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December 30, 1985

Senator Patrick M. Rodey,
Pouch V,
Juneau, Alaska 99811

Dear Senator Rodey:

Thank you for your prompt answer to my request in seeking background information regarding House and Senate Joint Journal Supplement #8 regarding the proposed revision of Alaska Corporate Code.

My children, who are grown, have requested that I write on their behalf also in this letter and the previous one I mailed to you in November regarding these proposed revisions. We are shareholders in the Sealaska Native Corporation, and had heard that there were proposed bills in the State Legislature which would affect our situation as shareholders. Hence, we have an earnest interest in the status of these bills.

If you were a shareholder in a Native Corporation, such as ours, Sealaska, and had waited 14 years to receive some form of appreciable benefit from the corporation, and had not been satisfied to the present time, I am sure you, also, would be apprehensive about what proposals were being made which would affect your future.

You are probably aware that the AFN has also been lobbying the U.S. Congress to prohibit us (shareholders) from selling our stock in 1991 on the market, but would have to sell back to the corporation, at the price they determine with the stock being devalued (without land value), which would ultimately leave the stock virtually worthless. The corporate entity could then repurchase our stock cheaply from us, but paradoxically could receive generated income from stock containing the land value.

In addition to the above efforts by our trusted leaders, we now have their efforts in lobbying our State government to allow passage of these bills which are heavily pro-management, in my opinion. I have listed on the attached papers, my comments relative to various sections and language contained in these bills.

We also are concerned that the AFN has had so much impact in supporting these bills, when this organization is not a shareholder under ANCSA and

does not own any stock. Is this a legal entity in representing the wishes of the vast majority of Alaska Native shareholders? These proposals to amend Alaska Corporate Code are too serious to us, to be passed without careful and cautious deliberation by your committee.

We appreciate your serious concerns about these bills, and request that you also view these revisions from the shareholder perspective. Thank you for allowing us to express our opinions, on behalf of my son, Michael O. Smith, daughters, Diana L. Smith, Sylvia Lythgoe and myself.

Respectfully Yours,

Mary Antonson

Mary Antonson
2024 Waldron Dr.
Anchorage, Alaska 99507

FROM: MARY ANTONSON
2024 WALDRON
ANCHORAGE, AK 99507

Senate Bill No. 199: " An Act revising the corporations code; and providing for an effective date."

H.B. No. 246: Identical.

One of our major concerns regarding the above mentioned Act and S.B. 199 and H.B. 246 is that the AFN organization is listed as one of the prime supporters of these revisions to the Alaska Corporate Code. The AFN is not recognized as a shareholder entity under ANCSA and does not own any stock, so how can the AFN legally represent Alaska Native Corporation shareholders and impact decisions made by members of our State government? This is an important consideration and should be deliberated cautiously.

Sec. 10.06.010

(6) lend money to its employees and, if properly approved, to its officers and directors, and otherwise assist its employees, officers and directors;

(Comment) This seems to place the corporation at the beck and call of the personnel with support of money and covers the personnel in any manner of assistance whatsoever with such a blanket statement of support with "otherwise assist its employees, etc. The shareholders at large are not listed as receiving this type of support and are not included. This statement too generous for the corporate employees and the shareholders at large would be bearing the expense of such potential generosity.

(15) pay pensions and establish pension plans, pension trusts, profit sharing plans, stock bonus plans and other incentive plans for its directors, officers, and employees;

(Comment) Again, this is biased towards the corporate personnel, particularly when you consider that the corporation could loan money to its personnel, who could then purchase stock along with sharing in the profits of the corporations. There could be created a situation where the corporate personnel could finally own the corporations with all this assistance in securing the stock. Definitely pro-management at the expense of the shareholder at large.

Sec. 10.06.433. Annual Report to Shareholders:
Content; Financial Statement on Request. (b) (1) "
all transactions, excluding compensation of
officers and directors,"

(Comment) Why is this necessary to exclude
information regarding compensation to officers and
directors from the owners of the corporations, the
shareholders? Should not the law protect the
rights of the majority also? This information
should not be kept secret from the shareholders so
that the checks and balances would be in place to
prohibit undue extravagance on the part of
corporate management. Again, this clause is
pro-management at the expense of the shareholder.

Sec. 10.06.435. Shareholders Derivative Action.

(Comment) Since we are not corporate attorneys and
cannot interpret the legalese in this section, we,
nevertheless, get a sense that a shareholder bears
the heaviest burden in proving a wrongful case
against the corporation and has to initially put up
the money to sue, and cannot receive financial
satisfaction. If we are interpreting this
correctly, then again, we feel this is decidedly
pro-management and orphans the shareholder. If we
are wrong, then please advise.

ARTICLE 7. Amendments and Changes.

(Comment) Since our native corporations have been
created and organized by the U.S. Congress with
each shareholder being issued 100 shares prior to
the cut-off date, this above section seems to allow
considerable latitude to the corporate management
in rearranging the framework of the native
corporation as it now stands. Since our native
corporations utilize the Alaska Corporate Code as
it was written and legislated, we feel uneasy in
allowing our corporate leaders to reclassify our
shares, changing preferences, limitations, and
relative rights of the shares, and allowing
corporate management to cancel dividends, etc.
Again, pro-management.

