

LEG. FINANCE - BILLS 1985 - 1986 2343

HB 123 cont. - CSHB 126 2343

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Board of Pharmacy should allow the Division of Occupational Licensing (OL) to perform its administrative duties as described in AS 08.01.050 to improve documentation and file management.

The Secretary of the Board receives license fees and applications, keeps applicant files, sends notification of exam results, and issues temporary permits. Each of these responsibilities has been assigned by the Legislature to the Department of Commerce and Economic Development, Division of Occupational Licensing. The above situation exists because the previous Secretary believed he could be more efficient in maintaining the files and processing the applications. We disagree.

The Division of Occupational Licensing is able to provide continuous, uninterrupted service while Board membership changes causing address changes and file transfers.

Additionally, the Secretary of the Board may not be equipped with the space or security needed to maintain confidentiality of files and to safeguard State assets. Furthermore, applicants become confused about where to send their documents.

Noncompliance with AS 08.01.050 is the major cause of the following problems:

- A. In seven of ten files reviewed for proper permanent licensure, we were unable to assure ourselves the applicant had passed the jurisprudence exam.
- B. In two of the files, we were unable to verify the applicants had satisfied the internship requirement. The Board reviewed these files and was unable to satisfy us that the requirements had been met. One file was missing documentation and the other file had documentation we considered insufficient in relation to that required of other applicants. Most applicants were required to have certified copies of hours worked from supervising pharmacists. In this case, documentation consisted of an internship permit issued by the Board with no evidence any hours had been worked.
- C. Temporary permits are being issued by individual Board members without complete documentation on file in DOL. This procedure has resulted in inconsistent issuances of temporary permits. Furthermore, it allows for the possibility of unqualified individuals being licensed.

Recommendation No. 2

The Board of Pharmacy should reevaluate its regulations governing continuing education.

The following requirements of continuing education should be reviewed.

- A. Regulations require nonacademic programs to have an examination or another method of assuring satisfactory completion of the program before continuing education credit will be given. The Board allowed continuing education credit to be given to an individual when the nonacademic requirement had not been met. The reason given for allowing these credits was that the regulations were too stringent.

If the Board believes its regulations to be arbitrary or unreasonable, those regulations should be changed before accepting nonregulation continuing education credits. Compliance with existing regulations will ensure that all licensees are treated equally and consistently until changes can be made.

- B. The Board has described four instances when they will excuse a licensee from continued competency requirements. These causes are chronic illness, retirement, military service, or hardships as individually determined by the Board.

In our opinion, it is more reasonable to require individuals who have been chronically ill, retired or in the military to demonstrate their continued competency, than those who have not interrupted their practice. We also understand that those persons who have been chronically ill should not be penalized for their illness.

However, the Board has the ability, under the hardship clause, to determine each case individually. They should evaluate the changes in the profession and develop a plan for the individual that would allow him or her to practice while fulfilling the continuing education requirements. This would fulfill the Board's primary purpose to protect the public while not unduly penalizing the professional.

Recommendation No. 3

The Board of Pharmacy and the Division of Occupational Licensing should introduce legislation that will clarify certain statutory requirements.

Alaska Statute 08.01.050(19) places the responsibility for

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses indicate both positive and negative factors as they relate to the public need as defined in the "sunset" law. These analyses are not intended to be comprehensive, but to address those areas we were able to cover during our review.

- I. The extent to which the board, commission or program has operated in the public interest.
 - A. The Board has held public meetings three times a year.
 - B. The Board administers the pharmacy test yearly.
 - C. The Board has passed regulations concerning dangerous drugs, continuing education as proof of continued competency, false or misleading advertisement of drugs, and prepackaging of drugs in hospital drug rooms.
 - D. The Board was instrumental in passage of the Controlled Substance Act and the Marijuana Therapeutic Research Program.
- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. The Board adopted continuing education regulations that may be too stringent. The Board is reconsidering these regulations (see Recommendation No. 2).
- III. The extent to which the board, commission or agency has recommended statutory changes which are generally or benefit to the public interest.
 - A. The Board actively supported passage of the Controlled Substance Act; it became effective January 1, 1983.
 - B. The Board succeeded in having various obsolete or vague statutory requirements repealed which provided for smoother operation of the Board.

IX. The extent to which statutory, regulatory, budgeting or other changes are necessary to enable the agency, board or commission to better serve the interests of the public and to comply with factors enumerated in this subsection.

Please refer to the recommendation section of this report.

