

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 384-S thru CSHB 386 352

HB

384-S

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 5/10/88

4/14/88  
Mr. President:

Finance Committee considered HB 384 (title am)

unemployment insurance; establishing a priority for payment; efd

and recommended

[ ] replace with \_\_\_\_\_ CS ) [ ] same title  
[ ] or adopt 5 CS HB 384 (REC) ) [ ] new title

[ ] attached amendment(s) and

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to \_\_\_\_\_

[ ] letter of intent adopted \_\_\_\_\_

Committee [ ] attached or [ ] adopted fiscal note(s)

[ ] new [ ] updated or [ ] previous  
[ ] zero [ ] fiscal impact 97.0

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Carl A. Shantz*  
*Dan Rusk*  
*James D. ...*  
*Paul ...*  
*W. ...*  
*John ...*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Rich Halford* NO REC  
Chairman signature and recommendation

[ ] Committee Backup attached

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: <sup>565</sup> HB 384 (LIC)  
PUBLISH DATE: SENATE 4/14/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act relating to  
Unemployment Insurance..."  
Sponsor: Governor  
Requestor: House Labor and Commerce

Agency Affected: Labor  
BRU: Employment Security  
Components: Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE	0	97.0	97.0	97.0	97.0	97.0
---------	---	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Joe Sitton, Director *JWS* Phone: 465-2712  
Division: Employment Security Division Date: 1/28/88

Approved by Commissioner: Jim Sampson *J. Sampson* Date: 1/28/88  
Agency: Labor

Distribution (by preparer):

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

(Same fiscal note for original bill)

ANALYSIS OF FISCAL NOTE FOR"An Act relating to Unemployment Insurance"

Section 9 of this bill provides for a penalty to be assessed claimants who are disqualified for the fraudulent receipt of unemployment insurance benefits. The penalty will be 50% of the benefits that were obtained fraudulently, and the penalties will be deposited in the general fund as unrestricted revenues. Calculations to arrived at estimated anticipated revenues are as follows:

Total detected fraudulent payments made per year	-	\$260,000
50% penalty on detected fraudulent payments	-	\$130,000
A 75% collection rate on the established penalties	-	\$ 97,500
Rounded off to	-	\$ 97,000/year

**Assumptions:**

1. An effective date of July 1, 1988.
2. Detected fraudulent payments will remain at about \$260,000/year thru 1992.
3. A 75% collection rate will be maintained. The other 25% are uncollectible because of people leaving the state, or otherwise not being able to pay back the funds.

Original sponsor: Rules/Governor

1 IN THE HOUSE  
2 SENATE CS FOR HOUSE BILL NO. 384 (L&C)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to unemployment insurance; estab-  
7 lishing a priority for payment; and providing for an  
8 effective date."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 16.10.290(a) is amended to read:  
11 (a) A person applying for a license as a fish processor or  
12 primary fish buyer shall file with the commissioner of labor a surety  
13 bond running to the State of Alaska conditioned upon the promise to  
14 pay, in the following order of priority, (1) all persons furnishing  
15 labor to a fish processor or primary fish buyer, including contractual  
16 employee benefits; [AND] (2) independent registered commercial fisher-  
17 men for the price of the raw fishery resource purchased from them; and  
18 (3) unemployment insurance contributions. The surety or sureties must  
19 [SHALL] be satisfactory, in the determination of the commissioner.  
20 \* Sec. 2. AS 23.20.195(a) is amended to read:  
21 (a) If the contributions are unpaid after 30 days from the date  
22 of mailing or personal delivery of a written demand for payment, the  
23 department may [SHALL] assess and collect in the same manner as con-  
24 tributions a penalty equal to 10 percent of the contributions due. In  
25 no event may the penalty be less than \$10 [\$1].  
26 \* Sec. 3. AS 23.20.205(c) is amended to read:  
27 (c) If the amount assessed is not paid, or an appeal is not  
28 filed under AS 23.20.220, within 30 days after [PERSONAL] service or  
29 mailing of the notice, the department may [, SUBJECT TO AS 23.20.220,]

1 collect the amount stated in the assessment by the distraint, seizure  
2 and sale of the property, goods, chattels and effects of the delin-  
3 quent employer. Goods and property exempt from execution under the  
4 laws of this state are exempt from distraint and sale under this  
5 section.

6 \* Sec. 4. AS 23.20.220(a) is amended to read:

7 Sec. 23.20.220. APPEAL OF ASSESSMENT [PETITION FOR HEARING AND  
8 SUMMARY JUDGMENT]. (a) When a notice of assessment is delivered or  
9 mailed to a delinquent employer, the employer may within 30 days file  
10 an appeal [A PETITION] in writing with the department, stating that  
11 the assessment is unjust or incorrect and requesting a hearing on it.  
12 The period for filing an appeal may be extended for a reasonable  
13 period if the employer shows that the appeal was delayed as a result  
14 of circumstances beyond the employer's control. The appeal [PETITION]  
15 shall set out the reasons the assessment is objected to and the amount  
16 of contributions which the employer admits is due, and must be accom-  
17 panied by a bond or deposit of other security in the amount of the  
18 assessment to ensure [INSURE] collection. The department may waive  
19 the security requirement if the employer submits proof of solvency or  
20 reasonable assurance, as prescribed by regulations, that the contribu-  
21 tions, interest and penalties due are not in jeopardy. If [NO PETI-  
22 TION IS FILED WITHIN THE TIME PRESCRIBED, OR IF] the employer fails to  
23 provide the required security, the collection under AS 23.20.205(c) is  
24 not stayed and the assessment is prima facie correct. The procedures  
25 in AS 23.20.415 apply to an appeal under this subsection. [HOWEVER,  
26 THE DEPARTMENT MAY ENTERTAIN A SUBSEQUENT APPLICATION FOR REFUND, AND,  
27 IF DENIED A REFUND, A HEARING ON THE APPLICATION IN ACCORDANCE WITH  
28 AS 23.20.225.]

29 \* Sec. 5. AS 23.20 is amended by adding a new section to read:

1           Sec. 23.20.242. APPEALS BY OFFICER, MEMBER, OR EMPLOYEE.    The  
2    department shall permit each officer or employee of a corporation or a  
3    member or employee of a partnership who is required to pay the contri-  
4    butions and interest owed by the corporation or partnership under  
5    AS 23.20.165 - 23.20.278 to appeal individually under those pro-  
6    visions.

7    \* Sec. 6. AS 23.20.277(b) is amended to read:

8           (b) At the end of each calendar quarter, or at the end of any  
9    other period as determined by the department, the department shall  
10   bill each government entity, nonprofit organization, or group of  
11   nonprofit organizations, that [WHICH] has elected to make payments in  
12   place of contributions for benefits paid during the quarter or other  
13   prescribed period that is attributable to service in the employ of the  
14   government entity or nonprofit organization. In the case of nonprofit  
15   organizations, the amount billed is an amount equal to the full amount  
16   of regula. benefits plus [ONE-HALF OF] the state share [AMOUNT] of  
17   extended benefits and in the case of a government entity the amount  
18   billed is [WHICH HAS ELECTED TO MAKE PAYMENTS UNDER THIS SECTION] an  
19   amount equal to the full amount of the regular benefits plus the full  
20   amount of the extended benefits paid [DURING THE QUARTER OR OTHER  
21   PRESCRIBED PERIOD THAT IS ATTRIBUTABLE TO SERVICE IN THE EMPLOY OF THE  
22   NONPROFIT ORGANIZATION].

23   \* Sec. 7. AS 23.20.277(e) is amended to read:

24           (e) At the end of each taxable year, the department shall deter-  
25   mine whether the total of payments for the year made by a nonprofit  
26   organization is less than, or in excess of, the total amount of regu-  
27   lar benefits plus the state share [ONE-HALF OF THE AMOUNT] of extended  
28   benefits paid to individuals during the taxable year based on wages  
29   attributable to service in the employ of the nonprofit organization;

1 and in the case of a government entity that has elected to make pay-  
2 ments under this section, whether the total of payments for the year  
3 is less than, or in excess of, the total amount of regular benefits  
4 plus the total amount of extended benefits as determined in this  
5 subsection. Each organization whose total payments for the taxable  
6 year are less than the amount so determined is liable for payment of  
7 the unpaid balance to the fund in accordance with (f) of this section.  
8 If the total payments exceed the amount so determined for the taxable  
9 year, all or part of the excess may, at the discretion of the depart-  
10 ment, be refunded from the fund or retained in the fund as part of the  
11 payments that [WHICH] may be required for the next taxable year.

12 \* Sec. 8. AS 23.20.277(1) is amended to read:

13 (1) Each employer that is liable for payments in place of con-  
14 tributions shall pay to the department for the fund the amount of  
15 regular benefits plus the state share [AMOUNT OF ONE-HALF] of extended  
16 benefits paid that are attributable to service in the employ of that  
17 employer. However, a government entity that [WHICH] has elected to  
18 make payments under this section is liable for the amount of regular  
19 benefits plus the full amount of extended benefits that [WHICH] are  
20 attributable to service in the employ of that entity. If benefits  
21 paid to an individual are based on wages paid by more than one em-  
22 ployer and one or more of these employers are liable for payments in  
23 place of contributions, the amount payable to the fund by each em-  
24 ployer that is liable for payments shall be determined by the depart-  
25 ment in accordance with regulations adopted by the department.

26 \* Sec. 9. AS 23.20.290(d) is amended to read:

27 (d) The [BEGINNING JANUARY 1, 1981, AND FOR EACH SUCCEEDING YEAR  
28 THEREAFTER, THE] rate of contributions payable by each employee of an  
29 employer who is subject to AS 23.20.165 is 18 percent of the average

1 benefit cost rate as determined in (e) of this section rounded to the  
2 nearest 1/100th [ONE-TENTH] of one percent. However, the rate of  
3 contributions for an employee may not be less than one-half percent or  
4 more than one percent.

5 \* Sec. 10. AS 23.20.390 is amended by adding a new subsection to read:

6 (f) In addition to the liability under (a) of this section for  
7 the amount of benefits improperly paid, an individual who is disqual-  
8 ified from receipt of benefits under AS 23.20.387 is liable to the  
9 department for a penalty in an amount equal to 50 percent of the  
10 benefits that were obtained by knowingly making a false statement or  
11 misrepresenting a material fact, or knowingly failing to report a  
12 material fact, with the intent to obtain or increase benefits under  
13 this chapter. The department may, in accordance with regulations  
14 adopted under this chapter, waive the collection of a penalty under  
15 this section. The department shall deposit into the general fund the  
16 penalty that it collects.

17 \* Sec. 11. AS 23.20 is amended by adding a new section to read:

18 Sec. 23.20.391. LIEN. (a) A claim under AS 23.20.390 for  
19 benefits that have been improperly paid as a result of a false state-  
20 ment, misrepresentation, or omission, including a penalty as described  
21 in AS 23.20.390(f), is a lien in favor of the state against the real  
22 and personal property of the individual.

23 (b) The claim becomes a lien on property other than a motor  
24 vehicle when the department files a notice of the lien with the re-  
25 cording officer of the recording district in which the property is  
26 located. The claim becomes a lien on a motor vehicle when the depart-  
27 ment files a notice of the lien in the office of the commissioner of  
28 public safety. Filing of the notice of lien is constructive notice to  
29 creditors of the owner, and to subsequent purchasers and

1 encumbrancers, of the lien against the property described in the  
2 notice.

3 (c) The department may release a notice of lien by filing a  
4 certificate of release in the manner prescribed for the filing of a  
5 notice of lien. The department may not file a certificate of release  
6 until the amount of the claim, including a penalty, if any, is paid,  
7 or until it receives assurance of payment that it considers adequate,  
8 or until the individual is absolved from liability under AS 23.20.-  
9 390(b).

10 \* Sec. 12. AS 23.20 is amended by adding new sections to read:

11 Sec. 23.20.393. NOTICE OF ASSESSMENT; DISTRAINT AND SEIZURE.

12 (a) If the department's determination of liability under AS 23.20.390  
13 is final and the individual has not made repayment within 90 days, the  
14 department may issue a notice of assessment, specifying the amount  
15 due, and may serve it on the individual. A peace officer or an au-  
16 thorized representative of the department may serve the notice person-  
17 ally or the department may mail the notice by certified or registered  
18 mail with return receipt requested.

19 (b) If the notice is served by mail, the notice must be de-  
20 posited in the post office, postage paid, and addressed to the indi-  
21 vidual at the individual's last address of record. The date of ser-  
22 vice is the date of delivery shown on the delivery receipt. However,  
23 if the department determines that the addressee is deliberately avoid-  
24 ing service, then the date of service is the day of mailing.

25 (c) If the amount assessed is not paid within 30 days after  
26 personal service or mailing of the notice, the department may collect  
27 the amount stated in the assessment by the distraint or seizure of the  
28 property, assets, goods, and effects of the individual. Goods and  
29 property exempt from execution under the laws of this state are exempt

1 from distraint under this section.

2 Sec. 23.20.394. NOTICE AND ORDER TO WITHHOLD AND DELIVER. (a)  
3 The Department of Labor may issue to a person or to a political subdivi-  
4 sion or other department of the state a notice and order to withhold  
5 and deliver property of any kind if (1) the Department of Labor has  
6 reason to believe that the person, political subdivision, or other  
7 department possesses property that is due or owing under this chapter,  
8 or is the property of another person; and (2) notice of assessment has  
9 been served at least 30 days before the issuance of the notice and  
10 order to withhold and deliver.

11 (b) A peace officer or an authorized representative of the  
12 department may serve the notice and order to withhold and deliver.  
13 The person, political subdivision, or department upon whom service is  
14 made shall answer the notice within 10 days.

15 (c) If the person, political subdivision, or department pos-  
16 sesses property, credits, or money subject to the claim of the depart-  
17 ment, it shall deliver the property to the department immediately upon  
18 demand.

19 (d) If a person fails to answer the notice and order to withhold  
20 and deliver within the time prescribed, the superior court in the  
21 judicial district in which the order is served may enter a judgment by  
22 default against the person for the full amount claimed by the depart-  
23 ment in the notice to withhold and deliver, together with costs.

