alaska residents and not to offers made to residents of other states. In their reply brief, defendants have not answered the State's argument. It would appear they have abandoned their contention as to their issue.

regard to the promotion of real estate were not consumer services. Consequently, that portion of the State's complaint alleging violations of the Unfair Trade Practices and Consumer Protection Acts shall be dismissed.

Motion to Strike

Defendants have also filed a motion to strike the affidavit of Edward Watkins, which is attached to plaintiff's opposition motion. I find that the motion should be denied. Rule 12(f) provides that the court may strike "any insufficient defense or any redundant, immaterial, impertinent or scandalous matter." Defendants have failed to show that the affidavit and its accompanying exhibits are "redundant, immaterial, impertinent or scandalous" within the meaning of Rule 12(f).

ORDER

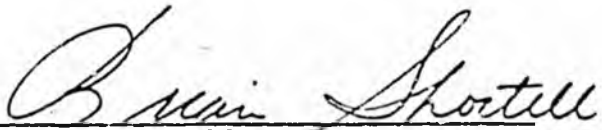
That portion of the amended complaint alleging violations of the Unfair Trade Practices and Consumer Protection Act is dismissed.

The parties are directed to supplement their briefs. Within ten (10) days of the date of this order, plaintiff shall fully brief the issue whether the word "interests" as used in AS 34.55.044 includes limited partnerships of the type created in this case. Defendants shall respond to plaintiff's brief within ten (10) days after receiving it. No reply shall be allowed.

All other portions of the amended complaint not referred to in this order are retained.

Defendants' motion to strike is denied.

DATED at Anchorage, Alaska this 29 day of June 1984.


BRIAN SHORTELL
SUPERIOR COURT JUDGE

DECISION AND ORDER
STATE OF ALASKA VS. ALASKA LAND LEASING

Page 11 of 11

I certify that on 6-29-84
a copy of the above was mailed
~~hand delivered~~ to each of the
attorneys and/or individuals at
their addresses of record

Scarlett Hatto
J. Petumemos
J. Bush

HB 126 FILE CONTENTS

- 1) Bill Summary of HB 126 -- Legislative Reporting Service
- 2) Overview -- Committee Staff
- 3) Transmittal Letter from Governor
- 4) Fiscal Note -- Dept. of C&ED, Div. of Banking, Secur., & Corp.
(with fiscal analysis)
- 5) Fiscal Note -- Dept. of Law, Administrative Division
(with fiscal analysis)
- 6) Letter of Support -- Federal Trade Commission
- 7) Letter from Gorsuch to Pettyjohn re: Constitutionality
- 8) Superior Court Decision of June 29, 1984 on Constitutionality

INTRODUCTION OF BILLS (House)

HB 125, (cont'd)

Section 13 also adds, as AS 45.50.561(12), a definition of what it means for a person to "wilfully" violate the statute. The term "wilful" is not relevant in public actions

brought by the attorney general, but is the operative language that gives rise to triple damages in private actions brought by consumer victims or honest competitor victims who use their private cause of action against unfair trade practices.

Section 14 of the bill repeals AS 45.50.561(6), the definition of "consumer." Section 10 of the bill adds a more restrictive definition of "consumer" only to AS 45.50.541, concerning the non-negotiability of consumer paper, where it is appropriate.

In summary, this bill reflects the practical experience of the attorney general's staff, as well as that of consumers and businesses in the state, over the last 10 years of using the existing Unfair Trade Practices Act. Such a vital law enforcement tool as this Act is due for a well-planned refinement to better serve our citizens. I therefore urge your prompt and favorable action on this bill.

AK Securities Act HOUSE BILL NO. 126, by the Rules Committee by Request of the Governor. Amends the Alaska Securities Act (see accompanying letter). No effective date (takes effect 90 days after Governor signs bill).
(revising)

Introduced January 25 and referred to Judiciary.

In his message transmitting the bill, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that amends the Alaska Securities Act (AS 45.55) by extending its scope to include offers to buy or sell interests in oil, gas, or mining rights on land in the state, regardless of where the offer or sale occurs.

The bill was jointly prepared by the division of banking, securities and corporations of the Department of Commerce and Economic Development and the consumer protection section of the Department of Law in response to numerous complaints of fraudulent oil and gas lease schemes. These schemes typically involve solicitations by firms located outside Alaska who acquire an interest in oil or gas leases through bid offerings of the Department of Natural Resources or the federal Bureau of Land Management.

The lease tracts these firms acquire are often unlikely to contain valuable oil, gas, or mineral resources. However, these firms conduct massive high pressure telephone sales and media advertising aimed at wealthy investors in the lower 48 states, promising them high returns if they "invest" in a portion of one of these Alaskan oil or gas leases. The offering firms often falsely represent that they have expertise in oil, gas or mineral exploration or development. What is especially offensive to our state is that these slick operators often use names such as "Alaska Oil and Gas Exploration" or "Alaska Petroleum Investments," and set up empty "shell" corporations with Alaska addresses.

This bill would broaden the Alaska Securities Act to cover these business firms even if the "investment" sales are not made in our state or to Alaska residents. Essentially, the bill would do this by extending the jurisdiction of our state securities regulator and of our courts over these fraudulent schemes. The state would be able to take legal action against these out-of-state sellers of Alaska mineral rights. By amending the Securities Act, Alaska can require

INTRODUCTION OF BILLS (House)

HB 126, (cont'd)

these firms to file securities registrations regarding their sales, and to give prospective purchasers truthful information about the likelihood of realizing a gain on such investments.

This legislation will not affect legitimate companies engaged in oil, gas, or mineral exploration or production, as they are already exempted from the Alaska Securities Act by AS 45.55.140(b)(17).