APPENDIX A

BOARD OF PHARMACY
REVENUES COMPARED WITH EXPENDITURES
For the Fiscal Year Ended June 30, 1982

(UNAUDITED)
(Note 1)

Average Revenues (Note 2)	\$42,763
Less: Expenditures (Note 3)	<u>46,166</u>
Excess of Expenditures Over Revenues	<u>\$ 3,403</u>

<u>Revenue Type</u>	<u>Amount</u>	<u>Collection Time</u>
Examination Fee	\$ 50	With application
Re-examination Fee	15	With application
Investigation Fee	25	With application
Pharmacist Fee	200	With license issuance
Pharmacist Renewal Fee	200	Every four years
Temporary License Fee	20	With permit issuance
Wholesale Drug Dealer Fee	200	With license issuance
Wholesale Drug Dealer Renewal Fee	200	Every four years
Retail Pharmacy Fee	200	With license renewal
Retail Pharmacy Renewal Fee	200	Every four years
Pharmacy Interim Fee	10	With license issuance
Emergency Permit Fee	10	With permit issuance
Hospital Pharmacy Fee	200	With license issuance
Hospital Pharmacy Renewal Fee	200	Every four years
Hospital Drug Room Fee	100	With license issuance
Hospital Drug Room Renewal Fee	100	Every four years
Nursing Home and Related Facility Fee	100	With license issuance
Nursing Home and Related Facility Renewal Fee	100	Every four years
License Amendments or Renewal Fee	10	When applicable

Note 1

This revenue/expenditure comparison was prepared from available records and discussions with Occupational Licensing personnel. The records were not audited by us and accordingly we do not express an opinion on the Board's Revenues Compared with Expenditures.

Note 2

The majority of the revenues collected are composed of license renewal fees. These fees are collected by most boards once every two or four years and causes revenues in one year to be much greater than the revenues collected in the next year. Therefore, we calculated and reported an average of the revenues collected in Fiscal Years 1981 and 1982 in order to obtain a more accurate representation of revenues collected.

Note 3

Expenditures include those made by board members, such as travel and per diem, and an allocated percentage (estimated) of total administrative expenses of the Division of Occupational Licensing. They do not include expenditures for efforts of other departments (such as the Department of Law) assisting the boards and the Division.

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

OFFICE OF THE COMMISSIONER

June 23, 1983

LEGISLATIVE
JUL 06 1983
LEGISLATIVE
6 1983

Mr. Gerald Wilkerson, CPA
Legislative Auditor
Audit Division
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Re: Board of Pharmacy -
Performance Report

Thank you for the opportunity to respond to the performance audit of the Board of Pharmacy and the Division of Occupational Licensing which is dated July 1, 1980 to February 28, 1983.

We concur with your evaluation that the Board of Pharmacy should continue to exist in interest of the public's health and safety. Your suggestions will be evaluated for implementation. Those determined to improve the efficiency and effectiveness of the division and the board will be strongly supported and recommended. We have reviewed each of your recommendations and will provide you with this agency's position if we do not agree.

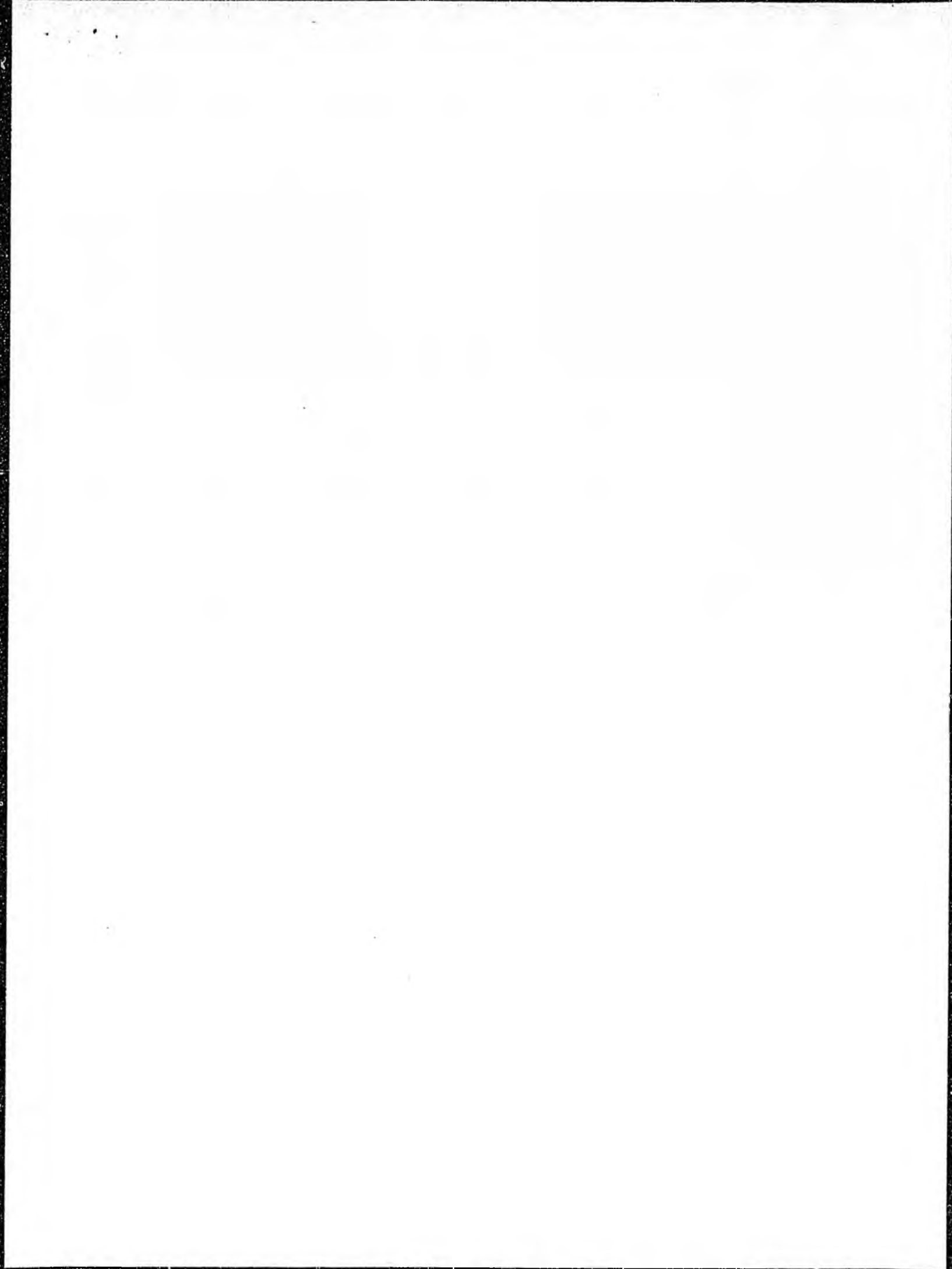
RECOMMENDATION #1.