24 \* Sec. 13. AS 23.20.530(a) is amended to read:

25 (a) In this chapter, "wages" means all remuneration for service  
26 from whatever source, including, but not limited to, insured work,  
27 noninsured work, or self-employment; commissions, bonuses, back pay  
28 and the cash value of all remuneration in a medium other than cash  
29 shall be treated as wages; gratuities customarily received by an

1 individual in the course of service from persons other than the indi-  
2 vidual's employing unit may be treated as wages received from the  
3 employing unit only to the extent the individual reports the gratu-  
4 ities to the employing unit. The reasonable cash value of remunera-  
5 tion in a medium other than cash, and the reasonable amount of gratu-  
6 ities, shall be estimated and determined in accordance with regu-  
7 lations adopted by the department; notwithstanding AS 23.20.350(a),  
8 back pay awards shall be allocated to the weeks or quarters with  
9 respect to which the pay was earned. If the remuneration of an indi-  
10 vidual is not based upon a fixed period of time or if the individual's  
11 wages are paid in irregular intervals or in a manner that [WHICH] does  
12 not extend regularly over the period of employment, the wages shall be  
13 allocated to weeks or quarters in accordance with regulations adopted  
14 by the department. The regulations must [SHALL], so far as possible,  
15 produce results reasonably similar to those that [WHICH] would prevail  
16 if the individual's wages were paid at regular intervals. Wages  
17 earned for services performed, but not paid because the employer has  
18 filed for bankruptcy, are considered wages for the quarter in which  
19 they were earned.

20 \* Sec. 14. WAIVER FOR SELF-EMPLOYMENT PROJECT. (a) If a demonstration  
21 project to provide self-employment allowances to certain unemployed persons  
22 in the state is approved by the federal Department of Labor under sec. 9152  
23 of Public Law 100-203, the state Department of Labor may provide self-  
24 employment allowances to unemployed persons under AS 23.20 during the term  
25 of the demonstration project.

26 (b) The state Department of Labor may waive AS 23.20.360, 23.20.378,  
27 23.20.379, 23.20.406, and 23.20.505 for a person who participates in a  
28 project under this section to the extent required for the state to partici-  
29 pate in the project.

- 1 \* Sec. 15. AS 23.20.175(a) and 23.20.175(b) are repealed.
- 2 \* Sec. 16. Section 14 of this Act is repealed June 30, 1992.
- 3 \* Sec. 17. Section 9 of this Act takes effect January 1, 1989.
- 4 \* Sec. 18. Except for sec. 9, this Act takes effect immediately under
- 5 AS 01.10.070(c).

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 384 (title am)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; estab-  
7 lishing a priority for payment; and providing for an  
8 effective date."

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

10 \* Section 1. AS 16.10.290(a) is amended to read:

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12 primary fish buyer shall file with the commissioner of labor a surety  
13 bond running to the State of Alaska conditioned upon the promise to  
14 pay, in the following order of priority, (1) all persons furnishing  
15 labor to a fish processor or primary fish buyer, including contractual  
16 employee benefits; [AND] (2) independent registered commercial fisher-  
17 men for the price of the raw fishery resource purchased from them; and  
18 (3) unemployment insurance contributions. The surety or sureties must  
19 [SHALL] be satisfactory, in the determination of the commissioner.

20 \* Sec. 2. AS 23.20.195(a) is amended to read:

21 (a) If the contributions are unpaid after 30 days from the date  
22 of mailing or personal delivery of a written demand for payment, the  
23 department may [SHALL] assess and collect in the same manner as con-  
24 tributions a penalty equal to 10 percent of the contributions due. In  
25 no event may the penalty be less than \$10 [1].

26 \* Sec. 3. AS 23.20.205(c) is amended to read:

27 (c) If the amount assessed is not paid, or an appeal with the  
28 required security is not filed as required in AS 23.20.220, within 30  
29 days after [PERSONAL] service or mailing of the notice, the department

1 may[, SUBJECT TO AS 23.20.220,] collect the amount stated in the  
2 assessment by the distraint, seizure and sale of the property, goods,  
3 chattels and effects of the delinquent employer. Goods and property  
4 exempt from execution under the laws of this state are exempt from  
5 distraint and sale under this section.

6 \* Sec. 4. AS 23.20.220(a) is amended to read:

7       Sec. 23.20.220. APPEAL OF ASSESSMENT [PETITION FOR HEARING AND  
8 SUMMARY JUDGMENT]. (a) When a notice of assessment is delivered or  
9 mailed to a delinquent employer, the employer may within 30 days file  
10 an appeal [A PETITION] in writing, with the department, stating that  
11 the assessment is unjust or incorrect and requesting a hearing on it.  
12 The period for filing an appeal may be extended for a reasonable  
13 period if the employer shows that the appeal was delayed as a result  
14 of circumstances beyond the employer's control. The appeal [PETITION]  
15 shall set out the reasons the assessment is objected to and the amount  
16 of contributions which the employer admits is due, and must be accom-  
17 panied by a bond or deposit of other security in the amount of the  
18 assessment to insure collection. The department may waive the securi-  
19 ty requirement if the employer submits proof of solvency or reasonable  
20 assurance, as prescribed by regulations, that the contributions,  
21 interest and penalties due are not in jeopardy. If the employer fails  
22 to provide the required security, the collection under AS 23.20.205(c)  
23 is not stayed and [IF NO PETITION IS FILED WITHIN THE TIME PRESCRIBED,  
24 OR IF THE EMPLOYER FAILS TO PROVIDE THE REQUIRED SECURITY,] the as-  
25 sessment is prima facie correct. The procedures in AS 23.20.415 apply  
26 to an appeal under this subsection. [HOWEVER, THE DEPARTMENT MAY  
27 ENTERTAIN A SUBSEQUENT APPLICATION FOR REFUND, AND, IF DENIED A RE-  
28 FUND, A HEARING ON THE APPLICATION IN ACCORDANCE WITH AS 23.20.225.]

29 \* Sec. 5. AS 23.20.277(b) is amended to read:

1           (b) At the end of each calendar quarter, or at the end of any  
2 other period as determined by the department, the department shall  
3 bill each government entity, nonprofit organization, or group of  
4 nonprofit organizations, that [WHICH] has elected to make payments in  
5 place of contributions for benefits paid during the quarter or other  
6 prescribed period that is attributable to service in the employ of the  
7 government entity or nonprofit organization. In the case of nonprofit  
8 organizations, the amount billed is an amount equal to the full amount  
9 of regular benefits plus [ONE-HALF OF] the state share [AMOUNT] of  
10 extended benefits and in the case of a government entity the amount  
11 billed is [WHICH HAS ELECTED TO MAKE PAYMENTS UNDER THIS SECTION] an  
12 amount equal to the full amount of the regular benefits plus the full  
13 amount of the extended benefits paid [DURING THE QUARTER OR OTHER  
14 PRESCRIBED PERIOD THAT IS ATTRIBUTABLE TO SERVICE IN THE EMPLOY OF THE  
15 NONPROFIT ORGANIZATION].

16 \* Sec. 6. AS 23.20.277(e) is amended to read:

17           (e) At the end of each taxable year, the department shall deter-  
18 mine whether the total of payments for the year made by a nonprofit  
19 organization is less than, or in excess of, the total amount of  
20 regular benefits plus the state share [ONE-HALF OF THE AMOUNT] of  
21 extended benefits paid to individuals during the taxable year based on  
22 wages attributable to service in the employ of the nonprofit  
23 organization; and in the case of a government entity that has elected  
24 to make payments under this section, whether the total of payments for  
25 the year is less than, or in excess of, the total amount of regular  
26 benefits plus the total amount of extended benefits as determined in  
27 this subsection. Each organization whose total payments for the  
28 taxable year are less than the amount so determined is liable for  
29 payment of the unpaid balance to the fund in accordance with (f) of

1 this section. If the total payments exceed the amount so determined  
2 for the taxable year, all or part of the excess may, at the discretion  
3 of the department, be refunded from the fund or retained in the fund  
4 as part of the payments that [WHICH] may be required for the next  
5 taxable year.

6 \* Sec. 7. AS 23.20.277(1) is amended to read:

7 (1) Each employer that is liable for payments in place of con-  
8 tributions shall pay to the department for the fund the amount of  
9 regular benefits plus the state share [AMOUNT OF ONE-HALF] of extended  
10 benefits paid that are attributable to service in the employ of that  
11 employer. However, a government entity that [WHICH] has elected to  
12 make payments under this section is liable for the amount of regular  
13 benefits plus the full amount of extended benefits which are attribut-  
14 able to service in the employ of that entity. If benefits paid to an  
15 individual are based on wages paid by more than one employer and one  
16 or more of these employers are liable for payments in place of contri-  
17 butions, the amount payable to the fund by each employer that is  
18 liable for payments shall be determined by the department in accord-  
19 ance with regulations adopted by the department.

20 \* Sec. 8. AS 23.20.290(d) is amended to read:

21 (d) Beginning January 1, 1981, and for each succeeding year  
22 thereafter, the rate of contributions payable by each employee of an  
23 employer who is subject to AS 23.20.165 is 18 percent of the average  
24 benefit cost rate as determined in (e) of this section rounded to the  
25 nearest one-hundredth [ONE-TENTH] of one percent. However, the rate  
26 of contributions for an employee may not be less than one-half percent  
27 or more than one percent.

28 \* Sec. 9. AS 23.20.390 is amended by adding a new subsection to read:

29 (f) In addition to the liability under (a) of this section for

1 the amount of benefits improperly paid, an individual who is disqual-  
2 ified from receipt of benefits under AS 23.20.387 is liable to the  
3 department for a penalty in an amount equal to 50 percent of the  
4 benefits that were obtained by knowingly making a false statement or  
5 misrepresenting a material fact, or knowingly failing to report a  
6 material fact, with the intent to obtain or increase benefits under  
7 this chapter. The department may, in accordance with regulations  
8 adopted under this chapter, waive the collection of a penalty under  
9 this section. The department shall deposit into the general fund the  
10 penalty that it collects.

11 \* Sec. 10. AS 23.20 is amended by adding new sections to read:

12 Sec. 23.20.391. LIEN. (a) A claim under AS 23.20.390 for  
13 benefits that have been improperly paid as a result of a false state-  
14 ment, misrepresentation, or omission, including a penalty as described  
15 in AS 23.20.390(f), is a lien in favor of the state against all of the  
16 real and personal property of the individual.

17 (b) The claim becomes a lien when the department files a notice  
18 of the lien with the recording officer of the recording district in  
19 which the property is located. The claim becomes a lien on a motor  
20 vehicle when the department files a notice of the lien in the office  
21 of the commissioner of public safety. Filing of the notice of lien is  
22 constructive notice to creditors of the owner, and to subsequent  
23 purchasers and encumbrancers, of the lien against the property de-  
24 scribed in the notice.

25 (c) The department may release a notice of lien by filing a  
26 certificate of release in the manner prescribed for the filing of a  
27 notice of lien. The department may not file a certificate of release  
28 until the amount of the claim, including a penalty, if any, is paid,  
29 or until it receives assurance of payment which it considers adequate,

1 or until the individual is absolved from liability under AS 23.20.-  
2 390(b).

3 Sec. 23.20.393. NOTICE OF ASSESSMENT; DISTRAINT AND SEIZURE.

4 (a) If the department's determination of liability under AS 23.20.390  
5 is final and the individual has not made repayment within 90 days, the  
6 department may issue a notice of assessment, specifying the amount  
7 due, and may serve it on the individual. A peace officer or an  
8 authorized representative of the department may serve the notice  
9 personally or the department may mail the notice by certified or  
10 registered mail with return receipt requested.

11 (b) If the notice is served by mail, the notice must be de-  
12 posited in the post office, postage paid, and addressed to the indi-  
13 vidual at the individual's last address of record. The date of ser-  
14 vice is the date of delivery shown on the delivery receipt. However,  
15 if the department determines that the addressee is deliberately avoid-  
16 ing service, then the date of service is the day of mailing.

17 (c) If the amount assessed is not paid within 30 days after  
18 personal service or mailing of the notice, the department may collect  
19 the amount stated in the assessment by the distraint or seizure of the  
20 property, assets, goods, and effects of the individual. Goods and  
21 property exempt from execution under the laws of this state are exempt  
22 from distraint under this section.

23 Sec. 23.20.394. NOTICE AND ORDER TO WITHHOLD AND DELIVER. (a)

24 The department may issue to a person or to a political subdivision or  
25 department of the state a notice and order to withhold and deliver  
26 property of any kind if (1) the department has reason to believe that  
27 the person, political subdivision, or department possesses property  
28 that is due or owing, or is the property of another person; and (2)  
29 notice of assessment has been served at least 30 days before the

1 issuance of the notice and order to withhold and deliver.

2 (b) A peace officer or an authorized representative of the  
3 department may serve the notice and order to withhold and deliver.  
4 The person, political subdivision, or department upon whom service is  
5 made shall answer the notice within 10 days.

6 (c) If the person, political subdivision, or department pos-  
7 sesses property, credits, or money subject to the claim of the depart-  
8 ment, it shall deliver the property to the department immediately upon  
9 demand.

10 (d) If a person fails to answer the notice and order to withhold  
11 and deliver within the time prescribed, the superior court in the  
12 judicial district in which the order is served may enter a judgment by  
13 default against the person for the full amount claimed by the depart-  
14 ment in the notice to withhold and deliver, together with costs.

15 \* Sec. 11. AS 23.20.530(a) is amended to read:

16 (a) In this chapter, "wages" means all remuneration for service  
17 from whatever source, including, but not limited to, insured work,  
18 noninsured work, or self-employment; commissions, bonuses, back pay  
19 and the cash value of all remuneration in a medium other than cash  
20 shall be treated as wages; gratuities customarily received by an  
21 individual in the course of service from persons other than the indi-  
22 vidual's employing unit may be treated as wages received from the  
23 employing unit only to the extent the individual reports the gratu-  
24 ities to the employing unit. The reasonable cash value of remunera-  
25 tion in a medium other than cash, and the reasonable amount of gratu-  
26 ities, shall be estimated and determined in accordance with regu-  
27 lations adopted by the department; notwithstanding AS 23.20.350(a),  
28 back pay awards shall be allocated to the weeks or quarters with  
29 respect to which the pay was earned. If the remuneration of an

1 individual is not based upon a fixed period of time or if the  
2 individual's wages are paid in irregular intervals or in a manner that  
3 [WHICH] does not extend regularly over the period of employment, the  
4 wages shall be allocated to weeks or quarters in accordance with  
5 regulations adopted by the department. The regulations must [SHALL],  
6 so far as possible, produce results reasonably similar to those that  
7 [WHICH] would prevail if the individual's wages were paid at regular  
8 intervals. Wages earned for services performed, but not paid because  
9 the employer has filed for bankruptcy, are considered wages for the  
10 quarter in which they were earned.