This bill should be supported by consumer groups as well as by the legitimate members of the oil and gas industry. Therefore, I urge your prompt action on this bill to prevent further damage to the commercial image, nationwide, of Alaska.

Notaries
Public

HOUSE BILL NO. 127, by the Rules Committee by Request of the Governor. Relates to notaries public (see accompanying letter). No effective date (takes effect 90 days after Governor signs bill).

Introduced January 25 and referred to Judiciary, then to Finance.

In his message transmitting the bill, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to notaries public. This bill amends AS 44.50 to provide both notaries and the public with a more detailed delineation of a notary's functions.

Besides amending several existing sections of AS 44.50, the bill incorporates many features of the Model Notary Act, a September 1984 revision of the 1973 Uniform Notary Act. The Model Notary Act was written by an advisory committee of the National Notary Association, comprised primarily of public officials and members of the legal profession. Interested persons should see the association's official commentary published with the Model Notary Act. As indicated in the preface to the Model Act, that Act is more comprehensive than the Uniform Law on Notarial Acts that was adopted by the National Conference of Commissioners on Uniform State Laws in 1992.

The attached bill increases the application fee for a notary other than a state employee from \$20 to \$40 (AS 44.50.040), as well as requiring posting of a bond in the amount of \$10,000, rather than \$1,000. New AS 44.50.045. A new section proposed by this bill, AS 44.50.015, requires an applicant for a notarial commission to submit a statement of personal qualifications. Other new sections specify the instances in which a notary is disqualified from performing a notarial act (AS 44.50.072), require the notary to be impartial (AS 44.50.074), prohibit the execution of a false certificate (AS 44.50.076), and proscribe the endorsement of products by a notary if the notary's title or seal is used in the promotion (AS 44.50.078). Furthermore, new AS 44.50.085 defines and prohibits the unauthorized practice of law by a notary.

The bill establishes for the first time maximum fees that can be charged for notarial acts and clearly states that a notary is not required to charge fees for services rendered. New AS 44.50.092. Another new provision requires all notaries to maintain an official journal of notarial acts performed, which must include information on the requesting party and description of the notarial act performed. New AS 44.50.095. The journal is to remain in the notary's sole custody, until revocation or expiration of the notarial commission or death of the notary, when the journal and the certificate of commission are to be delivered to the lieutenant governor's office. AS 44.50.100. The lieutenant governor's office is to be notified of changes of address or of name, loss or theft of an official journal or seal, resignation of a commission, or death of a notary, under new AS 44.50.105.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF BANKING, SECURITIES & CORPORATIONS

POUCH D
JUNEAU, ALASKA 99811

Banking & Securities (907) 465-2521
Corporations Section (907) 465-2530

ANCHORAGE

Corporation Information (907) 563-2163

February 5, 1985

Honorable Mike Navarre, Chairman
House Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Attention Roger Poppi
Administrative Assistant

Dear Representative Navarre:

Re: House Bill 126 - An Act Amending the
Alaska Securities Act

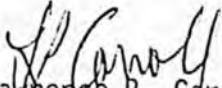
You have requested of this division whether or not the enclosed HB 126, amending the Alaska Securities Act, is in conflict with any federal law.

Last year when this particular legislation was drafted and compiled by the Department of Law, that same question was treated by the Attorney General. In seeking their counsel on this matter, we were advised that the proposed legislation does not conflict with the Interstate Commerce provisions of federal law, and, because this deals with an important state's rights interest, i.e., the lease held lands are located in Alaska, the State was well within its jurisdiction to require disclosure and registration on offerings concerning Alaska land. I believe the position of the Department of Law is unchanged with respect to this matter but suggest that, should confirmation of this position be desired, a request be made of the Department of Law, specifically either Mr. Jeffrey Bush, who represents the division on matters of this nature, or to the Attorney General, himself, who testified on this matter at last year's Senate and House hearings.

We see no apparent conflicts with federal law or, at least, none that are insurmountable and defer to the department of law with respect to any formalized opinions.

I remain at your disposal should you require any further information or assistance.

Yours very truly,


Lawrence P. Carroll
Senior Securities Examiner

LPC/va11081c
2/5/85A
Enclosure

RECEIVED

100-44131 A 11:28

3123 B. Broadmoor Vly. Rd.
Colorado Springs, CO 80906
January 23, 1985

Subject: Alaska Land Leasing Inc.
(A California based Alaska Corporation)

To: Alaska Banking, Securities and Corporation Division
of Commerce and Economics.
Pouch D
Juneau, Alaska 99811

In June 1983 I purchased a 160 acre BLM Oil Lease, serial # AA048253 through the Alaska Land Leasing Inc., a State of Alaska Corporation with offices in and around Las Angeles, California. legally described as the SE $\frac{1}{4}$ Section 27, Twp.32 N, Rng.10E in the Seward Meridian. The ALLI principals in this transaction were:

Frank Smith, Sales Representative ALLI
Terry J. Risenhoover, Chairman of the Board ALLI
Vic Gainer, Executive Vice-President ALLI
David Castle, Documents Control Manager ALLI
Marjorie Diehl Foote, Tundra Oil, INC

Shortly thereafter, I became concerned when there were NEWS releases about Fraud in the Oil Leasing Industry and I wrote to the Better Business Bureau, Los Angeles Counties, 639 South New Hampshire Ave, L.A., CA 90005; I received a "form letter" which indicated no fraudulent Business dealing being conducted by ALLI.