The board of Pharmacy should allow the Division of Occupational Licensing (DOL) to perform its administrative duties as described in AS 08.01.050 to improve documentation and file management.

We concur in this recommendation, and cooperative efforts have recently improved. As mandated by legislation, and in the interest of efficiency, DOL is committed to assisting the Board of Pharmacy in all areas.

RECOMMENDATION #2.

The Board of Pharmacy should reevaluate its regulations governing continuing education.



BOARD: PHARMACY, BOARD OF

TITLE: Board of Pharmacy

DEPT: Department of Commerce and Economic Development

AUTHORITY: AS 08.80.010

STATUS: ACTIVE

REQUIREMENTS: LEGISLATIVE CONFIRMATION

PROHIBITIONS: Cannot serve more than two successive complete terms

TERM: 4-year - overlapping

DESCRIPTION: 5 members appointed by Governor: 5 licensed pharmacists actively engaged in practice in Alaska for 3 years immediately preceding appointment; 2 public members (staggered terms) with no direct financial interest in health care industry; when possible, one member should represent each judicial district; terms begin April 1; members elect President.

SPECIAL FACTS: Quorum - 4 members (3 when examining applications for registration); report to Legislature; members may be removed for cause

FUNCTION: Controls certification, revocation of applicants; promulgates regulations to ensure adequate security for dangerous drugs.

COMPENSATION: Actual travel expenses and standard per diem

MEETINGS: 3 times per year; 9 days total

*FOR FURTHER INFORMATION CONTACT: Licensing Examiner, Division of Occupational Licensing, Dept. of Commerce and Economic Development, Pouch D, Juneau, AK 99811 - 465-2541

Pharmacy

<u>MEMBER</u>	<u>APPT</u>	<u>REAPPT</u>	<u>TERM</u>
Joy H. Donelson, RPh 908 "R" Street Anchorage 99501 Pharmacist	83/12/27		86/03/31
William P. Larson, RPh SRA Box 562 Anchorage 99516 Pharmacist	84/03/30		88/03/31
James H. McCorcle, RPh P.O. Box 450 Juneau 99802 Pharmacist - Chair	80/04/15		85/03/31
Christy C. Nielson, RPh SR Box 20124-A Fairbanks 99701 Pharmacist	83/12/27		87/03/31
Sue Roberts Mile 153 Sterling Highway Anchor Point 99556 Public	81/03/05		86/03/31
Robert K. Snider 2122 Forest Park Drive Anchorage 99503 Public	80/04/15		85/03/31
Margaret D. Soden, RPh 3222 Anelia Avenue Fairbanks 99701 Pharmacist	81/03/19		86/03/31

Introduced: 1/25/85
Referred: Labor & Commerce, Health,
Education & Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2

HOUSE BILL NO. 123

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act extending the termination date of the Board
7 of Pharmacy; and providing for an effective date."

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

9 * Section 1. AS 08.03.010(c)(4) is amended to read:

10 (4) Board of Pharmacy (AS 08.80.010) -- June 30, 1988
11 [1984].

12 * Sec. 2. This Act takes effect immediately in accordance with
13 AS 01.10.070(c).

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

3/20/85

Date:

4-9-85

The Committee on FINANCE

has had

HB 126

"An Act amending the Alaska Securities Act."

under consideration and recommends:

do pass

do not pass

do pass with attached amendments(s)

replace with CS for

HB 126

(Juv)

same title
 new title

and recommends

do pass

AND attaches a "Letter of Intent"

New Fiscal Note

4/11/85
7/2/85

reports it back without recommendation

Zero Fiscal Note Attached

referred to the

Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten signatures]

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CHAIRMAN

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/4/85

REQUEST

Bill/Resolution No.: CS HB126 (JWD)
 Title: An Act Amending the Alaska Securities Act

Sponsor: _____
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce and Econ. Dev.
 Program Category Affected: Consumer Protection

BRU, Program or Subprogram(s) Affected: Banking Securities and 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		10.0	11.7	12.4	13.1	14.1
300 CONTRACTUAL		42.2	44.8	47.4	50.2	53.4
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		92.2	93.0	97.8	102.8	108.9
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		92.2	93.0	97.8	102.8	108.9
FEDERAL FUNDS						
OTHER						
TOTAL		92.2	93.0	97.8	102.8	108.9

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

House Finance substitute fiscal note consolidates funding into Dept. of Commerce and Economic Development. Legal expenses will be RSA's to Dept. of Law as needed. Backup from Dept. of Law and Dept. of Commerce is attached.