11 \* Sec. 12. AS 23.20.175(a) and (b) are repealed.

12 \* Sec. 13. Section 8 of this Act takes effect January 1, 1989.

13 \* Sec. 14. Sections 1 -- 7 and 9 -- 12 of this Act take effect  
14 immediately under AS 01.10.070(c).

15

16

17

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 20, 1988

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

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to unemployment insurance. The bill makes miscellaneous amendments, including some that are merely housekeeping amendments, to current law. A section-by-section analysis of the bill follows.

SECTION-BY-SECTION ANALYSIS

Section 1:

The proposed amendment of AS 16.10.290(a) enhances the department's ability to collect delinquent unemployment insurance contributions from fish processors and fish buyers. The department's figures indicate that, as of January 1, 1987, 25 percent of all fish processors and buyers were delinquent in their contributions. Those delinquencies resulted in a loss to the unemployment trust fund of about \$720,000 as of that date. Under the proposed amendment, the department may assert claims for contributions against the fish processors' and buyers' surety bonds, such claims having next priority after claims for wages and for payment for raw fish.

Section 2:

The amendment of AS 23.20.195(a) in this section is a housekeeping measure providing for the 10 percent penalty on delinquent employer reports and taxes to be discretionary instead of mandatory. It also increases the minimum penalty to \$10 from \$1. This provision is not presently enforced in cases for which it is not cost effective to do so. A discretionary penalty would conform the statute to current practice, and remove the requirement on the department to assess and collect penalties regardless of whether the state actually loses money in doing so.

HB 384  
cc

Sections 3 and 4:

The amendments to AS 23.20.205(c) and AS 23.20.220(a) in these sections clarify the procedures for the appeal by an employer of the department's assessment against the employer for unemployment contributions. The department may extend the 30-day appeal filing deadline for circumstances beyond the control of an employer. Also, the amendments clarify that if the employer files security with the appeal, the collection of the assessment will be stayed pending determination of the appeal.

In addition, extraneous language in AS 23.20.220 is being deleted.

Sections 5, 6, and 7:

Under current law, nonprofit organizations and governmental entities may elect to reimburse the Alaska Department of Labor after it has paid either regular or extended unemployment insurance benefits to an unemployed worker, instead of paying contributions ahead of time under AS 23.20.165. Under AS 23.20.406, extended benefits are payable to an unemployed worker only after that person (1) has exhausted his or her regular benefits and (2) is otherwise qualified under AS 23.20. In addition, extended benefits are only available during certain high unemployment periods. See AS 23.20.408. If a nonprofit organization does not pay contributions in advance under AS 23.20.165, then, currently, it must reimburse 100 percent of the regular benefits and 50 percent of the extended benefits paid by the Alaska Department of Labor. The federal government reimburses the other 50 percent of the extended benefits paid by the Alaska Department of Labor.

Under the Gramm-Rudman-Hollings Act (the federal Balanced Budget and Emergency Deficit Control Act of 1985), the federal share (currently 50 percent) of extended benefits payments might decrease because it is subject to sequestration. If that happens, under existing AS 23.20.277(b) the state would have to absorb the loss of federal money because the nonprofit organization share is fixed at 50 percent. To offset that loss, nonprofit organizations that choose to reimburse the department for benefits paid to their former employees will, under the amendments to AS 23.20.277(b), (e), and (1) (secs. 5, 6, and 7 of the bill), be required to reimburse the difference between the 100 percent of the extended benefits already paid by the department and the amount subsequently reimbursed by the federal government. The amount charged government entities will not change

because they already reimburse 100 percent of the extended benefits paid by the department.

Section 8:

This amendment of AS 23.20.290(d) provides for rounding the employee contribution to the nearest one-hundredth of one percent. Current law requires rounding to the nearest one-tenth of one percent. Under current AS 23.20.290(c), however, the employer contribution is to be rounded to the nearest one-hundredth, so employers currently pay or collect one tax rounded to one-hundredth and another rounded to one-tenth on the same wages. The amendment provides more consistency for employers.

Section 9:

Under proposed AS 23.20.390(f), individuals who fraudulently obtain benefits incur an additional monetary penalty of 50 percent of the amount improperly received, unless the department waives the penalty, with any penalties collected to go to the general fund. Currently, under AS 23.20.387, a person who fraudulently receives benefits is disqualified from receiving benefits for a specified period of time, and, under AS 23.20.390(a), must repay the benefits fraudulently received (a situation similar to an interest-free loan). As a further disincentive for fraud, the 50 percent penalty is proposed.

Section 10:

This section proposes new AS 23.20.391, 23.20.393, and 23.20.394, which establish provisions for liens and attachment of property to facilitate the collection of overpayments that are caused by fraudulent receipt of benefits. The three proposed statutes are based on existing AS 23.20.200, 23.20.205, and 23.20.215, respectively, regarding liens on the property of an employer for failure to make the required contributions. Proposed AS 23.20.391(b), which tracks existing AS 23.20.200(b), refers to the lien being "constructive notice to creditors" and is intended to establish the priority of the state over unsecured and unrecorded creditors, whether prior or subsequent, as well as subsequent secured creditors.

Section 11:

Under current law, an individual's eligibility for unemployment insurance benefits is based upon wages paid to the

individual. Thus, if an individual works for an employer who files for bankruptcy and does not pay its employees, the individual does not qualify for unemployment benefits. The proposed amendment to AS 23.20.530(a) in this section rectifies this situation. This section expands the definition of "wages" to include earnings for work that an employee performs but is not paid for because the employer files for bankruptcy.


Section 12:

This section repeals two outdated subsections of AS 23.20.175.

Sections 13 and 14:

These sections provide for effective dates, with the amendment regarding the rounding of employee contributions taking effect January 1, 1989, and the other changes taking effect immediately.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper  
Governor

SENATE COMMITTEE REPORT

FURTHER

FINANCE

DATE TURNED INTO OFFICE \_\_\_\_\_

4/7/88

Mr. President:

LABOR AND COMMERCE Committee considered HB 384 (title am)

unemployment insurance; establishing a priority for payment; efd

*majority*  
and recommended

replace with \_\_\_\_\_ CS SCS HB 384 (LIC)  same title  
 or adopt \_\_\_\_\_ CS SCS FOR HD 304 LHO  new title

attached amendment(s) and *+ do pass*

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)  
 new  updated or  previous  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*M. J. ...*  
*Fahrenkang*  
\_\_\_\_\_  
\_\_\_\_\_  
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*Tim Kelly - Potomac*  
\_\_\_\_\_  
Chairman signature and recommendation

Committee Backup attached

HB

386



**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: \_\_\_\_\_  
 Title: "An Act relating to enforcement of BRU: \_\_\_\_\_  
alcoholic beverage control laws; & e.d." \_\_\_\_\_  
 Sponsor: Representative Hoffman Components: \_\_\_\_\_  
 Requestor: House Finance Committee \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

The attached analysis details the appropriation as contained in  
HB 387.

Prepared by: Representative Al Adams, Chairman *AAA* Phone: 465-3706  
 Division: House Finance Committee Date: 2/24/88

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

**Distribution (by preparer) :**

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

3/11/88

## Description of Combined Drug and Alcohol Enforcement Unit

There is presently a program within the Alaska State Troopers that is responsible for providing assistance to local agencies and villages in Western Alaska with their drug enforcement efforts. The program is called the Western Alaska Narcotics Team (W.A.N.T.). One state trooper drug investigator is responsible for coordinating primarily narcotics investigations; he assists in bootlegging investigations as time and resources allow. W.A.N.T. was established in late 1982.

Based on the area of responsibility and the vast travel requirements, the W.A.N.T. trooper investigator works out of Anchorage. The W.A.N.T. area includes communities located along the Alaska Peninsula and the Aleutian Islands, and those communities in Bristol Bay, the Kuskokwim Delta, Norton Sound, Seward Peninsula, and the Kotzebue Sound. The investigator's role is to provide leadership, guidance, assistance, direction, informants, undercover agents, buy money, expense funds, and to act in undercover capacities whenever possible. The investigator's office is located at the Anchorage airport, which allows increased effectiveness in disrupting the flow of drugs to Western Alaska.

In the five years of its existence, the Western Alaska team has seized over a million dollars worth of drugs and made over 300 arrests for drug and alcohol violations in its area.

Because a single trooper is responsible for covering such a large area, he can give his attention to a certain area for only a short period of time. He must divide his efforts so as to provide, on a rotating basis, enforcement in as many different communities as possible. Generally, his concentration has been on drugs first and alcohol second. In either case, he encourages those communities with enforcement resources to conduct their own investigations with his assistance and some AST funding. Consistent and continuous clandestine investigative pressure on drug and alcohol violators is simply not possible under current staffing levels, even though such an effort is badly needed.

The alcohol problems in Western Alaska need to be addressed on a full-time basis, and in combination with full-time drug enforcement efforts. The procedures for conducting investigations for either type of violation are very similar. The best way to address this problem would be the development of a team of investigators who can concentrate 100 percent on west coast alcohol and drug problems. The

team members should be capable of working undercover either together or singly, be able to deal with interdiction at the airports, provide assistance and guidance in clandestine operations, share intelligence information, conduct training for law enforcement officers, VPSOs, and VPOs, and participate in school and other prevention programs.

A joint drug and alcohol investigative unit would support local law enforcement efforts. A no-cost alcohol and drug information hot line could be established to receive confidential tips from citizens. This information can be evaluated, and payment from a "reward fund" awarded to individuals based on their participation and the reliability of their information.

We suggest the creation of a full-time Western Alaska Alcohol and Narcotics Team (W.A.A.N.T.). We suggest the addition of one trooper investigator and a clerk typist to the existing one-trooper W.A.N.T. unit. The scope of the unit's enforcement efforts would then be expanded to include full-time ongoing investigation of alcohol violations.

The desirability of having two investigators dealing with related problems and working in the same area of Alaska was well illustrated by the recently concluded enforcement effort in Western Alaska. That effort was conducted by the W.A.N.T. unit trooper investigator, local officers, local troopers, a VPSO, VPOs, and two additional state trooper narcotics investigators temporarily assigned to assist the W.A.N.T. unit.

The following costs are anticipated (based upon the level of funding now proposed in HB 386):

Personal Services:

A. Investigator I (PFT - Range 77A)		
Salary	\$42,880	
Overtime (225 hours per year)	7,250	
Benefits	<u>18,211</u>	
Investigator I Cost		68.4
B. Clerk Typist II (PFT - 7A)		
Salary	\$18,540	
Overtime (150 hours per year)	2,150	
Benefits	<u>9,185</u>	
Clerk Typist II Cost		<u>30.0</u>
Total Personal Services		\$98.4

Travel:

Extensive travel would be necessary to conduct investigations, oversee undercover operatives, and coordinate with local law enforcement authorities.

In-State Transportation	10.0	
In-State Per Diem	<u>10.0</u>	
Total Travel		20.0

Contractual:

Much of the unit's activities will involve conducting undercover operations. Costs include informant pay, buy funds, establishing a reward program for alcohol related information, and expense funds. These costs are paid outside the normal state purchasing system to assure the confidentiality of the operations.

Professional Services	100.8	
Communications (telephone, etc.)	6.0	
Printing/binding - training and school instruction material	8.0	
Miscellaneous (clothing allowance, etc.)	<u>2.0</u>	
Total Contractual		116.8

Supplies:

Office supplies (stationery, etc.)	4.0	
Professional supplies (ammunition, etc.)	3.0	
Miscellaneous	<u>1.0</u>	
Total Supplies		8.0

Equipment: (First Year Cost Only)

Desks (2)	1.1	
Chairs (3)	1.0	
Bookcase	0.4	
File cabinet	0.6	
Firearms	0.7	
Word Processor (shared)	<u>3.0</u>	
Total Equipment		<u>6.8</u>

Total Cost		\$250.0
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Original sponsor: Hoffman

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 386 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to enforcement of alcoholic beverage  
7 control laws; and providing for an effective date."

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

9 \* Section 1. AS 18.65.085 is amended to read:

10 Sec. 18.65.085. NARCOTIC DRUGS AND ALCOHOL ENFORCEMENT. (a)

11 There is established in the Department of Public Safety, division of  
12 state troopers, a narcotic drugs and alcohol enforcement unit for the  
13 purpose of investigating and combating the illicit sale and dis-  
14 tribution of narcotic drugs and alcoholic beverages in the state.  
15 Enforcement of the alcoholic beverage control laws shall focus primar-  
16 ily on the investigation, apprehension, and conviction of persons who  
17 violate AS 04.11.010 by selling, importing, or possessing alcoholic  
18 beverages in violation of an ordinance adopted by a municipality or  
19 established village under AS 04.11.490 - 04.11.500.

20 (b) The commissioner of public safety shall submit to the legis-  
21 lature, within 30 days from the date the legislature convenes, a  
22 report concerning the activities of the narcotic drugs and alcohol  
23 enforcement unit. The report shall include, but is not limited to,  
24 the number of arrests made, the kind, amount and value of narcotic  
25 drugs and alcoholic beverages seized, the sentences received by nar-  
26 cotic drug and alcohol offenders, and an overall view of the narcotic  
27 drug and illicit alcohol problem in the state.

28 \* Sec. 2. AS 18.65.085 is amended by adding a new subsection to read:

29 (c) The Department of Public Safety may establish and administer

1 a reward program, and provide grants to municipalities and established  
2 villages for reward programs, leading to the apprehension and con-  
3 viction of persons who violate AS 04.11.010 by selling, importing, or  
4 possessing alcoholic beverages in violation of an ordinance adopted by  
5 a municipality or established village under AS 04.11.490 - 04.11.500.

6 \* Sec. 3. This Act takes effect July 1, 1988.