In December 1983 I purchased a one-thirtyfifth (1/35) interest in the Prudhoe Uplands 34-231 Associates, a subsidiary of Alaska Land Leasing Inc. The principals in the Prudhoe Uplands Associates were:

Frank Smith, Sales Representative ALLI
Terry J. Risenhoover, Chairman of the Board ALLI
Vic Gainer, President, ALLI
Ms. Marlana Huter, ALLI ("one of the General Partners P.U. 34-231)
David Castle
Marjorie D. Foote

I received a letter, dated May 14, 1984 from Terry Risenhoover, ALLI informing me of a reorganization with a change in address and new telephone numbers (see attached copy). On May 15, 1984 I received a telephone call from a Richard Brown, Master Securities Management, saying that he was taking over my account. When he was unable to answer my questions I ask him to have Vic Gainer call me. Finally, on June 20, 1984 I received a call from Vic Gainer who promised to send me a list of the shareholders in the Prudhoe Uplands 34-231 Associates. To date I have not received that list nor have I been successful in my attempts to contact anyone associated with AKLI.

I understand that the State of Alaska has filed a civil suit in the Superior Court, against both Alaska Land Leasing Inc and Tundra Oil, Inc. I would appreciate any information you may be able to give me including addresses and telephone numbers of the corporation(s) and the remaining principals in the organizations.

Thanking you in advance, I am

Sincerely Yours,


Julian R. Thornton, Jr.

Alaska Land Leasing Inc.

~~11000 - Vicente Boulevard~~
~~Sixth Floor - P.O. Box 101326~~
~~Los Angeles, CA 90043~~
~~(213) 826-2424~~

May 14, 1984

Dear Alaskan Lease Holder:

After many months of serious consideration, we at Alaska Land Leasing Inc. have decided to cease all retail marketing.

We are continuing to function as a wholesaler of large blocks of oil and gas leases for publicly registered offerings.

As a result of this decision we have found it necessary to close both our Brentwood and Thousand Oaks, California offices.

We have opened a new service office at:

Alaska Land Leasing Inc.
5655 Lindero Canyon Road
Suite #408
Westlake Village, CA 91362

This office will be staffed by Mr. Vic Cainer and myself. Either one of us may be reached by calling:

(818) 889-9061

We have hired Masters Management Company, an affiliate of Masters Securities, to complete all lease processing and to handle all inquiries regarding your leases.

Masters Management Company has hired a few former Alaska Land Leasing Inc. administrative staff members to provide you with the best possible service.

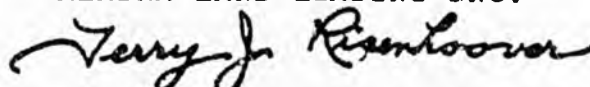
If you have any questions regarding your lease, please call either David Castle or Marjorie Foote at:

(818) 991-5805

Thank you for your consideration. I remain . . .

Cordially yours,

ALASKA LAND LEASING INC.



Terry J. Risenhoover,
Chairman



TJR:dwk

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

BUREAU OF
CONSUMER PROTECTION

March 14, 1984

The Honorable Richard I. Eliason
Chairman
Senate Labor and Commerce Committee
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Chairman Eliason:

The Federal Trade Commission's Bureaus of Competition, Consumer Protection, and Economics,¹ at the request of Governor Sheffield, submit comments on Senate Bill No. 432. We wish to thank you and Governor Sheffield for the opportunity to share our views on S. 432. We think that expanding the jurisdiction of the Alaska Securities Act of 1959 to cover all oil and gas leases to land located in Alaska would complement our efforts and those of other federal and state agencies to control what appear to be serious abuses in the rapidly growing, nation-wide marketing of Alaska oil and gas leases. The Commission staff favors passage of S. 432.

The Commission, in fulfilling its Congressionally-mandated mission to protect consumers from unfair and deceptive practices in the nation's commerce, has been investigating suspected fraud by sellers of oil and gas leases and related services. In the course of these investigation the Commission staff has identified from the public records of the federal Bureau of Land Management ("BLM") and the Alaska Department of Natural Resources a number of companies that have acquired oil and gas leases to millions of acres of land in Alaska. These companies acquired most of their leases for \$1 per acre under the BLM non-competitive oil and gas leasing program.² Most of these acquisition have occurred in the Minchumina, Denali, and Tielkel block areas of Alaska.³

¹ This statement reflects the views of the Bureaus of Competition, Consumer Protection and Economics of the Federal Trade Commission, but does not necessarily reflect the views of the Commission or of any individual Commissioner. The Federal Trade Commission has voted, however, to authorize the Bureaus to submit these comments.

² 43 C.F.R. § 3110 et seq.

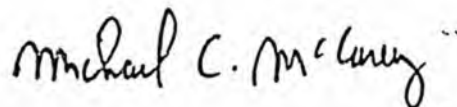
³ Public Land Orders Nos. 6098, 46 Fed. Reg. 61472 (December 17, 1981), and 6329, 47 Fed. Reg. 39495 (September 8, 1982).

for lands located in Alaska. This revision would empower the Alaska Division of Securities to require these companies to register their leases as securities and to provide prospective purchasers with meaningful disclosures of the speculative nature of these investments.

Senate Bill No. 432 should not materially hinder the development of Alaska's resources. The Alaska Securities Act already includes an exemption for sales of leases to bona fide oil and gas exploration companies. Thus, the expansion of the securities law's jurisdiction should not materially change the effect of the statute on those firms actually exploring and developing Alaska's resources.

The Commission staff strongly supports passage of S. 432. With the new authority granted by this bill, state officials could effectively join the Commission and other federal law enforcement agencies in our efforts to protect consumers and to stop the possible misuse of Alaska's name and its resources.

Very truly yours,



Michael C. McCarey
Associate Director

COMPANY

COMMENTS

Alaska Banks Petroleum Corporation
717 W. Hardwood Street, Suite 800
Diamond Shamrock Tower
Dallas, Texas 75201
214/969-9808

Temporary Cease and Desist Order issued by Washington Securities Division, 2/16/84.