Prepared By: Al Adams
 Division: House Finance

Phone: _____
 Date: 4/4/85

Approved by Commissioner: _____
 Agency: _____

Date: _____

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.

FROM DEPT. OF COMMERCE

1.	POSITION TITLE BUSINESS REGISTRATION EXAMINER			
2.	TYPE OF POSITION Fulltime	STAFF MONTHS 12	RP NUMBER	PCN NUMBER
3.	CONTINUATION LEVEL		ADDITION	
4.	Type of Employment			Amount
	1			2
	PERSONAL SERVICES			
5.	Salary	25.6		
6.	Benefits	6.8		
7.	Supplemental Benefits	1.6		
8.	Fixed Benefits			
9.	TOTAL PERSONAL SERVICES	0:		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. Hatch 1003
18.		General Funds 1004
19.		I-A Receipts 1005
20.		Program Receipts 102A
21.		Other

FOR BSM USE ONLY
KEY NUMBER _____

RANGE/STEP 12B	DARG. UNIT GGU	PAGE/LINE	CONV.	APPROV.	DI
BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.		

JUSTIFICATION

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.

The responsibility for this position will be to set up in vestigative files, maintain data entry, file investigativ 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.

Manage files and documents relative to registration, reco funds. In-field registration inspection as required. Generally assist securities examiner as directed.

**REQUEST FOR
NEW POSITION**

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

Page 3 of 7
Revised Date _____

FY 86

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.

<u>Out-of-state Travel</u>	
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

From DEPT. OF LAW: This explains the \$ that must be to Law

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.

Offered: 3/20/85
Referred: Finance

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) is for an interest or participation in an oil, gas, or
17 mining right, title, or lease on land in the state, including sub-
18 merged land, regardless of where the offer is made;

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

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

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

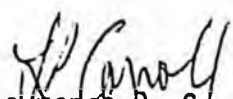
You have requested of this division whether or not the enclosed HB 126,
amending the Alaska Securities Act, is in conflict with any federal law.

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

MEMORANDUM

State of Alaska

TO: Louann Cutler, Staff Assistant
House Finance Committee

DATE: April 2, 1985

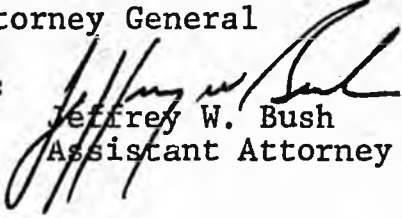
FILE NO:

TELEPHONE NO:

465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: CSHB 126 (Jud)
Sectional analysis

By: 
Jeffrey W. Bush
Assistant Attorney General

As requested, I have prepared a sectional analysis of CSHB 126 (Jud). This bill is designed to expand the jurisdiction of the Alaska Securities Act to enable the Administrator of Securities (Director, Division of Banking and Securities, Department of Commerce and Economic Development) to regulate certain transactions in securities which are not covered under the present Act.

1. Proposed AS 45.55.260(c)(3). This paragraph expands jurisdiction under the Securities Act to cover any transaction involving the sale of an interest in an oil, gas, or mining lease where the lease is on land located in Alaska, even if both parties to the transaction are outside of the state.

2. Proposed AS 45.55.260(c)(4). This paragraph, which also involves interests in oil, gas, or mining leases located on Alaska lands, extends jurisdiction under the act to transactions involving payments, such as royalties, from production under these leases, even if the parties to the transaction are outside of Alaska.

3. Proposed AS 45.55.260(c)(5). This paragraph, which was added by the Judiciary Committee, expands jurisdiction under the Act to include all transactions between nonresidents who sell security interests in real property located in Alaska, corporations incorporated in Alaska, or limited partnerships registered in Alaska. Recognizing that this paragraph would otherwise be subject to challenge as a violation of the Commerce Clause or the Due Process Clause of the United States Constitution, jurisdiction under this paragraph is expressly limited to those cases where its exercise is constitutionally acceptable.

You have also asked whether the amendment adopted by the Judiciary Committee will result in any change in the fiscal note submitted by the Department of Commerce and Economic Development. I have checked with the department, and they have

Louann Cutler, Staff Assistant
House Finance Committee

April 2, 1985
Page 2

informed me that the fiscal note originally submitted is still correct and should be considered in conjunction with CSHB 126 (Jud).