7

8

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 386(Jud)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: \_\_\_\_\_  
Title: "An Act relating to enforcement of  
alcoholic beverage control laws; & e.d." BRU: \_\_\_\_\_  
Sponsor: Representative Hoffman Components: \_\_\_\_\_  
Requestor: House Finance Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Representative Al Adams, Chairman *AAA* Phone: 465-3706  
Division: House Finance Committee Date: 2/24/88

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

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

FISCAL NOTE

REQUEST:

Revision Date: 03/01/88  
Title: "An Act relating to enforcement of alcoholic beverage control laws; ed  
Sponsor: House Judiciary  
Requestor: House Finance

Agency Affected: Revenue  
BRU: ABC BOARD  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Patrick L. Sharrock, Director  
Division: Alcoholic Beverage Control Division

Phone: 277-8638  
Date: 03/02/88

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: 03/02/88

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

DEPARTMENT OF  
PUBLIC SAFETY

BILL NO: CSHB 386 (Jud) and  
CSHB 387 (Jud)

DATE: 2/25/88

TITLE: "An Act relating to  
enforcement of alcoholic  
beverage control laws..."

CONTACT: Arthur English  
Commissioner  
465-4322

"An Act making a special  
appropriation for  
enforcement of alcoholic  
beverage control laws..."

The Department of Public Safety strongly supports CSHB 386 (Jud), An Act relating to enforcement of alcoholic beverage control laws, and its companion bill CSHB 387 (Jud), An Act making a special appropriation to the Department of Public Safety for enforcement of alcoholic beverage control laws and for a reward program.

The illicit importation and sale of alcoholic beverages in communities which have adopted "local option" laws to restrict the sale or possession of alcoholic beverages is a major law enforcement and public safety concern in many parts of rural Alaska. The consumption of alcohol and illicit drugs is a contributing factor in a very high percentage of the crimes committed in rural Alaska, especially violent crimes. The consumption of "bootlegged liquor" has contributed in many cases to abuse and neglect of children, disruption of the family unit, suicide, fatal accidents, assaults, and murder.

CSHB 386 (Jud) would broaden the scope of the present Alaska State Trooper's statewide Drug Investigative Unit to include both drugs and alcoholic beverages. The bill also authorizes the Department to establish and administer, and provide grants to municipalities and villages to establish and administer, reward programs for persons who provide information leading to the arrest and conviction of bootleggers.

CSHB 387 (Jud) makes a special appropriation to the Department to carry out the investigative duties and reward program described in CSHB 386 (Jud). A detailed description of the combined Alcohol and Drug Investigative Unit, and the way in which the appropriation would be spent, is attached.

The Department believes that passage of CSHB 386 (Jud) and CSHB 387 (Jud) will provide the State Troopers with valuable tools that can be used to help curtail the destructive flow of bootleg liquor to rural Alaska.

  
-----  
Arthur English, Commissioner

POSITION PAPER  
ON  
HOUSE BILL NO. 386

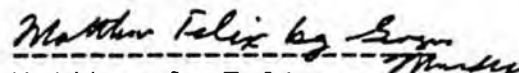
"An Act relating to rewards to promote the apprehension and conviction of certain offenders; and providing for an effective date."

The Department of Health and Social Services is fully supportive of House Bill 386. The human and financial costs associated with illegal alcohol sales in rural Alaska are significant, and have been repeatedly documented by a variety of sources. According to the Department of Public Safety 1986 Crime in Alaska Report, 1800 persons age 18 and over, and 1039 persons under age 18 were arrested for liquor law violations. Bootlegging arrests are included as liquor law violations in this report.

Providing a financial incentive for reporting illegal alcohol sales should improve upon the present situation. Because of the vast distances in rural Alaska, the capability of law enforcement officers is limited. In hub communities the problem becomes overwhelming; bootleggers are smart, and arrests with sufficient evidence for convictions are frequently difficult to obtain.

House Bill 387 is a companion bill to House Bill 386 and will provide a \$250,000 appropriation to the Department of Public Safety to establish this program.

  
-----  
Myra M. Munson  
Commissioner

  
-----  
Matthew C. Felix  
Coordinator

2/18/88

SUMMARY ANALYSIS

CS HB 386 (Judiciary)

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- Section 1. Will include alcohol with drug enforcement. Will primarily focus on investigation, apprehension, and conviction of bootleggers in local option communities.  
An annual detailed report will be delivered to the Legislature on the activities of drugs and alcohol enforcement.
- Section 2. The establishment of a reward program, and grant system for villages for reward programs, leading to apprehension and conviction of bootleggers who violate local option laws.
- Section 3. Effective date - July 1, 1988.

SUMMARY ANALYSIS

CS HB 387 (Judiciary)

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- Section 1. An appropriation of \$250,000 from the general fund for enforcement of local option laws.
- Section 2. Unused funds would lapse to general fund 6-30-89.
- Section 3. This Act will take effect on the effective date of CS HB 386 (Judiciary).

# Fiscal Analysis for HB387

## Description of Combined Drug and Alcohol Enforcement Unit

There is presently a program within the Alaska State Troopers that is responsible for providing assistance to local agencies and villages in Western Alaska with their drug enforcement efforts. The program is called the Western Alaska Narcotics Team (W.A.N.T.). One state trooper drug investigator is responsible for coordinating primarily narcotics investigations; he assists in bootlegging investigations as time and resources allow. W.A.N.T. was established in late 1982.

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The following costs are anticipated (based upon the level of funding now proposed in HB 386):

Personal Services:

A.	Investigator I (PFT - Range 77A)		
	Salary	\$42,880	
	Overtime (180 hours per year)	5,800	
	Benefits	<u>18,211</u>	
	Investigator I Cost		65.9
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	Investigator I Cost		65.9

C. Clerk Typist II (PFT - 7A)		
Salary	\$18,540	
Overtime (120 hours per year)	1,712	
Benefits	<u>9,185</u>	
Clerk Typist II Cost		<u>29.4</u>
Total Personal Services		\$161.2

Travel:

Extensive travel would be necessary to conduct investigations, oversee undercover operatives, and coordinate with local law enforcement authorities.

In-State Transportation	10.0	
In-State Per Diem	<u>10.0</u>	
Total Travel		20.0

Contractual:

Much of the unit's activities will involve conducting undercover operations. Costs include informant pay, buy funds, and expense funds. These costs are paid outside the normal state purchasing system to assure the confidentiality of the operations.

Professional Services	38.0	
Communications (telephone, etc.)	6.0	
Printing/binding - training and school instruction material	8.0	
Miscellaneous (clothing allowance, etc.)	<u>2.0</u>	
Total Contractual		54.0

Supplies:

Office supplies (stationery, etc.)	4.0	
Professional supplies (ammunition, etc.)	3.0	
Miscellaneous	<u>1.0</u>	
Total Supplies		8.0

Equipment: (First Year Cost Only)

Desks (2)	1.1	
Chairs (3)	1.0	
Bookcase	0.4	
File cabinet	0.6	
Firearms	0.7	
Word Processor (shared)	<u>3.0</u>	
Total Equipment		<u>6.8</u>
Total Cost		\$250.0

3/11/88

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The following costs are anticipated (based upon the level of funding now proposed in HB 386):

Personal Services:

A. Investigator I (PFT - Range 77A)		
Salary	\$42,880	
Overtime (225 hours per year)	7,250	
Benefits	<u>18,211</u>	
Investigator I Cost		68.4
B. Clerk Typist II (PFT - 7A)		
Salary	\$18,540	
Overtime (150 hours per year)	2,150	
Benefits	<u>9,185</u>	
Clerk Typist II Cost		<u>30.0</u>
Total Personal Services		\$98.4

Travel:

Extensive travel would be necessary to conduct investigations, oversee undercover operatives, and coordinate with local law enforcement authorities.

In-State Transportation	10.0	
In-State Per Diem	<u>10.0</u>	
Total Travel		20.0

Contractual:

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Professional Services	100.8	
Communications (telephone, etc.)	6.0	
Printing/binding - training and school instruction material	8.0	
Miscellaneous (clothing allowance, etc.)	<u>2.0</u>	
Total Contractual		116.8

Supplies:

Office supplies (stationery, etc.)	4.0	
Professional supplies (ammunition, etc.)	3.0	
Miscellaneous	<u>1.0</u>	
Total Supplies		8.0

Equipment: (First Year Cost Only)

Desks (2)	1.1	
Chairs (3)	1.0	
Bookcase	0.4	
File cabinet	0.6	
Firearms	0.7	
Word Processor (shared)	<u>3.0</u>	
Total Equipment		<u>6.8</u>
Total Cost		\$250.0

DEPARTMENT OF PUBLIC SAFETY

BILL NO: CSHB 386 (Jud) and CSHB 387 (Jud)

DATE: 2/25/88

TITLE: "An Act relating to enforcement of alcoholic beverage control laws..."

CONTACT: Arthur English Commissioner 465-4322

"An Act making a special appropriation for enforcement of alcoholic beverage control laws..."

The Department of Public Safety strongly supports CSHB 386 (Jud), An Act relating to enforcement of alcoholic beverage control laws, and its companion bill CSHB 387 (Jud), An Act making a special appropriation to the Department of Public Safety for enforcement of alcoholic beverage control laws and for a reward program.

The illicit importation and sale of alcoholic beverages in communities which have adopted "local option" laws to restrict the sale or possession of alcoholic beverages is a major law enforcement and public safety concern in many parts of rural Alaska. The consumption of alcohol and illicit drugs is a contributing factor in a very high percentage of the crimes committed in rural Alaska, especially violent crimes. The consumption of "bootlegged liquor" has contributed in many cases to abuse and neglect of children, disruption of the family unit, suicide, fatal accidents, assaults, and murder.

CSHB 386 (Jud) would broaden the scope of the present Alaska State Trooper's statewide Drug Investigative Unit to include both drugs and alcoholic beverages. The bill also authorizes the Department to establish and administer, and provide grants to municipalities and villages to establish and administer, reward programs for persons who provide information leading to the arrest and conviction of bootleggers.

CSHB 387 (Jud) makes a special appropriation to the Department to carry out the investigative duties and reward program described in CSHB 386 (Jud). A detailed description of the combined Alcohol and Drug Investigative Unit, and the way in which the appropriation would be spent, is attached.

The Department believes that passage of CSHB 386 (Jud) and CSHB 387 (Jud) will provide the State Troopers with valuable tools that can be used to help curtail the destructive flow of bootleg liquor to rural Alaska.

*Arthur English*  
Arthur English, Commissioner

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Contractual:

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Professional Services	38.0	
Communications (telephone, etc.)	6.0	
Printing/binding - training and school instruction material	8.0	
Miscellaneous (clothing allowance, etc.)	<u>2.0</u>	
Total Contractual		54.0

Supplies:

Office supplies (stationery, etc.)	4.0	
Professional supplies (ammunition, etc.)	3.0	
Miscellaneous	<u>1.0</u>	
Total Supplies		8.0

Equipment: (First Year Cost Only)

Desks (2)	1.1	
Chairs (3)	1.0	
Bookcase	0.4	
File cabinet	0.6	
Firearms	0.7	
Word Processor (shared)	<u>3.0</u>	
Total Equipment		<u>6.8</u>
Total Cost		\$250.0

# Alaska's Suicide Epidemic

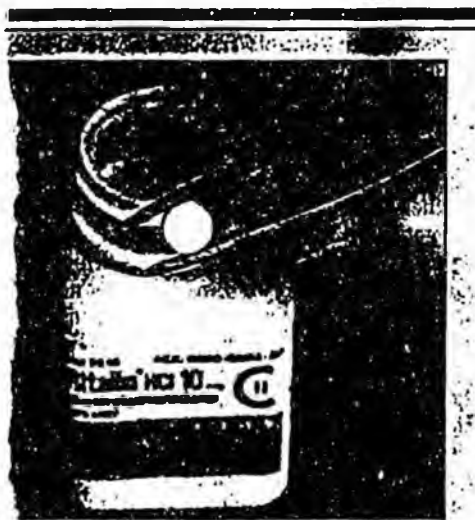
## The obituaries led to the story

"Moonlighting's" producers won't divulge what specific 3-D tricks they have in mind; odds are good, however, that someone will throw an object toward the viewer, an effect that has graced every 3-D movie from Three Stooges shorts to "Kiss Me Kate." The proclivity for projectiles, in fact, may explain the appeal of the newest 3-D gadget. The SegaScope 3-D video game comes with rakish black wrap-around liquid-crystal glasses, which plug into the game console and render the on-screen action 3-D. The effect is convincing: in "3-D Missile Defense," for example, attacking missiles seem to zoom straight from the screen and explode dramatically when blasted.

**Robot eyes:** Many experts doubt that 3-D will become more than a novelty. "You might put on glasses to watch 'House of Wax' for a couple of hours," says Glenn Kenny, an editor with Video Review, "but as a way of life, it's not going to work." But there are some practical applications for 3-D video. Lenny Lipton, president of StereoGraphics in San Rafael, Calif., has invented a sophisticated 3-D television camera that provides the eyes for a robot now cleaning up the Three Mile Island power plant. He also sells 3-D computer monitors to engineers and scientists for drawing aircraft or analyzing scientific data.

Lipton, who has written a textbook on 3-D cinema, is a true believer. He's convinced that eventually 3-D will become as accepted on the screen as stereo sound is in high-fidelity equipment. "We could have 3-D television in the home this day after tomorrow, if only an RCA or a Sony would get behind it." But he is realistic enough to know that a poor showing on "Moonlighting" next May could set his cause back another decade.

MICHAEL ROGERS



BERNARD GOTTFRYD—NEWSWEEK  
A controversial drug: Ritalin

It was an old story, the kind to which most editors didn't give a second thought. After all, Alaska is frontier country, and alcoholism—with its attendant ills—comes with the territory. But all that changed last winter, when a new report by the state epidemiologist revealed massive underreporting of Alaska's suicide statistics, particularly in rural areas. About the same time, several reporters from the Anchorage Daily News followed up that study by re-examining the ostensibly routine obituaries of Alaskan Eskimos, Indians and Aleuts. After they discovered that many had not died of natural causes, managing editor Howard Weaver put almost every reporter he had on the story. The extraordinary effort paid off. For 10 days last month, the paper held the state's attention with a searing series of reports describing the epidemic of largely liquor-induced suicide, crime and violence that was wreaking havoc on rural Alaska.