Sec. 10.06.576. Rights of Dissenting Shareholders:
Procedure to Enforce Shareholders Right to Receive
Payment for Shares. Withdrawal of Demand.

(a) Page 93. Line 4. ".....and a demand for
payment of the fair value of the shares.....," and

(e) Page 94. "Upon completion of the corporation action, the shareholder shall cease to have the rights of a shareholder except the right to be paid the fair value of the shares as to which the dissenters rights were perfected under this chapter." and

P.95 ".....the corporation may elect to pay the shareholder the fair value of the shares in cash at the value, as determined by the board.....".

(Comment) The term FAIR VALUE for payment of the stock by the corporation to the dissenting shareholder is too broad in interpretation. This term we find objectionable, for we believe that stock to be fair should have the terms PAR or MARKET value. What is considered fair to the corporate leaders would not be considered fair to the shareholder, particularly, when the corporate leaders have been petitioning U.S. Congress to devalue our stock by not including our major asset, our land. This term of fair value with reference to the value of our stock has been a source of conflict already and to include this language in this bill is objectionable to us.

Since we do not have the legal background to properly interpret areas of these amendments to Alaska Corporate Code and how they would affect the general population of shareholders, there are probably sections that need careful scrutiny and evaluation by others knowledgeable in corporate law from the perspective of the shareholder, and not what has already been promoted to the State Legislative Committee from the perspective of the corporate managers.

We understand the House Bill #246 is identical to this S.B. 199, so we petition that the same consideration of our views apply to the House Bill #246 as it does to Senate Bill #199.

Your efforts to advocate the shareholder perspective will protect the majority interest, for there are more shareholders than corporate managers. We appreciate your efforts on our behalf.



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

POUCH V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474 • 465-3844 (Labor and Commerce Committee)

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIDILOF ISLANDS • SHUMAGIN ISLANDS

November 1, 1985

Mr. John C. Carpenter
Senior Vice President
The Aleut Corporation
One Aleut Plaza
4000 Old Seward Highway
Suite 300
Anchorage, Alaska 99503

Dear John:

Thank you for your letter of October 7 regarding Senate Bill 199 and House Bill 246, "An Act revising the Corporations Code; and providing for an effective date".

Senate Bill 199 passed out of the Senate Labor and Commerce Committee earlier this year and is now before the Senate Judiciary Committee, chaired by Senator Patrick Rodey of Anchorage. House Bill 246 is still pending before its first and only committee of referral, the House Judiciary Committee. The House committee has received a copy of the Aleut Corporation's proposed amendment and does plan to consider it.

I also will study the proposed amendment, and will make sure the Senate Judiciary Committee has a copy of it. I would encourage you to provide the Senate Judiciary Committee with additional information in support of the amendment. If I can be of further assistance on this or other matters, please do not hesitate to contact me through either my Kodiak (486-5259) or Juneau (465-3844) offices.

Sincerely,

Fred F. Zharoff
Alaska State Senate

cc: Senator Patrick Rodey
Chairman, Senate Judiciary Committee

Representative Mike Miller
Chairman, House Judiciary Committee



The Aleut Corporation

ONE ALEUT PLAZA
4000 Old Seward Highway, Suite 300, Anchorage, Alaska 99503
Telephone (907) 561-4300

October 7, 1985

SENATE LABOR AND COMMERCE COMMITTEE
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

RE: HOUSE BILL 246 - SENATE BILL 199
"AN ACT REVISING THE CORPORATIONS CODE;
AND PROVIDING FOR AN EFFECTIVE DATE"

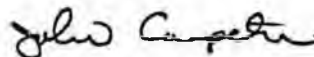
Ladies and Gentlemen:

The Aleut Corporation respectfully requests that Section 10.06.960(d) be revised to include affiliates of ANCSA corporations, so that directors and officers of affiliates would have the same protection against personal liability to contract creditors that is provided to the corporations organized under 43 U.S.C. 1601-1628 (the "original" ANCSA corporations).

We suggest the following revised wording for Section 10.06.960(d):

"Notwithstanding the provisions of AS 10.06.488, a director or officer of a corporation organized under 43 U.S.C. 1601-1628, or a director or officer of any affiliate thereof, is not personally liable to the contract creditors specified in AS 10.06.490 except as otherwise provided by law."

Very truly yours,



John C. Carpenter
Senior Vice President

JCC:ct



The Aleut Corporation

ONE ALEUT PLAZA
4000 Old Seward Highway, Suite 300, Anchorage, Alaska 99503
Telephone (907) 561-4300

October 7, 1985

SENATE JUDICIARY COMMITTEE
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

RE: HOUSE BILL 246 - SENATE BILL 199
"AN ACT REVISING THE CORPORATIONS CODE;
AND PROVIDING FOR AN EFFECTIVE DATE"

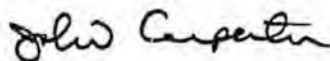
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Very truly yours,



John C. Carpenter
Senior Vice President

JCC:ct

Alaska State Legislature



House of Representatives House Judiciary Committee

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4996

MEMO: July 31, 1985

TO: Senator Pat Rodey, Chairman
Senate Judiciary Committee

FROM: Hayden Kaden, Counsel
House Judiciary Committee *Hayden Kaden*

RE: Hearings on Code Revision Commission bills - September 19-21

This is a follow-up to the May 15 memo from Representative Miller regarding the House Judiciary Committee hearings in Anchorage on the three Code Revision Commission bills before the legislature.