Alaska Capital Corporation
22761 Pacific Coast Highway
Malibu, California 90265

Cease and Desist Order issued by the Maine Bureau of Banking 8/29/83. Same street address as Alcor Corporation and Federal Land Information Corporation. Alaska Cease and Desist Order issued 3/14/84. Postal Service search warrant executed 3/84. Contact N.W. Helmer, Postal Inspector, P.O. Box 30456, Los Angeles, CA 90030. Desist and Refrain, California Department of Real Estate, 5/10/84.

11754 Alaska Energy Trust
Wilshire Blvd., Los Angeles, CA. 90025
SITE 400

2/15/84 offer to Ohio resident.
3/2/84 offer to California resident.
2/15 OFFER TO S.C. RESIDENT.

Alaska Federal Petroleum Corp.
3785 N.W. 82nd
Miami, Florida 33167

Incorporated in Alaska 12/30/82.
Involuntarily dissolved 4/5/84.
Inquiries from New Jersey Bureau of Securities and Wisconsin Division of Securities.

Alaska Land Leasing, Inc.
688 Thousand Oaks Blvd.
Thousand Oaks, California 91360

28990 Pacific Coast Highway
P.O. Box 4010
Malibu, California 90265 (Former)
880 Thousand Oaks Blvd.
213/207/2770
213/207/2772
805/497-2262 (Thousand Oaks, CA)

Associated with Tundra Oil, Inc. and Anchorage Research and Management Co., the State of Alaska is presently litigating with this firm. Cease and Desist Order issued by the Iowa Superintendent of Securities 12/19/83. Cease and Desist Order issued by the Minnesota Commissioner of Commerce, Securities Section, 9/3/83. Cease and Desist Order issued by Missouri Secretary of State, Division of Securities, 3/14/83. Two Cease and Desist Orders issued by Texas State Securities Board naming Alaska Land Leasing, Inc., along with related entities and individuals on 2/17/84. South Carolina order to Cease and Desist 4/18/84. The Alaska Department of Natural Resources has numerous filings made by ALLI. On 11/25/83, Terry J. Risenhoover and Vic Gainer, who are associated with ALLI, became the initial directors of a new Alaska corporation, Alaskan Crude Corporation along with N.K. Goff. See TXA Investments, Inc. FTC has Preliminary Injunction. D&R California Department of Real Estate, 7/30/84.

ALASKA CONSUMER PROTECTION
BUREAU
Alaska
ECW/wfs0539W31385d

SEE TRANS-PETRO

Current (5/14/84)
5655 Lindero Canyon Road
Suite 408
Westlake Village, CA 91362
818/889-9061

Alaska Mineral Equities
1065 N.E. 125th Street, #221
Miami, Florida 33161

Alaskan Oil and Gas Company
Penthouse #2
1207 Rideway
Sausalito, California

Alaska Oil and Gas Lease Owners
Association
22333 Pacific Coast Highway
Suite 101
Malibu, California 90265

Alaska Oil Development Corporation

Alaska Oil Leases
18500 N.E. 41st Court
North Miami Beach, Florida (Former)

4559 N.W. 7th Street, Box 293
Miami, Florida 33126
305/447-8708

The Alaska Oil Lottery
Milton, Connecticut

Alaska Petroleum Leasing Corp.
5781 W. Sunrise Blvd.
Plantation, Florida 33313

Alaska Stratigraphic Research
Associates, Inc.
3003 Minnesota Drive, Suite 301
Anchorage, Alaska 99503

Alaska Trans Trading Company
110 E. 23rd Street
New York City, New York 10010
212/475-4083

ALLI sent letter to its investors 5/14/84
saying it was going to "cease all retail
Marketing", and that it had hired Masters
Management Company, an affiliate of Masters
Securities, to complete lease processing.

Post card solicitation of Alaska resident
3/84.

ARCO has requested this company to ensure
that references to Atlantic Richfield or its
subsidiaries are not made in connection with
this company. Chairman Ronaldson Ewing
found murdered San Mateo County, California
(San Francisco Chronicle, 5/10/84, pg. 2).
Missouri Cease and Desist 4/13/84.

Donald G. Banning, President

See Federal Property Record, Inc.

Alaska Cease and Desist issued 3/15/84.
Contact Paul E. Feltman, U.S. Postal
Inspector, P.O. Box 520772, Miami, Florida
33152-0772, 305/591-0379. See National Land
Services, Corporation.

Maryland resident solicited 3/84.

Cease and Desist Order by Iowa Superin-
tendent of Securities 12/19/83. Alabama
Inquiry 4/12/84, Securities Commission.

Associated with Federal Property Record, Inc.
Principals of firm associated with Alaskan
Crude Corporation.

Associated with National Land Service
Company, same address. Arrests by New
York Bureau of Securities, 4/24/84.
See National Land Services Corporation.

Alaskan Crude Corporation

Alaskan Oil & Gas
San Francisco, California

Alaskan Oil & Gas
1375 Sutter Street, Suite 422
San Francisco, California
415/776-9527

Alaskan Oil & Gas Incorporated
65 Cazneau
Sausalito, California 94965

Alaskan Petroleum Corporation
5574 Everglade Street
Ventura, California 93003

*aka Alaskan Petroleum Corporation
of Nevada, Artic Petroleum
Corporation of California

Alcor Corporation
22761 Pacific Coast Highway, Suite 22
Malibu, California 90265

(Same street address as Alaska
Capitol Corporation and Federal
Land Information Corporation)

Anchorage Research Management Co.

American Oil and Gas Leasing Corp.
Wells Fargo Bank Building
16055 Ventura Blvd., Suite 924
Encino, California 91436

Arctic Oil & Gas Corporation
3595 Sheridan Street, Suite 206
Hollywood, Florida 33021

See Alaska Land Leasing, Inc., *ALSO SCOTT AND
WINGENHEIM*

Inquiry concerning this firm received 2/84
from Scott P. Brochert, Commerce
Investigator, Enforcement Division, St.
Paul, Minnesota.