As with all good reporting, the impact of the series grew out of the powerful accumulation of details. The paper showed how in one 16-month period, the small village of Alakanuk (population: 550) suffered eight suicides, dozens of attempted suicides, two murders and four drownings. In 44 separate stories, the News described the widespread despair and self-destruction: native men 20 to 24 committed suicide at 10 times the national average; alcoholism was rampant; so was the sexual assault of children. "It's a wrenching series," says Howard Simons, the head of Harvard's Neiman Foundation who also publishes a small Alaskan weekly. "For the paper to pick this scab and expose it is stunning."

**'Stiff price':** It's the kind of gritty reporting that Weaver hoped to direct when he became editor in 1983, replacing Katherine Fanning, who left to run the Christian Science Monitor. He spared no resources: 30 reporters and photographers—almost the entire reporting staff—traveled 28,000 miles across Alaska to piece together the tragedy afflicting the close-knit native population. "It was a stiff price," says Weaver. "The news reporting was thinner for a period of about six months." That kind of reporting has paid commercial dividends.



'Wrenching series': Checking for bootlegging (top), dramatic front page

With the solid backing of the McClatchy Newspapers chain, which bought the daily in 1979, the News has steadily raised its circulation from 12,000 to 55,000, surpassing its rival The Anchorage Times in 1983 to become the largest paper in the state.

Judging by the hundreds of calls and letters, nine to one in favor of the series, Alaskans were shocked but profoundly moved by what they read. Two days after the series began, Gov. Steve Cowper rewrote his annual state-of-the-state speech to address the "unconscionable" rate of suicide, alcohol and drug abuse in the rural areas. The Alaska Legislature is considering new laws raising penalties for bootlegging, prohibiting mail-order liquor sales and increasing funding for alcoholism programs. But most important, according to Doug Modig, an Anchorage alcohol-abuse counselor, the News series has opened the problem up for discussion and change. "Instead of holding the shame inside, people are beginning to talk," says Modig. "When you don't talk about living in terror in your own villages, you cannot heal."

JENNIFER COHANT with bureau reports

NEWSWEEK: FEBRUARY 15, 1988 81

# Anchorage Daily News

VOL. XLIII, NO. 15 80 PAGES

ANCHORAGE, ALASKA, FRIDAY, JANUARY 15, 1988

## SPECIAL REPORT

*Moving booze to the Bush can mean big profits if you know how to play the game and don't spend much time fretting about the well-being of your clientele.*

# Haven for bootleggers

By HAL BERNTON  
Daily News reporter

**B**ETHEL — On a damp Sunday in October, two youthful brothers from a village along the Kuskokwim River motored up to Bethel for whiskey to drink with the second game of the World Series. To make the bootleg buy, they didn't have far to go.

They pulled up their boat on a beach littered with empty plastic bottles of Windsor Canadian and walked across a sandy boardwalk to a collection of plywood shacks and A-frame huts.

One of the two disappeared into a hut, then reappeared a few minutes later. He had a bottle hidden under his clothes, his brother said. They hopped back into the boat and turned downriver for the half-hour trip home.

Such sales are the mainstay of Alaska's bootleg liquor industry, and Bethel is its capital. Bootleggers find the city's tentative approach to prohibition — allowing the importation of alcohol, but not its sale — and its role as an air and river crossroads, an ideal climate.

The cases of liquor that arrive each day from Anchorage are sold, bottle by bottle, from riverfront shacks, the trunks of taxi cabs, abandoned freezer vans or the backpacks of teen-agers. Law enforcement

officials estimate the illegal trade at \$2 million to \$5 million a year.

"Right now we see pallets, literally pallets of alcohol arrive at the airport," said Bethel Police Chief Kevin Clayton. "We know where it's going. We know what's going to happen with it, but we're powerless to stop it."

Much of the liquor is sold to local residents or the people who visit Bethel from the villages that dot the broad delta of the Yukon and Kuskokwim rivers. Some are social drinkers, but many are binge alcoholics unwilling to wait for liquor to arrive by air freight from Anchorage. They want their whiskey immediately, and will pay up to \$40 for a \$7 bottle of it.

Other bootleggers use Bethel as a base from which to smuggle booze into villages where both importation and sale are banned. In the "dry" villages, that same \$7 bottle can sell for \$120.

Aniak, a village along the middle Kuskokwim River that also allows unlimited importation of liquor, is another distribution hub for bootleggers. Cargo and passenger planes bring in daily shipments of booze, which a half-dozen bootleggers sell to local clients or send up and down the river.



See Page A-8, BOOTLEGS A bottle near the Bethel center.



With the village of St. Marys in the background, Franckia Ela holds a picture of her boyfriend, Willie Fancyboy, who committed suicide.

## St. Marys loses a life in frustrating battle

By RICHARD MAUER  
Daily News reporter

**S**T. MARYS — Nov. 22, 1986, was a Saturday that seemed like a turning point for St. Marys.

Larry Ledlow, an Alabamian reputed to be one of western Alaska's biggest bootleggers, was sitting in jail on felony liquor sale charges. In the cell with him was his alleged runner, Paul Johnson Jr.

Willie Fancyboy, a 20-year-old with a responsible job, a future, a girlfriend and an alcohol problem he was

starting to control, had put them there.

Come the following May, everything was upside-down.

Ledlow and Johnson were walking the streets as free men, all charges dismissed because of error and inattention by officials.

And Willie Fancyboy was dead, the victim of months of harassment, of neglect by the authorities he helped, and finally of a shotgun he himself wielded.

See Page A-10, ST. MARYS

### A PEOPLE



### IN PERIL

### TODAY

Though more than 70 villages have sought to control alcohol consumption by enacting dry laws, their efforts are often foiled by bootleggers. Our stories for the sixth day of the Daily News' 10-day series on a life in the Bush concern this lucrative, underground industry, a forerunner to the Prohibition era.

Reporter Hal Bernton focuses on Bethel, western Alaska's regional hub, where bootleggers prosper with impunity from freezer vans, iceboxes and shacks scattered town. From St. Marys, a dry village on the Yukon River, reporter Richard Mauer looks at how the justice system conspiracy fell apart in a recent bootlegging case, leaving one young man dead and a village stymied in its efforts to control whiskey.

Copyright © 1988, Anchorage Daily News



Brass Buckle nightclub only sells soft drinks, but it is still a major gathering place for drinkers in Bethel.

Arctic Age Daily News/Bob Halman

Continued from Page A-1

In both towns, the bootleggers operate just out of sight, often using "runners," some as young as 12 years old, to make the actual sales. The runners dispense bottles from small packs, then turn over the cash, minus a \$5- to \$10-a-bottle commission, to the bootleggers.

Bootleggers who sell directly to customers protect themselves by refusing to deal with strangers.

In the early '80s, some of the biggest bootleggers were ethnic Albanians from Yugoslavia.

"I remember when Albanians from Bethel came in they would buy about 10 cases of Windsor whiskey in plastic bottles," recalls Edith Turkington, a former employee of Party Time Liquor in Anchorage. "That is 10 cases for each person."

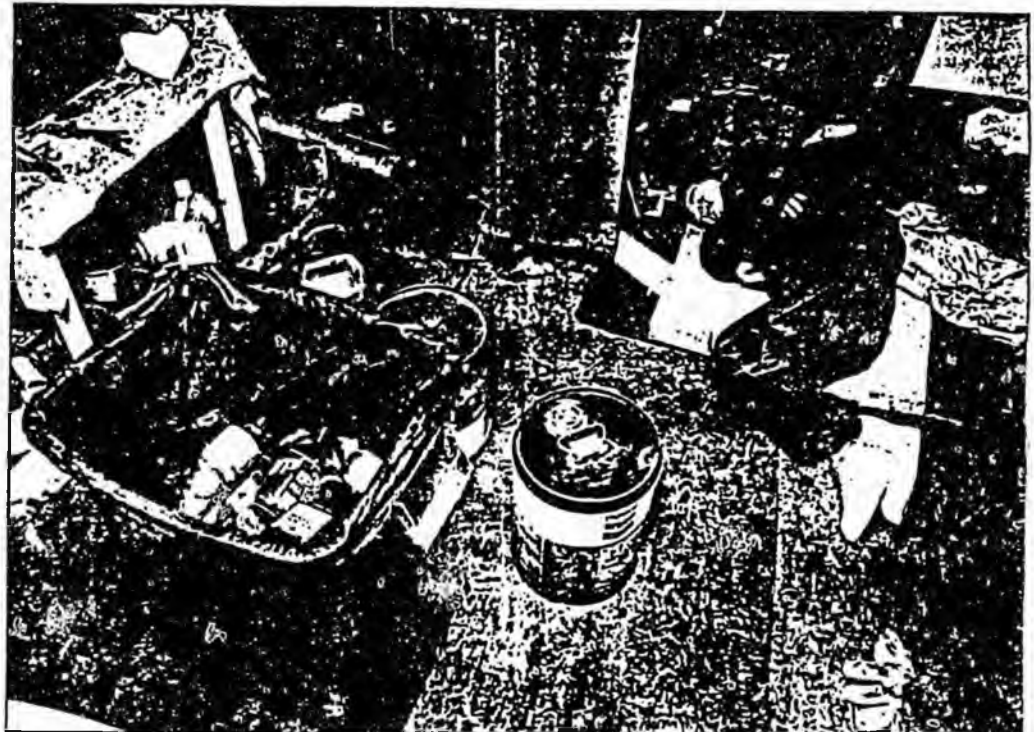
#### A BIG MARKET

"There's plenty of business for a..." said one bootlegger in his early 20s who agreed to be interviewed only if his name were withheld. He is a handsome man who would look more at home on a California surfing beach than the soggy tundra of the delta. He wants a 9-to-5 job, he said, but bootlegging proved more alluring, first as a way to earn quick cash, and then as a full-time occupation. Today he peddles whiskey from a small freezer van in the seedy section of town known as Boutington's Alley.

"I just kind of got into this and things started working out real good," he said.

He speaks on a Friday evening while at the Bethel airport awaiting a shipment of beer. The order was for another bootlegger, who planned to smuggle it into a dry village.

The young man said he



The party is over: A man sleeps on the floor of a house in Bethel where a party had been going on.

Arctic Age Daily News/Bob Halman

launched his bootlegging operation two years ago with a special introductory offer: \$25-a-bottle whiskey, which he hoped would quickly attract a core of customers. The price created "quite a bit of conflict" with other bootleggers, he said, so he raised it to \$30.

Now, in a good day, he may sell two 12-bottle cases of whiskey at a profit of more than \$500. Less enterprising bootleggers, the ones he calls "subsistence bootleggers," order only a half-dozen bottles at a time, earning just enough to support their own alcohol habits.

At first, he said, he used his van as both an illicit liquor store and a tiny, one-room apartment. But last fall he finally tired of drunken clients pestering him through the night — even after the booze was all gone — and moved out. Now he operates only part of the day from a different van. But that approach has caused him other hassles: "I've had problems with break-ins three or four times. And my windows have been shot up."

He also had trouble with alcoholic runners who drank his booze instead of selling it. Now he uses only sober ones. In early October, his three runners were aged 16, 17 and 23.

Despite the problems, he estimates he earned more than \$20,000 last year. "When I didn't drink," he said, "it was really quite profitable."

Sales of bootleg booze peak in July as hundreds of fishermen converge on Bethel to sell their catches. On the Fourth of July alone, he said, he earned more than \$2,000. Demand stays strong through the summer, then drops off sharply as villagers stalk moose in September. As permanent fund dividends begin to arrive in October, business picks up again and remains brisk through New Year's.

On a typical weekend, he gathers with other bootleggers in the parking lot of the town shopping mall. They smoke, drink, talk and watch for potential clients across the street at the Brass Buckle, a low, ranch-style building that serves as the delta's only nightclub. By midnight, the Brass Buckle is jammed with Eskimo, Indian and white rock 'n' rollers.

The bar can't sell alcohol, just soft drinks, but that isn't obvious from the customers. Many are staggeringly drunk. On the crowded dance floor, two women argue over a man; across the room, two men fight over a woman, or would, if they were sober enough to manage a serious scuffle.

"It's a hot spot," the bootlegger said. "People don't go there unless they're really f---ed up."

At 1:30 a.m., as closing time approaches, the action shifts outside. Around the back of the building, amid a clutter of 55-gallon drums and fuel

tanks, a young Eskimo woman sips from a cup. "I'm getting drunk and looking for a good piece of a—," she says with a laugh.

Out front, the parking lot of the Brass Buckle looks like a giant block party. "I'm on shrunums," says one woman who apparently has been eating psilocybin mushrooms. A young man standing nearby pulls out a plastic bottle of Windsor Canadian from his blue-jean jacket. When he draws a few stares, the bottle quickly disappears behind his back.

A half-dozen cabs ring the parking lot, the drivers ready to make quick runs for booze, and the ever-present, backpack-clad runners wander through the crowd.

The bootleggers stay as long as there is money to be made.

#### THERE'S NO FUTURE

"People will beg you and beg you," the bootlegger said. "They pay in food stamps... everything they got. One guy gave \$65 in food stamps for one bottle." Sometimes they trade ivory.

Asked whether he worries about the ravages of alcohol on his customers and their community, he replied: "When it gets to the younger neighborhood kids, that makes you feel kind of bad. Knowing you are f---ing these kids' lives up."

Briefly last summer, he said, he feared a police bust.

Then the heat slacked off. "Bootleggers are winning the war now... It seems like nobody cares," he said.

Does he ever think about quitting? "I just got into this and things started working out real good." He thought about it some more. "This is so easy... But there's no future."

#### THE "BUSH AIR COMPLEX"

Carl Berger spends much of his time trying to heal the wounds caused by alcohol. The Yukon-Kuskokwim Health Corp., which he directs, provides suicide prevention and rape counseling, and helps villages cope with accidental death and acts of violence.

From the second-story window of his riverfront office, Berger can look down at the beachfront conglomeration of A-frames and shacks with a reputation as one of the town's most notorious bootlegging sites. Locals call it "the Bush Air complex" because of the air taxi headquartered there.

During the fishing season, Berger recalled, he watched in frustration as village seiners, their pockets stuffed with cash from salmon sales, lined up to buy bootleg whiskey and then scattered up and down the river to drink.