JWB/mf

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

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

The Honorable Fritz Pettyjohn
Senate Bill 432

March 23, 1984
Page #2

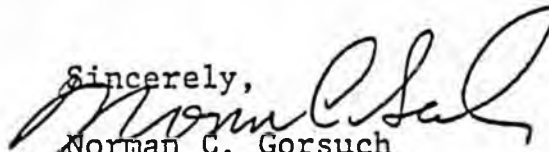
Illinois corporation operating a mail order business in all fifty states and where all orders were accepted in Chicago. In that case, the court performed a thorough and comprehensive analysis of a variety of constitutional issues and concluded that none of the constitutional provisions were violated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

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 Tiekel 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.

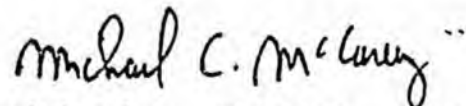
³ Public Land Orders Nos. 6098, 46 Fed. Reg. 61472 (December 17, 1981), and 6329, 47 Fed. Reg. 39495 (September 8, 1982).

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

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

RECEIVED
1985 JAN 31 A 11:28

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.

~~Sixth Floor - P.O. Box 401326~~

~~Los Angeles, CA 90048~~

~~(213) 826-2428~~

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 Gainer 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.

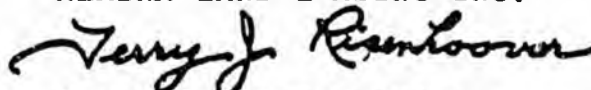
If you have any questions regarding your lease, please call either David Castle or Marjorie Foote at:

(818) 991-5805

Thank you for your consideration. I remain . . .

Cordially yours,

ALASKA LAND LEASING INC.



Terry J. Risenhoover,
Chairman



TJR:dwk

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! [X]

Letter 3

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

Dear Sirs

"Please find inclosed, an oil & gas leasing 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 know you were A BIG A-- H--- BEFORE I CALLED YOU, BUT YOU ARE A BIGER A-- H--- THAN I THOUGHT YOU WERE"). THEN HE SLAME 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 "telerracketeer" 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 "Underworld" 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' state (about security fraud). Most are green-behind-the-ears (about how legitimate O&G deal 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!] It's 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. [X]

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

Name _____

Address _____

City _____ State _____ Zip _____

1-27-80
MS
Southwest Oil & Gas News
P.O. Drawer 25847
Albuquerque NM 87125

ECW

COMPANYCOMMENTS

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.

Alaska Energy Trust
Wilshire Blvd., Los Angeles *CA 90025*

2/15/84 offer to Ohio resident.
3/2/84 offer to California 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.

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 90255

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
WARGEMAN

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 - Federick 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.

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

Inquiry by Mass. Securities Division
5/25/84. Lance Jenkins account
representative.

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.

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

Energy Research Group Corp.
EAGLE OIL, CA.

See Petro-Tech. *1-14-84*
1-14-84 SCOTT, CHAPIN
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 correspondence 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, 12/83. 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 518
Dallas, Texas 75247

See Trans-Alaska Leasing Corporation.

Knight-Anderson
1100 Glendon Avenue
Los Angeles, California 90024
D. Bryant, Lake Tahoe.
K. Parker, Lake Tahoe.

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. 20C-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 503J5
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. *Energy Research Group Corp. 11754 Wilshire Blvd., Los Angeles, CA 90025*

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 FINANCIAL 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

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 land
sold to ALLI investors. Payment
stopped on check.

2215
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
SINBERG RICHARD-ACCT. EXEC.
J. CHARLES-EXEC. VP.

Inquiry from Ca. 3/11/85. Offering
for \$2,000 an undivided interest
in 560 acre federal lease held by
Bank DuPont using ~~name~~ name
IRA 1984 ~~as~~ Partnership. *ASSOCIATED*
WITH THE FEDERAL RESEARCH
ASSOCIATION OF THE ENERGY
INDUSTRY
BEARING THE NAME OF THE
ENERGY RESEARCH FOUNDATION N.Y.

~~Micall~~

Micallief Energy & Developmant
Corporation

~~Two~~ Century Plaza

2049 Century Park East, Suite 110

Los Angeles, CA. 90067

213/556-3003

Micallief, Gregory E. - President

Skinner, Michael C. - Vice President

Vilardi, John

Dealing in Alaska federal oil &
gas leases.

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

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

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

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North Miami Beach, Florida 33179

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1331 - 17th Street Suite 400
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International Western Resources Corporation,
Trans-Petro, "Petro-Mark."

Associated with Federal Property Record,
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Texas Securities Division, 3/6/84.
Associated with Northwest Asset
Corporations.

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

U.S. Oil and Gas Corporation

Florida corporation. Desist and Refrain Order issued by California Department of Real Estate 6/21/84.

United American Mineral Corporation

On 12/21/83, Norah Malkian, Commercial Leins Underwriter, Ultima Insurance Services, Inc., 3280 E. Foothill Blvd., Suite 440, Pasadena, California 91107, made an inquiry to Lawyers Title Insurance Agency, Inc., Anchorage Alaska concerning United American Mineral Corporation. The description of its planned activity would indicate that it intended to sell secondary leases in federal oil and gas properties in Alaska. No further information is available.