On September 19 in the Anchorage L. I. O. the committee will hear HB 244 / SB 197 - filing and recording of documents and HB 245 / SB 198 - real property security interests.

On September 20 - 21 at the same location the committee will hear HB 246 / SB 199 - revising the corporation code.

The September 20 - 21 meeting on the proposed corporation code will be attended by both Professor Dan Fessler, the drafter of HB 246, and Professor Robert Hamilton of the University of Texas Law School, the reporter for the ABA Committee on the Revised Model Business Corporation Act.

I would like to reiterate Representative Miller's invitation to you, your committee staff, and members of the Senate Judiciary Committee to attend these meetings.

If you have any questions please feel free to contact me.

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EXECUTIVE SECRETARY
TAMARA BRANDT COOK


MEMORANDUM

TO: Senator Patrick M. Rodey

FROM: Dick Regan, Research Director
Alaska Code Revision Commission

DATE: March 19, 1985

RE: HB 244/SB 197 (recording)
HB 245/SB 198 (security interests in real property)
HB 246/SB 199 (corporations)



To me it seems the best way to resolve questions on hearings on these bills is for you, Senator Zharoff and Rep. Mike M. Miller to meet together.

Otherwise the chance for a joint hearing March 29 will have been preempted by conflicting scheduling. And the recording and security interests bills may just languish.

DR:chw

26 I
Refer to Committee
of the hearing
At 1:30 to 1:45 P.M.
Re: Corporate Law
- Corporate Bill is up for

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EXECUTIVE SECRETARY
TAMARA BRANDT COOK

Copy to Sen Rodey

MEMORANDUM

TO: Senator Fred Zharoff, Chairman
Senate Labor and Commerce Committee

FROM: Dick Regan, Research Director
Alaska Code Revision Commission

DATE: March 19, 1985

RE: Treatment of proxies in corporation
code bill, SB 199

Dick Regan

I am looking at the section of SB 199 that you read from when we talked this morning (proposed AS 10.05.418). The sentence you were reading continues with the following underlined clause:

A proxy continues in full force and effect until revoked by the person executing it, except as provided in this section.

The sentence that precedes that sentence limits the validity of a proxy to eleven months as the general rule. Subsection (e) then narrowly limits the use of an exception. There is an explanation of the section at pp. 98-99 of the commentary (Joint House and Senate Journal Supplement No. 8).

I'm sure my answer to your question on proxies was misleading. I think that is a good illustration of why the presence of the draftsman of the bill at committee hearings is a practical necessity. Others of us must first admit our limitations and then answer questions about the specific provisions of the bill as best we can. But generally we will not have an authoritative answer until we have researched a question.

The first chance for a hearing with Professor Fessler as a witness is at 1:30 p.m., March 29, assuming your Labor and Commerce Committee (or Senator Rodey's Judiciary Committee if the Labor and Commerce Committee referral is waived) arrange a joint hearing with the House Judiciary Committee on the identical House bill, HB 246 on March 29.

*Don't intend to see this bill
this year beyond only*

I will be glad to research and respond to any specific questions you may have on SB 199.

As I mentioned, I believe waiver or joint hearings are the practical way to deal with this bill and with the other two code revision commission bills we discussed, SB 197 (recording) and SB 198 (security interests in real property).

DR:chw

cc: Rep. Mike M. Miller
Sen. Patrick M. Rodey

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EXECUTIVE SECRETARY
TAMARA BRANDET COOK

MEMORANDUM

TO: Senate Labor and Commerce Committee
Senator Fred Zharoff, Chairman
Senator Richard Eliason, Vice Chairman
Senator Don Bennett
✓ Senator Bill Ray
✓ Senator John Sackett

FROM: Dick Regan, Research Director
Alaska Code Revision Commission

DATE: March 26, 1985

RE: HB 246/SB 199, Alaska Corporation Code

*To Sen Pat Rodey.
Information. We understand
Ann Plunkett has advised
Senate Judiciary members.
Dick Regan*

Please note that the House Judiciary Committee is hearing HB 246, a general revision of the state's business corporation laws, at 1:30 p.m., on Friday of this week, March 29th, in Room 124 of the Capitol.

The bill is introduced in both houses. In the Senate it is SB 199 that is before your committee.

Both the bill and the detailed commentary on it in House and Senate Joint Journal Supplement No. 8 run to over 200 pages. Attending the House Judiciary hearing would provide some background and overview of the bill that could simplify your review.

We hope you attend or send a staff member.

Professor Daniel Wm. Fessler has been consultant and draftsman for the code revision commission on the bill. He will be here on Thursday, March 28th. I will be glad to schedule times for legislators to meet with him. Our telephone: 4878.

DR:chw