Some headed down the beach toward the neighborhood of state Sen. John Binkley, a forceful

See Page A-9, BOOTLEG



Map of Bethel, Alaska, showing Boutington's Alley and other landmarks.

spokesman for local option laws that allow voters to ban alcohol. Others milled around the health corporation building "It got to the point where we had to hire security so that people could get in and out of the building without getting harassed," Berger recalled.

The complex sits on a half-acre of land owned by the Moravian Church. The Moravians came to Western Alaska in the 1880s and helped found Bethel. The federal government deeded 129 acres of land to them in 1911. A church was built on one part, a school on another. Some of the land has been washed away by the river, much of what remains is being "held in trust for the Native people," according to Kurt H. Vitt, director of theological education for the church.

For the last 13 years, a portion of the "trust" land has been leased to Ron Peltola, the 44-year-old proprietor of Bush Air. Peltola has been charged with "lying booze into a dry village and is awaiting trial. He has a history of problems with authorities.

In 1974, he pleaded guilty to a misdemeanor charge of selling wild game (illegally) and was fined \$2,400. The state temporarily shut down his charter operation in 1985 because he lacked the required insurance.

Last year, his pilot's license was permanently revoked for doctoring his medical records, according to the Federal Aviation Administration. On June 22, he pleaded no contest to a misdemeanor charge of harassment for repeatedly threatening to kill a police officer.

The Moravians first gave Peltola a 10-year lease in 1974, according to court records. He built a plywood shack to serve as an air taxi office, and a collection of other shacks and A-frames, some of which he later sold.

When the lease expired in 1984, the Moravians sued to evict Peltola for non-payment of rent. So far they have been unsuccessful.

**'ONE-STOP SHOPPING'**

In the meantime, the complex has developed into a base for bootlegging, according to Bethel Police Chief Clayton. It is the base for one of a half-dozen major bootlegging operations in Bethel, Clayton said, with revenue estimated at more than \$100,000 a year.

Because the beach at Bush Air is one of the few breaks in a riverfront largely walled off by old cars and metal pilings, it is a favorite pull-in spot for villagers arriving by boat. The beach also serves as a waiting area for charter passengers traveling to or from nearby villages.

"It was easy to get customers, when you knew (Bush Air) could give you a bottle and fly you," said Simon Brown, a state trooper who investigated Bush Air. "This was one-stop shopping."

On Aug. 2, troopers, with the aid of an undercover agent, busted Bush Air. They seized Peltola's floatplane and arrested him on



The riverfront complex that includes the office of Bush Air is a hotbed of bootlegging, says Bethel Police Chief Kevin Clayton.



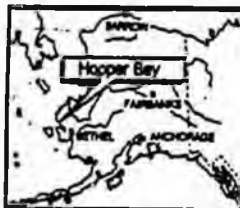
The Moravian Church has been trying to evict Bush Air owner Ron Peltola from its property.

misdemeanor charges of importing alcohol into the dry village of Tuntutulak and enlisting a minor to aid in the crime.

The minor was a young female employee of the air service. She told Trooper Brown she went to the Bethel airport to pick up liquor and delivered it to Peltola, who handed it over to Joe Newman, an occupant of an A-frame next to the Bush Air office, according to an affidavit by Brown.

Peltola instructed the employee to send any liquor customers to the A-frame, Brown said she told him. After the booze was sold, Newman brought the motor to her, and she put it in a Bush Air money bag.

Bush Air still has a



floatplane, and the charter service is open for business. Peltola spoke indignantly of his arrest, and flatly denied the employee's statements to police. He said passengers may have carried liquor on his planes, but he didn't know about it.

Peltola sold two of the three A-frames in May 1983, according to Peltola and his

attorney. Some huts may be used for bootlegging, Peltola said, but they have no connection to Bush Air.

**\$120 A BOTTLE**

Hooper Bay, a community of 776 people spread along the Bering Sea coast, is one of more than 30 villages along the Kuskokwim River that prohibits the importation and sale of alcohol.

But the prohibition, rather than stemming the flow of liquor, has merely altered its course by creating a powerful economic incentive for bootlegging. A bottle of whiskey that sells for \$7 in Anchorage or \$40 in Bethel can sell for \$120 in a village like Hooper Bay.

As a result, substances or professional bootleggers bring booze into virtually every village — by snowmobile or skiff, in the baggage of air charter passengers, or in a concealed package through the U.S. mail.

In Holy Cross, a village on the lower Yukon River, bootleggers use private planes to fly in liquor shipments from the nearby wet village of Anvik, or smuggle it in on cargo flights delivering groceries and other essentials.

"We get it every Friday. . . There'd be a lot of repacked boxes for people," said Bill Turner, a convicted Holy Cross bootlegger who recently went through an Anchorage alcohol rehabilitation program. "Like, it might be a milk box or an egg box. And it'll be all taped up so you can't get in it real easy. And inside the egg box would be booze."

Where cash is scarce, drinkers often turn to sour-tasting batches of home-brew made from crackers, yeast, sugar and fruit cocktail.

Last summer in Hooper Bay, a teen-age boy killed himself during a game of Russian roulette, and four

other youths attempted suicide, according to Ed Graham, the principal of Hooper Bay High School. Only one of the attempted suicides was directly linked to drinking, Graham said, but "without any question, the real problem is alcohol."

"Everybody in the village is affected by even one single drunk," he said. "The village is so small and so close that every little incident has an effect on everybody."

Much of the hard liquor sold in Hooper Bay is imported by homegrown entrepreneurs lured by the easy money. While fishing, firefighting and basket weaving all provide some income, much of this is still subsistence hunting and fishing. So when someone needs a new snowmachine, bootlegging is a quick way to raise the cash. A bootlegger can buy a round-trip ticket to Anchorage, party in the city for a few days and still turn a profit on the trip by bringing home a single 12-bottle case of whiskey purchased for \$86.

Other village bootleggers go only as far as Bethel, where an established bootlegger will, for a fee, order booze from Anchorage and have it delivered to the airport. From there, it can be concealed in luggage and flown into a dry village.

Once in a dry village, bootleggers offer liquor to a select group of customers, or use runners to peddle it. A case of whiskey can be sold in a half-hour or less, according to one part-time bootlegger. Sometimes, the last bottle in a shipment is auctioned off to the highest bidder.

The bootleggers "know the people who like to drink," said one 30-year-old resident of Hooper Bay, "and they know the power of the craving. They know people need it."



Bill Turner, a convicted bootlegger who went through an alcohol rehabilitation program, says getting booze into the Bush was no big problem.



The Bush Air complex with the Yukon-Kuskokwim Health Corporation in the background.

Additional series stories on following pages.

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In a part of the state where bootlegging is rampant and prosecution often ineffective or non-existent, the case of Fancyboy and Larry Ledlow is more than the story of a tragic young man who fell apart under pressure, or of a middle-aged man who got lucky. It is an illustration of the frustrations faced by the people who want to combat the effects of alcohol as an agent of death and despair in the Bush.

"It's demoralizing the community, because nothing can be done," says St. Marys Mayor Andrew Paukan. "We know who the people are, but we can't get them."

Ledlow, a pilot with his own plane, is chief among them, Paukan said. St. Marys is a regional hub on the Yukon-Kuskokwim Delta, a village of 543 people with a huge barge dock on the Yukon River, a jetport five miles out of town, two general stores, a three-man police force, one state trooper and a courthouse staffed by a part-time, resident magistrate.

It is also a place where the sale and importation of alcoholic beverages have been banned since a village-wide referendum on Sept. 22, 1981.

"I don't miss any chance I get to flaunt that law, because I don't believe in it," Ledlow says. "No matter what the authorities do in attempting to enforce importation, you can't take just a small area, like the village of St. Marys, and surround it with a barbed wire fence and keep all the avenues of approach out. When people want it, they'll find ways to get it."

#### 'EXCITING DAYS'

Six months after the charges against him were dismissed, Ledlow was wintering with his family in a small town near Montgomery, Ala., while others were taking care of his business in St. Marys.

In a telephone interview, he said the charges against him were unjustified because he doesn't sell booze. But over the years, his name has been associated with whiskey.

Ledlow, 35, is the son of a Baptist minister. Both his parents are teetotalers. He arranged to be interviewed at a pay phone so his parents wouldn't overhear him talking about whiskey and his trouble with the law.

He first came to Alaska during the post-war years as an Air Force signals specialist. As a civilian, he followed the military White Alice communications system to Aniak. The place was booming and wide open, two conditions that appealed to Ledlow.

"Yeah, those were exciting days. When I first came there, there was only one or two marshals for the whole area. I tell you what, a man could do about anything he was man enough to defend his ground on."

That's just what he was doing in 1969 or 1970, when a preacher armed with a movie camera tried to get evidence he was bootlegging. Ledlow had just returned from a booze run to the Red Devil liquor store upriver when he saw the preacher "tip-toeing" around his plane, trying to film the liquor inside.



Larry Ledlow's home in St. Marys



St. Marys Police Chief Bob Bullard with evidence seized when Larry Ledlow was arrested.

"I went out and hollered at him. When I saw what he was doing, I was going to get the camera and bust it up. I started chasing him and he took a swing at me with the camera, and the strap on the camera hit the ground, so I gave it a couple kicks and figured that was probably good enough."

Ledlow moved to St. Marys in 1971. He set up an air taxi service and eventually a commuter airline to Bethel. The Internal Revenue Service seized his business in 1983 for failure to pay taxes. He hasn't worked a regular job since.

On July 2, 1983, just before the big Fourth of July weekend and the usual drunken bashes that accompany it, a cargo supervisor at the Seair terminal in Bethel noticed some damaged baggage come off a flight from Anchorage. There were five large Styrofoam containers labeled frozen foods, and they were checked by a passenger flying on to St. Marys.

Three of the containers were smashed. The supervisor looked inside. They were filled with R&R Canadian whiskey, one of the popular Bush brands. He called the troopers.

#### SMUGGLING CHARGE

Ledlow turned out to be the passenger who had checked in the whiskey, but he denied it was his. The troopers didn't believe him, and he was charged with smuggling liquor into St. Marys, a misdemeanor punishable by up to a year in

prison. The trial was originally set for Nov. 12, 1983. But Ledlow complained of ailments and the trial was reset and reset again. On Oct. 15, 1984, the charges were dismissed by the district attorney's office when, two days before trial, prosecutors realized they didn't know how to find one of their main witnesses, an ex-trooper.

People in town marvel at the luck and economic well-being of a man whose sole apparent business is a one-car taxi company and some rental property. Said Bob Bullard, the village police officer: "He has no employment, his wife doesn't work. They just put new siding up on the house. He owns his own plane, a Cessna 207. He just remodeled the apartment. He owns six houses, including his own. In '83, he went overseas to visit some relatives, and he took his whole family there."

Ledlow acknowledges his reputation as the biggest bootlegger on the Yukon Delta. "I go about my business and let those rumors go right on over my head," he said.

He agrees that he seems to be well off for someone who doesn't work. He says the airplane belongs to his brother-in-law, though his brother-in-law doesn't have a pilot's license. Ledlow attributes his well-being to frugality, "a substance-style life," and state assistance programs that subsidize energy consumption for Bush residents. Because he still owes about \$70,000 to the IRS, he said, he wouldn't provide any details of his personal

"It all just adds up from all over," he said. "I always got some kind of little something going on."

#### SETTING UP A BUST

The authorities in town suspect Ledlow made as many as two booze flights a week, bringing in five to 10 cases of whiskey at a time, perhaps from Nome or Galena, maybe from as far away as Anchorage. At \$60 a bottle, the going price in St. Marys and surrounding villages, that would produce a gross weekly profit of \$3,000 to \$6,000.

Ledlow is hard to bust, Bullard said, because he only sells through intermediaries, and they sell only to people they know.

That's where Willie Fancyboy fit in.

On Nov. 19, 1984, St. Marys' then-city manager, Gary Oba, got a tip from the vice mayor, Wilfred Stevens, that Ledlow was off on a booze run. Oba told police officer Bullard, who drove to the airport and confirmed that Ledlow's Cessna was gone.

Bullard passed on the tip to Trooper Craig Macdonald in Bethel.

That night, Fancyboy was busted for consuming alcohol as a minor. Fronttime before daylight, Ledlow's plane landed at the airport.

Macdonald flew to St. Marys. He met privately with Fancyboy, and asked where he got his booze. When the conversation was over, Fancyboy had agreed to make

The operation was set up that afternoon. Bullard hid in the magistrate's office, across the street from the house of Paul Johnson Jr., 25, a suspected runner for Ledlow. Macdonald stationed himself on a hill. Another officer watched Ledlow's place.

Fancyboy had \$60 in marked money when he walked into Johnson's house at 5:40 p.m. Johnson took the money, and said he would get the whiskey, according to affidavits. The police watched Johnson get on his three-wheeler and drive over to Ledlow's house. He walked inside, then came out carrying a camouflage pack. Johnson drove back to his house and handed Fancyboy a bottle of R&R.

Two hours later, Fancyboy bought a second bottle from Johnson, the police say.

Ledlow and Johnson were arrested the next day and charged with two felony counts each of selling liquor to a minor. Ledlow also was charged with importing alcohol into a dry village. They spent two days in jail before making bail.

Normal police procedure is to conceal the identity of the "buy agent" in narcotics or boozing busts as long as possible. But if Johnson or Ledlow had any doubt about who turned them in, it would have been erased when they were handed the criminal complaint. The police agent was identified as "W.F." Fancyboy's picture might just as well have been pasted to the complaint.

Francine Kila, a junior at the Catholic Mission High School, was out of town on a school trip when the bust occurred. When she returned she didn't understand why people were saying bad things about her boyfriend Fancyboy.

"They were the guys who are friendly with Ledlow. They'd say things like, 'You're going with a narc. How could you do that?' I wouldn't say anything, I'd just walk off."

They were saying it to Fancyboy's face, too.

But it was more than just words. Fancyboy's snowmachine was vandalized. First the wires were ripped out. Then, in succession, the windshield was smashed, the seat cut, his helmet stolen.

Fancyboy wanted it to stop. He talked to the St. Marys magistrate. Can I change my mind about testifying, he asked. He called up Ledlow. I'm sorry, he said. He spoke Johnson. I apologize, he said.

