

HB

143

State of Alaska

House Majority Leader

COMMITTEES

HOUSE HEALTH, EDUCATION
AND SOCIAL SERVICES
HOUSE JUDICIARY
HOUSE RULES



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Representative Max F. Gruenberg, Jr.
District 11
Spennard, Upper Midtown Anchorage

MEMORANDUM

DATE: May 6, 1987

TO: ALL SENATE LABOR & COMMERCE COMMITTEE MEMBERS

FROM: Max F. Gruenberg, Jr. *MFG*

RE: CSHB 143(L&C), "An Act relating to the Alaska Securities Act."

CSHB 143(L&C) passed the House by a vote of 33-5. It will allow the state to assess civil penalties for violations of the Alaska Securities Act in addition to, or as an alternative to, the present criminal sanctions in the act.

HB 143 was amended in the House Labor and Commerce Committee to include last year's House Bill 126. As a result, HB 143 will allow the state to prosecute fraudulent investment schemes in Alaskan oil and gas leases, land, and mineral rights as well as Alaskan corporations and limited partnerships.

HB 143 has zero fiscal notes from the Department of Law and the Department of Commerce. It will be enforced to the extent that present resources allow.

In 1985 HB 126 passed the House 36-0. HB 143 received unanimous "Do-Pass" recommendations from the Labor and Commerce Committee and the Judiciary Committee. It received ten "Do-Passes" and one "No Recommendation" from the Finance Committee.

SECTIONAL ANALYSIS
CSHB 143(L&C)

Section 1

AS 45.55.140(a)(5) Exempts securities issued in connection with an employee benefit plan from the registration requirements of the Alaska Securities Act.

Section 2

AS 45.55.200 Allows the state to assess civil penalties for violations of the Alaska Securities Act in addition to the present civil sanctions which may be imposed.

Section 3

AS 45.55.210(a) Allows the state to impose civil penalties in addition to the criminal penalties which can presently be imposed for violations of the Alaska Securities Act.

Section 4

AS 45.55.260(c) Allows the state to prosecute fraudulent out-of-state sales of Alaskan oil, gas, mining rights and other interest in Alaskan land or mineral production rights.

Section 5

Provides for an immediate effective date.

713143

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 18, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to amend the penalty provisions of the Alaska Securities Act.

The bill provides that the administrator of securities, generally known as the director of the division of banking, securities and corporations, Department of Commerce and Economic Development, may assess civil fines of up to \$5,000 against a person who violates the Alaska Securities Act, and up to \$25,000 if the violations are done knowingly or intentionally. These provisions of the bill are based on sec. 602(b)(4) of the Revised Uniform Securities Act, promulgated in 1985 by the National Conference of Commissioners on Uniform State Laws.

Although current Alaska law permits criminal prosecution of individuals who wilfully violate the Act (AS 45.55.210), by authorizing the department to assess civil penalties the state will be able to avoid the substantial time and expense of criminal investigation and prosecution in many cases. On a number of occasions, individuals have wilfully violated the Act and then ignored orders issued by the administrator to stop the practice, because these individuals recognized that the administrator has no authority to enforce his or her own orders. Passage of this bill would correct this problem.

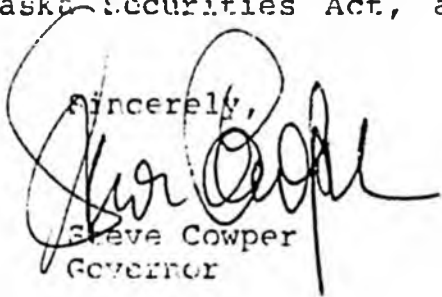
It should be noted that the assessment of civil fines is not without precedent in Alaska. For example, AS 21.09.260 and AS 21.36.320 provide that the director of the division of insurance may assess civil fines of up to \$25,000 for violations of the Alaska Insurance Code. Similarly, I am proposing legislation to provide that the commissioner of the Department of Revenue may assess a civil fine against a person who attempts to obtain permanent fund dividends by means of fraud.

Hon. Ben Grussendorf

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This bill represents a valuable tool for the Department of Commerce and Economic Development to prevent willful violations of the Alaska Securities Act, and I urge your support of it.

Sincerely,



Steve Cowper
Governor

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

No. 1

Bill Version: HB 143
Publish Date: HOUSE 2/20/87

REQUEST

Bill/Resolution No. : _____
Title: An Act assessing civil penalties
under the Alaska Securities Act.

Sponsor: Rules Committee
Requestor: Governor
Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
BRU: Banking, Securities & Corporations

Components: Consumer Protection

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS :

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by: Edward C. Watkins
Division: Banking, Securities & Corporations

Phone: 465-2521
Date: November 20, 1986

Approved by Commissioner: _____
Agency: Commerce & Economic Development

Date: 11/19/86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agencies)

dson,
k, Goll,
rrmann,
Martin,
r, Sund,

CSHB 143(L&C)

Representative Gruenberg moved and asked unanimous consent that CSHB 143(L&C) be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

CSHB 143(L&C) was read the third time.

The question being: "Shall CSHB 143(L&C) pass the House?"
The roll was taken with the following result:

CSHB 143(L&C)

Yeas:	33	Adams, Barnes, Boucher, Boyer, Brown, Cotten, Davidson, Davis, Donley, Ellis, Frank, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hoffman, Hudson, Koponen, Larson, Martin, Menard, Miller, Navarre, Pearce, Phillips, Pourchot, Springer, Sund, Taylor, Ulmer, Wallis, Zawacki
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Nays:	5	Collins, Furnace, Pettyjohn, Rieger, Shultz
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Excused:	2	Cato, Swackhammer
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Absent:	0	
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And so, CSHB 143(L&C) passed the House.

Representative Gruenberg moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

CSHB 143(L&C) was referred to the Chief Clerk for engrossment.

UNFINISHED BUSINESS

HB 230

The Speaker waived the Judiciary Committee referral on the following at the request of the Chairman:

HOUSE BILL NO. 230
"An Act relating to the premium tax on certain insurers."

HB 230 was sent to the Finance Committee.

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