United Arctic Oil, Inc.
1100 Glendon Avenue, Suite 2101
Los Angeles, California 90024

This firm has made solicitations in the State of Alaska. See Knight-Anderson Cease and Desist Order issued by the Iowa Superintendent of Securities 11/23/84.

United Petrosearch, Ltd.
2979 N. Mayfair Road
P.O. Box 25820
Milwaukee, Wisconsin 53225
414/453-3500

Sent mail solicitation to an Alaska state representative. Alaska Cease and Desist issued 4/3/84, finalized 5/7/84.

Westchase Petroleum Exploration, Inc.
401 W. Texas Street
Midland, Texas 79701

Order to Cease and Desist issued by the Alaska Division of Securities 12/15/83. Company was active in Wisconsin and Colorado.

YESCO

See the Denali Group.

Yare Energy Sciences Corporation
3723 Birch Street, Suite 24
Newport Beach, California 92660

See The Denali Group.

Worldwide Exploration, Inc.
11050 Santa Monica Blvd.
Santa Monica, CA. 90404

XXXXXXXXXXXX Ak. Order 84-19. Involves Scot Chapin. Dee Delta Oil Co. and Chapin & Associates, Inc.

Wyoming Exploration, Inc.
2922 Santa Monica Blvd.
Santa Monica, CA. 90404
James Francisco - President
Jason W. Smith - Vice President

Inquiry by Idaho resident 2/19/85. Firm contacting earlier lease purchasers. XXXXXXXX
XX

k

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

~~Alfred~~ Green, Alfred
Bass, Donald - ~~PRESIDENT~~
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Linder, Tricia-employee

3/85 gave St. of Ak. \$195,000 check
to maintain lease payments for land
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~~619/235-0383~~
Bank DuPont
23441 South Pointe Dr.
Laguna Hills, CA.

Gardner, H.L.-Exec.V.P.
Kirby, Jonathon-Salesman
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~~SINGBORN RICHARD - ACCT. EXEC.~~
~~DR. CHARLES - EXEC. VP.~~

Inquiry from Ca. 3/11/85. Offering
for \$2,000 an undivided interest
in 560 acre federal lease held by
Bank DuPont using ~~name~~ name
IRA 1984 ~~as~~ Partnership. *AS TOG. 1980*

AS TOG. 1980
AS TOG. 1980
AS TOG. 1980
AS TOG. 1980

~~XXXXXX~~

Micallef Energy & Development
Corporation

~~XXXXXX~~ 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.

Revision Date: _____

REQUEST

Bill/Resolution No. CS HB 121 (TUD)

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				
500 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-
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			
2.	TYPE OF POSITION Fulltime	STATE MONTHS 12	RP NUMBER	PCN NUMBER
3.	CONTINUATION LEVEL		ADDITION	
4.	Type of Compensation			Amount
	PERSONAL SERVICES			
5.	Salary		25.6	
6.	Benefits		6.8	
7.	Supplemental Benefits		1.6	
8.	Fired Benefits			
9.	TOTAL PERSONAL 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.		G.F. Hatch 1003
18.		General Funds 1004
19.		I-A Receipts 1005
20.		Program Receipts 1020
21.		Other

FOR BSM USE ONLY
KEY NUMBER _____

RANGE/STEP 12B	DARG. UNIT GGU	PAGE/LINE	CONV.	APPROV.
BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.	

JUSTIFICATION

A new position will be required when the Alaska Security 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 hearin

The responsibility for this position will be to set up in vestigative files, maintain data entry, file investigativ 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.

Manage files and documents relative to registration, reco funds. In-field registration inspection as required. Generally assist securities examiner as directed.

**REQUEST FOR
NEW POSITION**

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

Page 3 of 3
Revised Date _____

FY 86

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 126 (S)
Title: "An Act amending the Alaska Securities Act."

FISCAL DETAIL

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

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

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 E. 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

11-13 / 26
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
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.

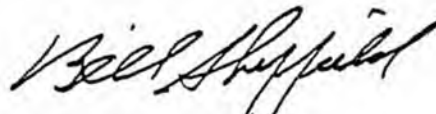
This bill would broaden the Alaska Securities Act to cover these business firms even if the "investment" sales are not made in our state or to Alaska residents. Essentially, the bill would do this by extending the jurisdiction of our state securities regulators and of our courts over these

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 that reads "Bill Sheffield". The signature is written in dark ink and is positioned above the printed name and title.

Bill Sheffield
Governor

Offered: 3/20/85
Referred: Finance

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) is for an interest or participation in an oil, gas, or
17 mining right, title, or lease on land in the state, including sub-
18 merged land, regardless of where the offer is made;
19 (4) is for an interest or participation in payments out of
20 production under an oil, gas, or mining right, title or lease on land
21 in the state, including submerged land, regardless of where the offer
22 is made; or
23 (5) is for an interest or participation in real property
24 located in the state, a domestic corporation, or a domestic limited
25 partnership; jurisdiction under this paragraph may be exercised only
26 when the exercise is not inconsistent with the constitution of this
27 state or of the United States.