Inquiry by Minnesota Securities Division,
1/30/84 (Scott P. Borchert).

Missouri Cease and Desist 4/13/84

California resident solicited 4/27-28/84.
640 acres for \$6,800. Wisconsin resident
same. Blake Wilson, President. Colorado
resident 5/84, \$5,000/640 acres.

Formed as a California corporation 12/29/82
and qualified to do business in Alaska
7/11/83. Corporate purpose "gas/oil/mineral
leases." Officers/Directors - Frederick Von
Musser (37% stockholder), Aldo Vidali
(37% stockholder), Ron O'Haver, Charles
Able, Roger Rushworth, Roger Chaffin, Edward
Cargile, Viktoria Longmire, Jairo Cuellar
(10% stockholders). To date, there are no
reported solicitations by Alcor Corporation.

See Alaska Land Leasing, Inc.

Dr. Robert S. Cunningman, 17400 N.E.
13th Place, Bellevue, Washington 98008
was solicited by this firm.

Cease and Desist Order issued by the Iowa
Superintendent of Securities 12/19/83.
Allegedly a sister company of Omni
International. The Ohio Department of
Commerce (Securities Section-Paul Tague)
inquired into the solicitation of at least
one Ohio resident.

Artic Oil and Gas Corporation
409 W. Hallandale Beach Boulevard
Suite 204
Hallandale, Florida 33009

Inquiry by Minnesota Securities Division,
1/30/84 (Scott P. Borchert).

Artic Petroleum Corporation of
California

See Alaskan Petroleum Corporation.

Atlantic Oil & Gas Corporation
1065 N.E. 125th Street, Suite 221
North Miami, Florida 33161

The firm retained the services of an
Anchorage, Alaska geologist Thomas W.
Mortensen who by letter 9/14/83 objected to
the way Atlantic Oil & Gas Corporation was
using his name for sales purposes. Montana
Cease and Desist 6/14/83.

Barrington Aims Whitney, Ltd.
Arlington Heights, Illinois

Associated with Federal Property Record,
Inc., inquiry 3/7/84.

British American Petroleum, Inc.
1031 Ives Dairy Road, Bldg. 4
Suite 133
Miami, Florida 33179
305/653-7036

"Research Department," 905 Fairbanks #1
Anchorage, Alaska 99501. 907/274-9375

California Land Leasing Corporation
1322 Second Street, Suite 36
Santa Monica, California 90401
213/395-6909

Rhode Island resident solicited 7/84.

California Resources
Encinitas, California

In 1980, this firm was apparently associated
with Western Energy Resources, 801 South
Rancho Road, Boulevard D, Suite 1-A, Las
Vegas, Nevada 89106. In November 1982, the
Alaska Division of Securities declined to
register this program.

Chapen & Associates, Inc.
5230 Vesper Avenue, Suite 5
Sherman Oaks, California 91411
and
1642 Westwood Blvd.
Los Angeles, California 90024

California Corporation formed 12/20/82
qualified to do business in Alaska 8/16/83.
Cease and Desist Order issued by the Alaska
Division of Securities 2/3/84. SEE ALASKA OIL
CO. AND WORLDWIDE EXPLORATION, INC.

Citizens Oil & Gas
4630 Campus Drive., Suite 111
Newport Beach, California 92660

Inquiry by Mass. Securities Division
5/25/84. Lance Jenkins account
representative. INQUIRY BY I.C.C. COMMISSIONERS,
2/7/85.

Commonwealth Management Corporation
Texas

Inquiry by Larry Gilley, 7333 Bramblewood,
Fort Worth, Texas 76133 (817/294-9586) who
had been offered an investment by the firm.

Delta Oil Company
9701 Wilshire Blvd.
Los Angeles, CA. 90025

Offer 11/84 to Illinois resident who invested with ALLI in Prudhoe Uplands - want \$4,500 which includes interest in Ohio project. Might involve Scott Chapin.

Denali Group, The
3723 Birch Street, Suite 24
Newport Beach, California 92660
714/852-0826

Offered to New York resident a limited partnership interest in a "Joint Venture Agreement" Copper River Basin. Associated with Yare Energy Sciences Corporation (YESCO). Offer to Michigan group.

5519 Sylvia Avenue
Tarzana, California 91356 (6/84)

Domestic Resources Corporation
3272 Motor Avenue, Suite G
Los Angeles, California 90034

An Anchorage, Alaska resident was solicited to invest with this firm, 1/84.

Dynasty Management Company, Inc.
Las Vegas, Nevada

An Anchorage, Alaska resident was solicited by this firm 11/83 and was told that Dynasty Management, Inc. was a Texas corporation. Montana Cease and Desist, 8/31/83; Missouri Cease and Desist, 10/20/83.

Eagle Oil & Gas Company
11601 Biscayne Blvd.
Coral Gables, Florida 33134

ARCO by letter 9/14/83 requested that this firm assure ARCO that all appropriate steps were taken to ensure that references to Atlantic Richfield or its subsidiaries were not made in connection with sales efforts (see Alaska Capital Corporation above). Same address as National Land Services Corporation.

Empire Petroleum Resources, Inc.
New York City, N.Y.

Was offered BLM lottery program John Lopez - New York Bureau of Securities and Investor Protection.

Energy Research Group Corp.
E. ALBUQU, CA.