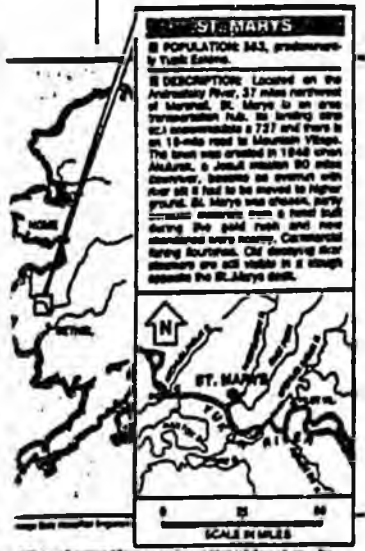
But mostly he wouldn't talk about it, not to his girlfriend not to the people at work.

#### NO PLACE TO TURN

Before the bust Fancyboy thought poorly of himself, his girlfriend said, and he withdrew deeper with each passing day.

No one offered him counseling, and because he lived in neighboring Pitkas Point, he didn't have the protection of St. Marys police. Fancyboy was struggling with alcohol too, Francine said. Still, he held a responsible job — assistant grocery manager at the Yukon Traders general store.

At the same time, the bust was starting to go wrong. In January, the police and



witnesses assembled in Bethel for a session before the grand jury. The troopers were seeking a felony indictment against Ledlow and Johnson.

"Everyone was there and was sober," Macdonald said. But five minutes before the case was to be presented, District Attorney Bryan Schuler walked into the room and announced that it would be prosecuted as a misdemeanor, Macdonald said. Schuler gave no reason, he recalled.

In a recent interview from his new home in Honolulu, Schuler said he couldn't remember why he reduced the charge.

The case went back to St. Marys, and the DA's office promptly forgot about it.

Magistrate Denise Beans, a non-lawyer, re-arraigned the pair on the misdemeanors on Feb. 18. She set a trial date in April. She didn't realize that April was too late under Alaska's speedy trial rule.



Willie Fancyboy

Beans said she thought the speedy-trial clock started ticking when the pair was arraigned on the reduced charges. No one told her she was wrong — that the clock starts with the initial arrest, in this case, November. When the defense attorneys brought it up, it was too late to fix. The charges were dismissed April 28.

"We should track those kinds of things, but we were handling 1,800 cases a year," Schuler said.

Ledlow said he would have won the case anyway. There was no evidence he sold whiskey to anyone, he said.

In an interview, Johnson said he was drunk and couldn't remember what happened that day.

**A DREAMY OUTBURST**

On May 2, Wilfred Stevens, the vice mayor who provided the tip on Ledlow, committed

himself a groiner-in-law and a good friend of Fancyboy's. Stevens had been severely depressed since his brother Eddie drowned the year before. Eddie's birthday would have been the next day.

"It was hard on Willie," Francine said. "After that happened, he hardly ever talked."

Two weeks later, on a night that was supposed to be a celebration, a grand reunion for graduates of the St. Marys Mission School, Fancyboy got terribly drunk and frightfully angry. He shoved his girlfriend into the dirt, went home and threatened his family with a shotgun. Then he turned the weapon on himself and blew out his guts.

How much of a part did the Ledlow bust play in his death? The troopers, police and officials who have an opinion say it played a role, but no one knows how much.

Ledlow blames Fancyboy's death entirely on the police. "They forced him into doing something he didn't want to do," he said. "They should have put him in a counseling program and accepted the fact that he's underage. They ultimately caused him to get in such a mental state that he ended up committing suicide."

The failure of either of the Ledlow cases to even reach trial has proved frustrating for St. Marys officials.

Bethel-based troopers say the problems encountered in St. Marys are repeated all over the huge region they patrol.

Trooper Simon Brown, who investigated Fancyboy's death, said most agents used by police to buy alcohol and drugs don't understand the depth of the problems they will face, even if those problems are explained beforehand.

"A lot of men I talk to, they'll never talk to a cop again after they make a buy. It turns them off to police, to the whole system, and we lost them."

**PROBLEMS IN DA'S OFFICE**

Macdonald said police agents frequently are harassed by the subjects of a bust, or their friends who no longer have a source of liquor or drugs. "They're well aware that if they can keep the informant from talking, they can walk." Law enforcement in the Bush is so thin that there is little protection for an informant who remains in a village.

Other followers of the case harshly criticize Schuler, who held the post of DA from February 1985 until he was caught shoplifting more than \$100 worth of stereo tapes on



Mayor Andrew Paukan: "We know who the people are, but we can't get them."



Anchorage Daily News/Edico Heaton

A mistake by Magistrate Denise Beans resulted in freedom for Larry Ledlow.

July 2, 1987. The city of St. Marys twice complained to the attorney general's office about his conduct in office, but got no serious response, said Mayor Paukan and Gary Oba, the former city manager.

"There was a consistent dissatisfaction with his reluctance or refusal to prosecute cases coming out of St. Marys," said Oba, now in the foreign service of the U.S. State Department. "In the early stages, it seemed to be friction between Mr. Schuler

and our police officer. We worked with Mr. Bullard and attempted to get him to follow the procedures that Mr. Schuler set down, and it didn't seem to make any further difference."

Schuler seemed to demand such high standards of evidence gathering that he would take only sure cases, "nothing that would require any effort to prosecute," Oba said.

The problems in the DA's office were not lost on

criminal defendants.

"You see, these people are getting smart," Ledlow said. "They know now they're only so many cases that can be tried in the Yukon-Kuskokwim Delta. And so they're entering a plea of not guilty, no matter whether they're guilty or not. This puts a further load on the district attorney's office. If they end up with the ones they can plea bargain away, well they do, and the ones that they can't, a lot of times they go and dismiss them, and the cases they can take to trial, they do."

Schuler said his office went from a three-attorney staff in 1985 to just himself in 1986. That made a tough job tougher.

"We had historically about 10 times the national homicide rate. We had no roads. Not only did a lot of our witnesses not speak English, a lot of jurors don't speak English. It's not their fault, but it's not exactly like being in rural Indiana," Schuler said.

For the St. Marys residents trying to follow the example set in 1981 by Patrick Jeanes Sr., who initiated the movement to make it a dry village, the recent past has been filled with frustration.

"We'd like to see it dry, but the bootleggers are bringing the booze in," said Mayor Paukan. "We're helpless in getting the bootleggers caught because they're so smart. We're frustrated about the law. We can't do nothing."

**State law allows communities to restrict flow of booze**

By DON MINTIER  
Daily News reporter

Carrying a hip flask of booze — or any kind of liquor, wine or beer — into many Alaska villages can get you up to a \$1,000 fine or a year in jail.

The penalties are the product of a decade of legislative wrangling with Alaska's 18 rural public safety problems: alcohol abuse and its self-destruction it brings to Bush villages.

In 1986, lawmakers passed a bill that allowed villages to control alcohol use in four ways:

- The community can select a particular private licensee to sell liquor;
  - The village government can set up a government store to sell liquor;
  - The village can forbid the sale of alcoholic beverages, but still allow liquor to be brought in for private use; or
  - The village can vote to prohibit both the sale and importation of alcoholic beverages.
- In 1986, the law was expanded. Now, villages can vote to forbid even the

possession of alcoholic beverages.

To date, more than 60 villages have prohibited importation of alcohol. At least eight — Anaktuvuk Pass, Atkasook, Fort Ledge, Gambell, Makoryuk, Nulqut, Nuniptchuk and Topiak — have gone dry. An exception is made for wine for religious purposes, but even that must be limited and closely controlled.

Once a village votes to ban alcohol, the state Alcoholic Beverage Control Board, which regulates alcohol sales in Alaska, cannot issue, renew

or transfer a liquor license to the village, or to an unincorporated area within five miles of the village.

Violations of the local option laws are Class A misdemeanors, punishable by a maximum sentence of a year in jail and a \$1,000 fine.

The crime escalates to a Class C felony, however, if the importer or seller brings more than 12 liters of liquor or wine, or more than 45 liters of beer, into a dry village. Class C felonies carry penalties of up to five years in prison and a maximum fine of \$50,000.

Violating the possession ban is a civil offense — similar to a speeding ticket — punishable by a fine up to \$1,000. The violator may pay off the fine through community work at a rate of \$5 an hour.

Subsequent convictions for the same offense are still misdemeanors, unless the amount of liquor involved exceeds the 12-liter ceiling.

The local option law also allows the state to seize cars, boats, airplanes or any other equipment or materials used to make, transport, sell or store liquor.

**ALCOHOL IN ALASKA: A CHRONOLOGY**

- Late 1700s-Early 1800s: Initial contacts between Russian and Russian traders and American whalers, who often use alcohol as a trading commodity with Alaska Native people.
- 1867: The United States buys Alaska from Russia.
- 1894: The First Organic Act specifically prohibits the importation, manufacture and sale of liquor in Alaska. But in practice whites do not prosecute other whites for violations. The Alaska Commercial Co. continues to trade liquor for furs and conceals it to undermine the prohibition by obtaining supplies from enforcement personnel.
- 1898: A territorial Indian police force is established to promote "cleanliness, sobriety and good order among the Indians."
- Late 1890s: For whites, prohibition is relaxed by high license fees, but Natives, intoxicated persons or habitual drunkards are still prohibited from buying or selling liquor.
- 1918: The territory of Alaska votes approval of the "Bone Dry Law," primarily because of the gambling of Natives. The same year, the territorial legislature passes a law making it a misdemeanor to sell or give alcohol to a Native.
- 1919: The National Prohibition Amendment passes. It forbids manufacture, importation, exportation, transportation or sale of alcoholic beverages anywhere in the United States.
- 1923: National prohibition is repealed. The 1919 territorial law forbidding the sale or gift of liquor to Natives remains in effect.
- 1923: Federal laws prohibiting drinking by Indians are abolished. (From the purchase of Alaska by the U.S. in 1867 until 1953, alcoholic beverages were banned in villages; Alaska was treated as an Indian reservation.)
- 1966: The Alaska Legislature passes a local option law that allows villages to vote to prohibit the sale of alcohol; prohibit the sale and importation of alcohol; limit liquor licenses; or limit alcohol sales to community-owned liquor stores.
- 1986: Legislature passes a law allowing villages to vote to impose a complete ban on alcohol.

**A PEOPLE IN PERIL: SOME S.A.L.A. GLANCES**

Sunday	Alaska, the village that endured a terrible series of suicides
Monday	Death and despair reach every corner of Alaska.
Tuesday	Peas and alcohol turn a 12-year-old boy into a multiple killer.
Wednesday	A death through temporary insanity in Sitka.
Thursday	Fatal Alcohol Syndrome victimizes the unborn.
Friday	The legal river of booze in the Bush.
Saturday	MAA's effort to restrict the flow of booze.
TODAY	With Fancyboy, Larry Ledlow: One is dead, the other a free man.
Sunday	How bootleggers get booze to the Bush.
Monday	Venets has fought the importation of beer for years.
Tuesday	Three communities — one wet, one dry, one sleep.
Wednesday	For 12,000 Native residents, Anchorage is a different village.
Thursday	Five lives lost show the diverse experience of Anchorage Native.
Friday	"Closest attorney" leaves Kana a troubled town.
Saturday	Adel Lake and the bars, hard road to sobriety.
Sunday	A solitary merchant grows throughout Alaska.

1 IN THE HOUSE

BY HOFFMAN

2

HOUSE BILL NO. 386

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to rewards to promote the apprehension and conviction of certain offenders; and providing for an effective date."

7

8

9

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

10

\* Section 1. AS 12.60.230 is amended to read:

11

Sec. 12.60.230. REWARD FOR INFORMATION LEADING TO CONVICTION OF CERTAIN PERSONS. A reward in the amount determined by the commissioner of public safety [OF \$200] shall be paid to a [ANY] person not a peace officer who lodges information that leads to the arrest and conviction of a [ANY] person or persons

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(1) maliciously breaking into and entering a [ANY] cache, cabin, house, or warehouse, whether occupied or unoccupied, located outside the boundaries of an incorporated town in the state; or

17

18

19

(2) selling, importing, or possessing alcoholic beverages in a municipality or established village in violation of AS 04.11.010 or an ordinance adopted under AS 04.11.490 - 04.11.500.

20

21

22

\* Sec. 2. AS 12.60.240 is amended to read:

23

Sec. 12.60.240. PAYMENT OF REWARD. The Department of Public Safety [REVENUE] shall pay all claims for rewards upon certificate by a judge or clerk of the superior court, showing that the claimant has lodged information that resulted in an arrest and conviction under the provisions of AS 12.60.230.

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\* Sec. 3. AS 44.41.020 is amended by adding a new subsection to read:

29

(c) The department may provide grants to municipalities and

1        established villages for reward programs leading to the apprehension  
2        and conviction of persons selling, importing, or possessing alcoholic  
3        beverages in violation of an ordinance adopted under AS 04.11.490 -  
4        04.11.500.

5        \* Sec. 4. This Act takes effect July 1, 1988.

C S H B

3 8 6

SENATE COMMITTEE REPORT

FURTHER

4/27/88

DATE TURNED INTO OFFICE 5/7/88

Mr. President:

Finance Committee considered CSHB 386 (JUD)

enforcement of alcoholic beverage control laws; efd

and recommended

replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)  
 new  updated or  previous *DHSS*  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Carl F. Hennoff*  
*Carl F. Hennoff*  
*Jan [unclear]*  
*Johnny Bigley*  
*W. Hennoff*  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Rich Holford do pass*  
Chairman signature and recommendation

Committee Backup attached

# STATE OF ALASKA 1987 LEGISLATIVE SESSION FISCAL NOTE

Bill Version: CSHB 386 (JUD)

Publish Date: HOUSE 2/24/88

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_

Title: "An Act relating to rewards to promote the apprehension and conviction of certain offenders; and providing for an effective date."

Agency Affected: Health & Social Services

BRU: Alcoholism & Drug Abuse

Sponsor: Hoffman

Components: Alcohol Abuse Grant

Requestor: N/A

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Matthew Felix by George Mundell  
 Division: Alcoholism and Drug Abuse

Phone: 586-6201  
 Date: 2/16/88

Approved by Commissioner: *Mina M. Munson*  
 Agency: *Mat Felix by George Mundell*

Date: 2-17-88

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary

Original sponsor: Hoffman

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 386 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to enforcement of alcoholic beverage  
7 control laws; and providing for an effective date."