Introduced: 1/25/85
Referred: Labor & Commerce,
Judiciary and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 126

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:

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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; or

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.

COMMITTEE REPORT

SENATE

FURTHER:

4/1/86

Date _____

Mr. President

The Committee on FINANCE considered CSHB 126(JUD)

amending the Alaska Securities Act.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

4/29/85

Date 3/27/86

Mr. President

The Committee on JUDICIARY considered CSHB 126(Jud)

amending the Alaska Securities Act.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt ^{SENATE} CS for CSHB 126 (JUDICIARY)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

Vice Chairman [Signature]
Chairman [Signature] do pass
Chairman recommendation

COMMITTEE REPORT
SENATE

FURTHER:

JUDICIARY
FINANCE

4/18/85

Date

29 April '85

Mr. President

The Committee on Labor & Commerce considered CSHB 126(Jud)
amending the Alaska Securities Act.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
 new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Bill Kay No Rec

Fred F. Zharoff
Chairman
Do Pass
Chairman recommendation

Offered: 4/1/86
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 126 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND 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 45.55.140(a)(5) is amended to read:

9 (5) a security [AN INVESTMENT CONTRACT] issued in connec-
10 tion with an employee's stock purchase, savings, pension, profit-
11 sharing, or similar employee's benefit plan [IF THE ADMINISTRATOR IS
12 NOTIFIED IN WRITING 30 DAYS BEFORE THE INCEPTION OF THE PLAN OR, WITH
13 RESPECT TO PLANS WHICH ARE IN EFFECT ON MAY 9, 1959, WITHIN 60 DAYS
14 THEREAFTER, OR WITHIN 30 DAYS BEFORE THEY ARE REOPENED IF THEY ARE
15 CLOSED ON MAY 9, 1959];

16 * Sec. 2. AS 45.55.260(c) is amended to read:

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

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

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

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

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

1 is made; or

2 (5) is for an interest or participation in real property
3 located in the state, or in a domestic corporation or a domestic
4 limited partnership; jurisdiction under this paragraph may be ex-
5 ercised only when the exercise is not inconsistent with the consti-
6 tution of this state or of the United States.

Offered: 3/20/85
Referred: Finance

Bannister

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."

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20 production under an oil, gas, or mining right, title or lease on land
21 in the state, including submerged land, regardless of where the offer
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23 (5) is for an interest or participation in real property
24 located in the state, a domestic corporation, or a domestic limited
25 partnership; jurisdiction under this paragraph may be exercised only
26 when the exercise is not inconsistent with the constitution of this
27 state or of the United States.

28
29
COMMITTEE COPY

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

49

CORRECTED

Revision Date: 4/4/85

REQUEST page 1 of 5
Bill/Resolution No.: CSHB 126 (Jud)
Title: An Act Amending the Alaska Securities Act
Sponsor: _____
Requestor: _____
Date of Request: _____

FISCAL DETAIL
Agency Affected: Commerce and Econ. Dev.
Program Category Affected: Consumer Protection
BRU, Program or Subprogram(s) Affected: Banking Securities and 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		10.0	11.7	12.4	13.1	14.1
300 CONTRACTUAL		42.2	44.8	47.4	50.2	53.4
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		92.2	93.0	97.8	102.8	108.9

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		92.2	93.0	97.8	102.8	108.9
FEDERAL FUNDS						
OTHER						
TOTAL		92.2	93.0	97.8	102.8	108.9

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

House Finance substitute fiscal note consolidates funding into Dept. of Commerce and Economic Development. Legal expenses will be RSA's to Dept. of Law as needed. Backup from Dept. of Law and Dept. of Commerce is attached.

Prepared By: Al Adams Phone: _____
Division: House Finance Date: 4/4/85
Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

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

*Supersedes 12/1/84 F.Y.
7/1/84*

Commerce & Econ. Dev.

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.

HB 126 - Page 2 of 3

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

NB 126 #2 - page 343

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.

1.	POSITION TITLE BUSINESS REGISTRATION EXAMINER				RANGE/STEP 12B	BARG. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISJMP.	
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 these leases and will experience a substantial increase in the requirements for compliance, enforcement including hearings.</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>						
5.	PERSONAL SERVICES		1	2							3
6.	Salary		25.6								
7.	Benefits		0.0								
8.	Supplemental Benefits		1.6								
9.	Fixed Benefits										
10.	TOTAL PERSONAL SERVICES		01								34.0
11.	Travel		02								2.0
12.	Contractual		03								3.0
13.	Commodities		04								1.0
14.	Equipment		05								5.0
15.	Other										
16.	TOTAL COST										45.0
16.	RECEIPT CODE	FUNDING SOURCE									
17.		Federal Receipts 1002									
18.		G.F. Match 1003									
19.		General Funds 1004									
20.		I-A Receipts 1005									
21.		Program Receipts 1028									
		Other									

FOR BSM USE ONLY
KEY NUMBER _____

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development

PROGRAM Consumer Protection

BRU Banking, Securities & Corporations

COMPONENT Financial Institutions

HB 126, 7601
Page 3 of 3

Revised Date _____

FY 86

STATE OF ALASKA - 1985 LEGISLATIVE SESSION
FISCAL NOTE

page 1 of 3

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 126, 702
 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 E. 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
LAW

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 126

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

COMMITTEE COPY

ALASKA STATE LEGISLATURE
 14th Legislature FIRST Session
 HOUSE BILL NO. 126
 By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act amending the Alaska Securities Act."