See Petro-Tech. *TRANSIS C-1, 11-84, 12-15, 1-16, 1-17, 1-18, 1-19, 1-20, 1-21, 1-22, 1-23, 1-24, 1-25, 1-26, 1-27, 1-28, 1-29, 1-30, 1-31, 2-1, 2-2, 2-3, 2-4, 2-5, 2-6, 2-7, 2-8, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-21, 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 2-28, 2-29, 2-30, 2-31, 3-1, 3-2, 3-3, 3-4, 3-5, 3-6, 3-7, 3-8, 3-9, 3-10, 3-11, 3-12, 3-13, 3-14, 3-15, 3-16, 3-17, 3-18, 3-19, 3-20, 3-21, 3-22, 3-23, 3-24, 3-25, 3-26, 3-27, 3-28, 3-29, 3-30, 3-31, 4-1, 4-2, 4-3, 4-4, 4-5, 4-6, 4-7, 4-8, 4-9, 4-10, 4-11, 4-12, 4-13, 4-14, 4-15, 4-16, 4-17, 4-18, 4-19, 4-20, 4-21, 4-22, 4-23, 4-24, 4-25, 4-26, 4-27, 4-28, 4-29, 4-30, 4-31, 5-1, 5-2, 5-3, 5-4, 5-5, 5-6, 5-7, 5-8, 5-9, 5-10, 5-11, 5-12, 5-13, 5-14, 5-15, 5-16, 5-17, 5-18, 5-19, 5-20, 5-21, 5-22, 5-23, 5-24, 5-25, 5-26, 5-27, 5-28, 5-29, 5-30, 5-31, 6-1, 6-2, 6-3, 6-4, 6-5, 6-6, 6-7, 6-8, 6-9, 6-10, 6-11, 6-12, 6-13, 6-14, 6-15, 6-16, 6-17, 6-18, 6-19, 6-20, 6-21, 6-22, 6-23, 6-24, 6-25, 6-26, 6-27, 6-28, 6-29, 6-30, 6-31, 7-1, 7-2, 7-3, 7-4, 7-5, 7-6, 7-7, 7-8, 7-9, 7-10, 7-11, 7-12, 7-13, 7-14, 7-15, 7-16, 7-17, 7-18, 7-19, 7-20, 7-21, 7-22, 7-23, 7-24, 7-25, 7-26, 7-27, 7-28, 7-29, 7-30, 7-31, 8-1, 8-2, 8-3, 8-4, 8-5, 8-6, 8-7, 8-8, 8-9, 8-10, 8-11, 8-12, 8-13, 8-14, 8-15, 8-16, 8-17, 8-18, 8-19, 8-20, 8-21, 8-22, 8-23, 8-24, 8-25, 8-26, 8-27, 8-28, 8-29, 8-30, 8-31, 9-1, 9-2, 9-3, 9-4, 9-5, 9-6, 9-7, 9-8, 9-9, 9-10, 9-11, 9-12, 9-13, 9-14, 9-15, 9-16, 9-17, 9-18, 9-19, 9-20, 9-21, 9-22, 9-23, 9-24, 9-25, 9-26, 9-27, 9-28, 9-29, 9-30, 9-31, 10-1, 10-2, 10-3, 10-4, 10-5, 10-6, 10-7, 10-8, 10-9, 10-10, 10-11, 10-12, 10-13, 10-14, 10-15, 10-16, 10-17, 10-18, 10-19, 10-20, 10-21, 10-22, 10-23, 10-24, 10-25, 10-26, 10-27, 10-28, 10-29, 10-30, 10-31, 11-1, 11-2, 11-3, 11-4, 11-5, 11-6, 11-7, 11-8, 11-9, 11-10, 11-11, 11-12, 11-13, 11-14, 11-15, 11-16, 11-17, 11-18, 11-19, 11-20, 11-21, 11-22, 11-23, 11-24, 11-25, 11-26, 11-27, 11-28, 11-29, 11-30, 11-31, 12-1, 12-2, 12-3, 12-4, 12-5, 12-6, 12-7, 12-8, 12-9, 12-10, 12-11, 12-12, 12-13, 12-14, 12-15, 12-16, 12-17, 12-18, 12-19, 12-20, 12-21, 12-22, 12-23, 12-24, 12-25, 12-26, 12-27, 12-28, 12-29, 12-30, 12-31.*
Alaska Cease and Desist 3/14/84.

Federal Land Information Corporation
22761 Pacific Coast Highway, Ste. 22
P.O. Box 1100
Malibu, California
(Same street address as Alaska Capitol Corporation and Alcor Corporation.)

Federal Land Report, Inc.
Keystone Executive Building, Ste. 829
12555 Biscayne Blvd.
Miami, Florida 33181

Minnesota Cease and Desist Order issued 5/2/84 to Federal Land Report, Inc., Martin Jainchill, Howard Marlow and Dyanne Janoff. Jainchill president of FLRI. Associated with National Land Services Corporation, Kenneth W. Roth, president.

Federal Lease Filing Corporation
28990 Pacific Coast Highway*
P.O. Box 4010
Malibu, California 90265

*NOTE: Similar address for TXA
Investments, Inc. and Tundra
Oil, Inc.

Federal Land Management Corporation
Newbury Park, California

Federal Lease Filing Corporation
Lake Tahoe, Nevada

Federal Oil & Gas Corporation
1881 N.E. 164th Street
North Miami Beach, Florida 33162

Federal Petroleum Corporation
221 West Oakland Park Blvd., 320
Ft. Lauderdale, Florida 33311
305/564-6166

Federal Property Record, Inc.
715 W. Algonquin Road
Arlington Heights, Illinois 60005

Frontier Exploration Corporation

General Minerals Corporation
Woodland Hills, California

General Resources
32129 W. Lindero Cyn. Road
Westlake Village, California 91361

The State of Alaska is presently in
litigation with this firm - see Alaska
Land Leasing, Inc. above. We had corres-
pondence with the firm in July 1982
concerning their BLM lottery program and
solicitations which were made in Alaska.
At that time, T.J. Risenhoover now with
ALLI was president of Federal Lease Filing
Corporation.