CSHB 126(Jud) BY JUDICIARY

Offered: 3/20/85
 Referred: Finance
 TITLE: Same

Ak. Securities Act/amend

Introduced in the House 1/25, 1985

HISTORY IN THE HOUSE	
19 85	
Jan. 25	Read first time and referred to Committee on L&C, JUDICIARY, AND FINANCE
Feb 15	Reported back with recommendation that Labor & Commerce, 6 do pass to Judiciary
Mar 20	Judiciary - CS/Ord - 5 do pass to Finance
Apr 8	Finance - CS/Ord - 7 do pass to Rules
Apr 17	Read second time and CS/Ord adopted <i>redr</i>
Apr 17	On 2d for specific am. am failed. <i>odr</i>
Apr 17	Read third time and returned to 2d for sp am
Apr 17	PASS <i>2d</i> Yeas 36 Nays 0 Absent 1 Excused 3
	Effective Date Yeas Nays Absent Excused
	Reconsideration PASS Yeas Nays Absent Excused
4 17	Reported correctly engrossed
4 17	Signed by Speaker
4 17	Sent to Senate
	<i>Gene Rastan</i> CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE	
1985	
4 18	Read first time and referred to Committee on L&C, Jud, Fin
4 30	Reported back with L&C recommendation that 4 do pass, 1 no rec to Judiciary.
4 1	Jud. Replace 1/25, 4 do pass to Finance.
	Read second time and
	Read third time and
	PASS Yeas Nays Absent Excused
	Effective Date Yeas Nays Absent Excused
	Reconsideration PASS Yeas Nays Absent Excused
	Reported correctly engrossed
	Signed by President
	Returned to House
	SECRETARY OF THE SENATE

HISTORY IN THE HOUSE	
19	
	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

COMMITTEE COPY

Offered: 3/20/85
Referred: Finance

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:
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20 production under an oil, gas, or mining right, title or lease on land
21 in the state, including submerged land, regardless of where the offer
22 is made; or
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24 located in the state, a domestic corporation, or a domestic limited
25 partnership; jurisdiction under this paragraph may be exercised only
26 when the exercise is not inconsistent with the constitution of this
27 state or of the United States.

Offered: 4/1/86
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 126 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
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13 RESPECT TO PLANS WHICH ARE IN EFFECT ON MAY 9, 1959, WITHIN 60 DAYS
14 THEREAFTER, OR WITHIN 30 DAYS BEFORE THEY ARE REOPENED IF THEY ARE
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6 tution of this state or of the United States.

A/B

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

CORRECTED

Revision Date: 4/4/85

REQUEST page 1 of 5
Bill/Resolution No.: CSHB 126 (Jud)
Title: An Act Amending the Alaska Securities Act
Sponsor: _____
Requestor: _____
Date of Request: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
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CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		92.2	93.0	97.8	102.8	108.9
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POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

House Finance substitute fiscal note consolidates funding into Dept. of Commerce and Economic Development. Legal expenses will be RSA's to Dept. of Law as needed. Backup from Dept. of Law and Dept. of Commerce is attached.

Prepared By: Al Adams
Division: House Finance

Phone: _____
Date: 4/4/85

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by Agency preparing fiscal note):

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

*Sponsored 12/1/84 F.Y.
7/1/84*

Commerce & Econ. Dev.

C5
FISCAL NOTE ANALYSIS

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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 300 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.

1.	POSITION TITLE BUSINESS REGISTRATION EXAMINER			RANGE/STEP 12B	DARG. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAP.	
2.	TYPE OF POSITION Fulltime	STAFF MONTHS 12	RP NUMBER	PCH NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AIRGRI	<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 these leases and will experience a substantial increase in the requirements for compliance, enforcement including hearings.</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>					
5.	PERSONAL SERVICES		1	2						3
5.	Salary	25.6								
6.	Benefits	6.8								
7.	Supplemental Benefits	1.6								
8.	Fixed Benefits									
9.	TOTAL PERSONAL 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						
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		C.F. Match 1003								
19.		General Funds 1004								
20.		I-A Receipts 1005								
21.		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 & Corporations
 COMPONENT Financial Institutions

HB 726, 201
 Page 5 of 5
 Revised Date _____

FY 86



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.

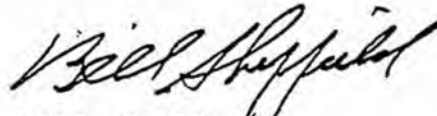
This bill would broaden the Alaska Securities Act to cover these business firms even if the "investment" sales are not made in our state or to Alaska residents. Essentially, the bill would do this by extending the jurisdiction of our state securities regulators and of our courts over these

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HR 126, 702
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						
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REVENUE						
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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
LAW