Search warrants were executed by postal
inspectors at its California office in
November 1983. Solicitations of an Alaska
resident were made also in November 1983.
The Alaska resident did not invest.

Inquiry by Nevada Securities Division
5/11/84. They claim to be offering working
interests in oil and gas interests located
in Kansas.

Missouri order of suspension, 3/23/84.
Lottery program. Blue Sky L. Rep. (CCH)
¶ 71,953.

Seventy year old Texas resident invested
\$25,000, 12/33. Firm also known as The
Petroleum Corporation. Principal Lawrence
Gollin. Texas Securities Commission working
on (Isabelle Potts).

On 12/20/83, the Alaska Administrator of
Securities issued a permanent Order to Cease
and Desist, 3 Blue Sky L. Rep. (CCH) ¶71,901.
Associated with Barrington Aims Whitney,
Ltd., and Trans-Alaska Energy Corporation.
FTC TRO 3/84. TRO by Illinois 5/15/84.

Cease and Desist Order issued by the Iowa
Superintendent of Securities 12/19/83. No
known solicitations in Alaska.

See Petro-Tech.

Mail solicitation to Alaska resident 6/84.
Offer of Ohio oil wells.

Government Oil & Gas Lease
Program, Inc.
409 W. Hallandale Beach Blvd.
Suite 202
Hallandale, Florida 33009

Cease and Desist Order issued by the Alaska
Division of Securities on 10/13/83. No known
sales in Alaska. Desist and Refrain Order
5/14/84, California Department of Real
Estate.

International Marketing and
Exchange
5699 Kanan Road, Suite 229
Agoura, California

3/84 Tucson, Arizona resident was called and
told he had won a lottery. He was to send
\$9,600 to secure 80 acres.

International Western Resources
Corporation
8585 Stemmons Freeway, Suite 618
Dallas, Texas 75247

See Trans-Alaska Leasing Corporation.

Knight-Anderson
1100 Glendon Avenue
Los Angeles, California 90024
BRYANT, DAVID.
KNIGHT, DAVID

Same address as United Artic Oil.
David Bryant and David Knight were or
are associated with this firm after closing
up Parker-Bryant, Lake Tahoe, Nevada (per
Nev. Sec. of State 9/4/84). Parker-Bryant
dealt in Kansas oil leases. No known Alaska
offers.

Leland Capitol Corporation
Dallas, Texas 75201

Offers and sales made to Alaska residents
prior to FTC complaint being filed. Cease
and Desist Minnesota, 12/1/83.

Magnum Exploration

This firm solicited a Homer, Alaska resident
in August 1983. No known sales in Alaska.
Florida Cease and Desist 12/25/83.

Masters Management Company

See Alaska Land Leasing, Inc.

Masters Securities

See Alaska Land Leasing, Inc.

National Land Service Company
110 E. 23rd Street
New York, New York 10010

Associated with Alaska Trans Trading
Company

National Land Services Corporation
11601 Biscayne Blvd., Ste. 200-D
North Miami, Florida 33181

A subsidiary of National Land Services
Corp. Alaska Cease and Desist Order issued
3/14/84. Same address Eagle Oil & Gas
Company. Arrests by New York Bureau of

National Land Services Corporation
(Continued)

110 E. 23rd Street
New York, New York

Securities 4/24/84. See Alaska Trans
Trading Company and Federal Land Report,
Inc.

National Properties of Marin
17 Woodland Place
San Rafael, California 94901
415/459-2966

California resident solicited 4/84.

North American Lease
Acquisition
1011 Ives Datney Road
North Miami Beach, Florida 33179

Order to Cease and Desist issued by the
Maine Bureau of Banking 12/15/83.

North American Mineral Exchange
Los Angeles, California
818/883-5656

Tucson, Arizona resident solicited, 2/6/84.

North American Resource Corp.

Cease an Desist Order issued by the Iowa
Superintendent of Securities to North
American Resource Corp. and Transworld
Resources Corp. on 11/21/83. Complaint filed
against the same firms 10/31/83 by the Idaho
Attorney General in the District Court of
the Fourth Judicial District in and for the
County of Ada. Civil file 83-436. The FBI
executed simultaneous search warrants at the
"offices" of North American Resource Corp.
in Anchorage, Alaska and in Florida.
Appears to be related to Westchase Petroleum
Exploration, Inc.

northwest Asset Corporation
P.O. Box 17265
Denver, Colorado 99701

Inquiry by Texas Securities Commission,
3/6/84. Associated with USA Resources, Inc.
and TXA Investments, Inc. David Kane,
President. See Artic Oil & Gas
Corporation.

Omni International

See Artic Oil & Gas Corporation

Pacific Northwest, Inc.

See National Land Service Corporation
above. Indictment by AZ. of Pacific &
Kenneth Alan Gold 6/6/84. See National Land
Services Corp.

Parker-Bryant
Lake Tahoe, Nevada

See Knight-Anderson

Petro Alaska
6500 Greenville Avenue, Suite 440
Dallas, Texas 75206-9990

Inquiry received 1/12/84 concerning this firm from Mr. and Mrs. Steve Larson, Box 2208B, Harlan Star Route, Blodgett, Oregon 97326.

Petrogroup, Incorporated
P.O. Box 50385
Reno, Nevada 89513

Missouri Cease and Desist, 4/6/84.

Petrolaska Corporation
8383 Wilshire Blvd., Ste. 224
Beverly Hills, California

Formed as an Alaska corporation 8/11/83. with its purpose "oil and gas extraction." The incorporator was Stanley M. Clark whose address is shown at the left. The local mailing address is P.O. Box 2794, Anchorage, Alaska 99510 and the registered agent is William O. Vallee, 4430 W. 7th Avenue, Suite 1, Anchorage, Alaska 99510. It is not known if this firm is engaged in the leasing of federal oil and gas drilling rights.

Petroleum Financial and Marketing Group, Inc.
11245 Avondale Road, Route 403
Thornville, Ohio 43076

See Petro-Tech.

Petro-Tech
11754 Wilshire Blvd., Suite 201
Los Angeles, California 90025
213/479-0054

Offers oil and gas "joint ventures" on properties located in Kansas and Ohio. Alaska Temporary Cease and Desist 7/27/84. Address similar to Alaska Capitol Corporation. Petro-Tech a "subsidiary" of Energy Research Group Corp. Might be associated with General Minerals Corporation and Petroleum Financial and Marketing Group, Inc. *KANSAS OFF TO ENERGY RESEARCH GROUP ET AL, (11-85) BLUE SKY L. REP. (CCH) ch 72, 135*

Resource Service Company, Inc.
2979 North Mayfair Road
P.O. Box 26245
Milwaukee, Wisconsin 53226
414/453-8080

-No known-Alaska-solicitations. Materials mailed to Wisconsin Securities Commissioner 7/10/84. *LOTTERY FILING SERVICE.*

Satellite Energy Corporation
New York City, N. Y.

Has offered BLM lottery program. John Lopez - New York Bureau of Securities and Investor Protection.

Shaviovik River General Partnership

See TXA Investments, Inc.; USA Resources, Ltd.

Spearman Company, The
Los Angeles, California

Wasilla, Alaska doctor solicited 2/28/84. No additional information presently available.

Stratford Company, Inc.
11601 Biscayne Blvd.
Miami, Florida 33181

TXA Investments, Inc.
P.O. Box 4034
28990 Pacific Coast Highway
Malibu, California 90265

✓ (ADDITION FROM PAGE 9)

Trans Alaska Energy Corporation
Miami Beach, Florida
Van Nyes, California
Chicago, Illinois

Trans-Alaska Investment, Inc.
1001 Ives Dairy Road - 3204
North Miami Beach, Florida 33179

Trans-Alaska Leasing Corporation
(Company)
5445 Balboa Boulevard, Suite 111
Encino, California 91316

Trans-Alaska Oil Development

Trans World Resources Corporation
Hollywood, Florida 33024

Tundra Oil, Inc.
28990 Pacific Coast Hwy., Ste 214
Malibu, California 90265

USA Resources, Ltd.
1331 - 17th Street Suite 400
P.O. Box 5200
Denver, Colorado 80217

✓ Trans-Petro
Encino, CA.
818/906-1445

Florida Cease and Desist 10/25/83; Michigan
Cease and Desist 10/24/83. Same address as
Eagle Oil & Gas Company.

Offers "Partnerships," Cliff Burglin,
Fairbanks, Alaska, "Managing General
Partner." Associated with Alaska Land
Leasing, Inc. or Alaska Capitol
Corporation? Montana Cease and Desist for
Texas oil program, 3/20/84.

On 12/19/83, Mylo Tague, 1937 Denslow Drive,
South Bend, Indiana advised that he had
been solicited by this firm. David Swain
was identified to Tague as chairman (see
Federal Property Record Company, Inc. and
Barrington Aims Whitney, Ltd., above). FTC
TRO 3/84.

Inquiry 2/27/84 by Alabama Securities
Division. Again 4/12/84.

Sale in 5/84 of Partnership interest in
an Ohio well to a California resident along
with a related 240 acre "Alaskan exploratory
right." (Denali Block) Associated with
International Western Oil, International
Western Mud, International Western Drilling,
International Western Resources Corporation,
Trans-Petro, "Petro-Mark."

Associated with Federal Property Record,
Inc. - Alabama inquiry 4/20/84.

Final order to deny or revoke exemptions
and Cease and Desist issued by Michigan
Corporation and Securities Bureau 2/27/84.

The State of Alaska is presently in
litigation with this firm. (See Alaska
Land Leasing above.)

Inquiry concerning this firm received
1/31/84 from David Reintf, 1508 S. Merlon,
Aberdeen, South Dakota 57401. Inquiry by
Texas Securities Division, 3/6/84.
Associated with Northwest Asset
Corporations.

Apparently has mailing list of ALLI people
from which solicitations are being made.

k

Bass Oil Co.
2213 Van Owen Street
Canoga Park, CA. 91307
818/716-5211

~~Alfred~~ Green, Alfred
Bass, Donald - *PRESIDENT*
Daehon, Adam
Linder, Tricia - employee

3/85 gave St. of Ak. \$195,000 check
to maintain lease payments for lands
sold to ALLI investors. Payment
stopped on check.

Bank DuPont
Bank DuPont
23441 South Pointe Dr.
Laguna Hills, CA.
~~619/235-0383~~

Gardner, H.L. - Exec. V.P.
Kirby, Jonathon - Salesman
Michael, Robert C. - Geologist
REINBERG, RICHARD - ACCT. EXEC.
S.H. CHARLES - EXEC. V.P.

Inquiry from Ca. 3/11/85. Offering
for \$2,000 an undivided interest
in 560 acre federal lease held by
Bank DuPont using ~~XXXXXX~~ name
IRA 1984 ~~in~~ Partnership. *ASSOCIATED*
WITH ENERGY RESEARCH
ASSOCIATES, INC. AND CURRENTLY
BROKERED THROUGH NEWPORT
BEACH, CA. INTERNATIONAL, N.Y.

~~Micelle~~

Micallef Energy & Development
Corporation

Two Century Plaza

2049 Century Park East, Suite 110

Los Angeles, CA. 90067

213/556-3003

Micallef, Gregory E. - President

Skinner, Michael C. - Vice President

Vilardi, John

Dealing in Alaska federal oil &
gas leases.