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

9 \* Section 1. AS 18.65.085 is amended to read:

10 Sec. 18.65.085. NARCOTIC DRUGS AND ALCOHOL ENFORCEMENT. (a)  
11 There is established in the Department of Public Safety, division of  
12 state troopers, a narcotic drugs and alcohol enforcement unit for the  
13 purpose of investigating and combating the illicit sale and dis-  
14 tribution of narcotic drugs and alcoholic beverages in the state.  
15 Enforcement of the alcoholic beverage control laws shall focus primar-  
16 ily on the investigation, apprehension, and conviction of persons who  
17 violate AS 04.11.010 by selling, importing, or possessing alcoholic  
18 beverages in violation of an ordinance adopted by a municipality or  
19 established village under AS 04.11.490 - 04.11.500.

20 (b) The commissioner of public safety shall submit to the legis-  
21 lature, within 30 days from the date the legislature convenes, a  
22 report concerning the activities of the narcotic drugs and alcohol  
23 enforcement unit. The report shall include, but is not limited to,  
24 the number of arrests made, the kind, amount and value of narcotic  
25 drugs and alcoholic beverages seized, the sentences received by nar-  
26 cotic drug and alcohol offenders, and an overall view of the narcotic  
27 drug and illicit alcohol problem in the state.

28 \* Sec. 2. AS 18.65.085 is amended by adding a new subsection to read:

29 (c) The Department of Public Safety may establish and administer

1 a reward program, and provide grants to municipalities and established  
2 villages for reward programs, leading to the apprehension and con-  
3 viction of persons who violate AS 04.11.010 by selling, importing, or  
4 possessing alcoholic beverages in violation of an ordinance adopted by  
5 a municipality or established village under AS 04.11.490 - 04.11.500.

6 \* Sec. 3. This Act takes effect July 1, 1988.

7

8

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 386(JUD)  
PUBLISH DATE: HOUSE 3/14/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: \_\_\_\_\_  
Title: "An Act relating to enforcement of  
alcoholic beverage control laws; & e.d." BRU: \_\_\_\_\_  
Sponsor: Representative Hoffman Components: \_\_\_\_\_  
Requestor: House Finance Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The attached analysis details the appropriation as contained in  
HB 387.

Prepared by: Representative Al Adams, Chairman *AAA* Phone: 465-3706  
Division: House Finance Committee Date: 2/26/88

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

Distribution (by preparer) :

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

## Description of Combined Drug and Alcohol Enforcement Unit

There is presently a program within the Alaska State Troopers that is responsible for providing assistance to local agencies and villages in Western Alaska with their drug enforcement efforts. The program is called the Western Alaska Narcotics Team (W.A.N.T.). One state trooper drug investigator is responsible for coordinating primarily narcotics investigations; he assists in bootlegging investigations as time and resources allow. W.A.N.T. was established in late 1982.

Based on the area of responsibility and the vast travel requirements, the W.A.N.T. trooper investigator works out of Anchorage. The W.A.N.T. area includes communities located along the Alaska Peninsula and the Aleutian Islands, and those communities in Bristol Bay, the Kuskokwim Delta, Norton Sound, Seward Peninsula, and the Kotzebue Sound. The investigator's role is to provide leadership, guidance, assistance, direction, informants, undercover agents, buy money, expense funds, and to act in undercover capacities whenever possible. The investigator's office is located at the Anchorage airport, which allows increased effectiveness in disrupting the flow of drugs to Western Alaska.

In the five years of its existence, the Western Alaska team has seized over a million dollars worth of drugs and made over 300 arrests for drug and alcohol violations in its area.

Because a single trooper is responsible for covering such a large area, he can give his attention to a certain area for only a short period of time. He must divide his efforts so as to provide, on a rotating basis, enforcement in as many different communities as possible. Generally, his concentration has been on drugs first and alcohol second. In either case, he encourages those communities with enforcement resources to conduct their own investigations with his assistance and some AST funding. Consistent and continuous clandestine investigative pressure on drug and alcohol violators is simply not possible under current staffing levels, even though such an effort is badly needed.

The alcohol problems in Western Alaska need to be addressed on a full-time basis, and in combination with full-time drug enforcement efforts. The procedures for conducting investigations for either type of violation are very similar. The best way to address this problem would be the development of a team of investigators who can concentrate 100 percent on west coast alcohol and drug problems. The

team members should be capable of working undercover either together or singly, be able to deal with interdiction at the airports, provide assistance and guidance in clandestine operations, share intelligence information, conduct training for law enforcement officers, VPSOs, and VPOs, and participate in school and other prevention programs.

A joint drug and alcohol investigative unit would support local law enforcement efforts. A no-cost alcohol and drug information hot line could be established to receive confidential tips from citizens. This information can be evaluated, and payment from a "reward fund" awarded to individuals based on their participation and the reliability of their information.

We suggest the creation of a full-time Western Alaska Alcohol and Narcotics Team (W.A.A.N.T.). We suggest the addition of one trooper investigator and a clerk typist to the existing one-trooper W.A.N.T. unit. The scope of the unit's enforcement efforts would then be expanded to include full-time ongoing investigation of alcohol violations.

The desirability of having two investigators dealing with related problems and working in the same area of Alaska was well illustrated by the recently concluded enforcement effort in Western Alaska. That effort was conducted by the W.A.N.T. unit trooper investigator, local officers, local troopers, a VPSO, VPOs, and two additional state trooper narcotics investigators temporarily assigned to assist the W.A.N.T. unit.

The following costs are anticipated (based upon the level of funding now proposed in HB 386):

Personal Services:

A. Investigator I (PFT - Range 77A)		
Salary	\$42,880	
Overtime (225 hours per year)	7,250	
Benefits	<u>18,211</u>	
Investigator I Cost		68.4
B. Clerk Typist II (PFT - 7A)		
Salary	\$18,540	
Overtime (150 hours per year)	2,150	
Benefits	<u>9,185</u>	
Clerk Typist II Cost		<u>30.0</u>
Total Personal Services		\$98.4

Travel:

Extensive travel would be necessary to conduct investigations, oversee undercover operatives, and coordinate with local law enforcement authorities.

In-State Transportation	10.0	
In-State Per Diem	<u>10.0</u>	
Total Travel		20.0

Contractual:

Much of the unit's activities will involve conducting undercover operations. Costs include informant pay, buy funds, establishing a reward program for alcohol related information, and expense funds. These costs are paid outside the normal state purchasing system to assure the confidentiality of the operations.

Professional Services	100.8	
Communications (telephone, etc.)	6.0	
Printing/binding - training and school instruction material	8.0	
Miscellaneous (clothing allowance, etc.)	<u>2.0</u>	
Total Contractual		116.8

Supplies:

Office supplies (stationery, etc.)	4.0	
Professional supplies (ammunition, etc.)	3.0	
Miscellaneous	<u>1.0</u>	
Total Supplies		8.0

Equipment: (First Year Cost Only)

Desks (2)	1.1	
Chairs (3)	1.0	
Bookcase	0.4	
File cabinet	0.6	
Firearms	0.7	
Word Processor (shared)	<u>3.0</u>	
Total Equipment		<u>6.8</u>
Total Cost		\$250.0

3/11/88

HB 386

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Word Processor (shared)	<u>3.0</u>	
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Total Cost		\$250.0

"Moonlighting's" producers won't divulge what specific 3-D tricks they have in mind; odds are good, however, that someone will throw an object toward the viewer, an effect that has graced every 3-D movie from Three Stooges shorts to "Kiss Me Kate." The proclivity for projectiles, in fact, may explain the appeal of the newest 3-D gadget. The SegaScope 3-D video game comes with rakish black wrap-around liquid-crystal glasses, which plug into the game console and render the on-screen action 3-D. The effect is convincing: in "3-D Missile Defense," for example, attacking missiles seem to zoom straight from the screen and explode dramatically when blasted.

**Robot eyes:** Many experts doubt that 3-D will become more than a novelty. "You might put on glasses to watch 'House of Wax' for a couple of hours," says Glenn Kenny, an editor with Video Review, "but as a way of life, it's not going to work." But there are some practical applications for 3-D video. Lenny Lipton, president of StereoGraphics in San Rafael, Calif., has invented a sophisticated 3-D television camera that provides the eyes for a robot now cleaning up the Three Mile Island power plant. He also sells 3-D computer monitors to engineers and scientists for drawing aircraft or analyzing scientific data.

Lipton, who has written a textbook on 3-D cinema, is a true believer: He's convinced that eventually 3-D will become as accepted on the screen as stereo sound is in high-fidelity equipment. "We could have 3-D television in the home the day after tomorrow, if only an RCA or a Sony would get behind it." But he is realistic enough to know that a poor showing on "Moonlighting" next May could set his cause back another decade.

MICHAEL ROGERS



BERNARD GOITFYD—NEWSWEEK  
A controversial drug: Ritalin

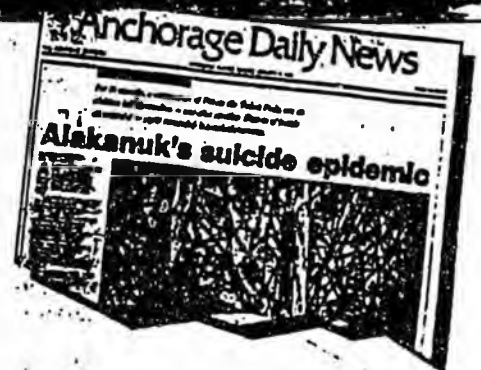
# Alaska's Suicide Epidemic

## The obituaries led to the story

It was an old story, the kind to which most editors didn't give a second thought. After all, Alaska is frontier country, and alcoholism—with its attendant ills—comes with the territory. But all that changed last winter, when a new report by the state epidemiologist revealed massive underreporting of Alaska's suicide statistics, particularly in rural areas. About the same time, several reporters from the Anchorage Daily News followed up that study by re-examining the ostensibly routine obituaries of Alaskan Eskimos, Indians and Aleuts. After they discovered that many had not died of natural causes, managing editor Howard Weaver put almost every reporter he had on the story. The extraordinary effort paid off. For 10 days last month, the paper held the state's attention with a searing series of reports describing the epidemic of largely liquor-induced suicide, crime and violence that was wreaking havoc on rural Alaska.

As with all good reporting, the impact of the series grew out of the powerful accumulation of details. The paper showed how in one 16-month period, the small village of Alakanuk (population: 550) suffered eight suicides, dozens of attempted suicides, two murders and four drownings. In 44 separate stories, the News described the widespread despair and self-destruction: native men 20 to 24 committed suicide at 10 times the national average; alcoholism was rampant; so was the sexual assault of children. "It's a wrenching series," says Howard Simons, the head of Harvard's Neiman Foundation who also publishes a small Alaskan weekly. "For the paper to pick this scab and expose it is stunning."

**Stiff price:** It's the kind of gritty reporting that Weaver hoped to direct when he became editor in 1983, replacing Katherine Fanning, who left to run the Christian Science Monitor. He spared no resources: 30 reporters and photographers—almost the entire reporting staff—traveled 28,000 miles across Alaska to piece together the tragedy afflicting the close-knit native population. "It was a stiff price," says Weaver. "The news reporting was thinner for a period of about six months." That kind of reporting has paid commercial dividends.



"Wrenching series": Checking for bootlegging (top), dramatic front page

With the solid backing of the McClatchy Newspapers chain, which bought the daily in 1979, the News has steadily raised its circulation from 12,000 to 55,000, surpassing its rival The Anchorage Times in 1983 to become the largest paper in the state.

Judging by the hundreds of calls and letters, nine to one in favor of the series, Alaskans were shocked but profoundly moved by what they read. Two days after the series began, Gov. Steve Cowper wrote his annual state-of-the-state speech to address the "unconscionable" rate of suicide, alcohol and drug abuse in the rural areas. The Alaska Legislature is considering new laws raising penalties for bootlegging, prohibiting mail-order liquor sales and increasing funding for alcoholism programs. But most important, according to Doug Modig, an Anchorage alcohol-abuse counselor, the News series has opened the problem up for discussion and change. "Instead of holding the shame inside, people are beginning to talk," says Modig. "When you don't talk about living in terror in your own villages, you cannot heal."

JENNIFER CONANT with bureau reports

NEWSWEEK: FEBRUARY 15, 1988 61

# Anchorage Daily News

VOL XLIII, NO. 15 80 PAGES

ANCHORAGE, ALASKA, FRIDAY, JANUARY 15, 1988

## SPECIAL REPORT

*Moving booze to the Bush can mean big profits if you know how to play the game and don't spend much time fretting about the well-being of your clientele.*

# Haven for bootleggers

By HAL BERTON  
Daily News reporter

**B**ETHEL — On a damp Sunday in October, two youthful brothers from a village along the Kuskokwim River motored up to Bethel for whiskey to drink with the second game of the World Series. To make the bootleg buy, they didn't have far to go.

They pulled up their boat on a beach littered with empty plastic bottles of Windsor Canadian and walked across a sandy boardwalk to a collection of plywood shacks and A-frame huts.

One of the two disappeared into a hut, then reappeared a few minutes later. He had a bottle hidden under his clothes, his brother said. They hopped back into the boat and turned downriver for the half-hour trip home.

Such sales are the mainstay of Alaska's bootleg liquor industry, and Bethel is its capital. Bootleggers find the city's tentative approach to prohibition — allowing the importation of alcohol, but not its sale — and its role as an air and river crossroads, an ideal climate.

The cases of liquor that arrive each day from Anchorage are sold, bottle by bottle, from riverfront shacks, the trunks of taxi cabs, abandoned freezer vans or the backpacks of teen-agers. Law enforcement

officials estimate the illegal trade at \$2 million to \$5 million a year.

"Right now we see pallets, literally pallets of alcohol arrive at the airport," said Bethel Police Chief Kevin Clayton. "We know where it's going. We know what's going to happen with it, but we're powerless to stop it."

Much of the liquor is sold to local residents or the people who visit Bethel from the villages that dot the broad delta of the Yukon and Kuskokwim rivers. Some are social drinkers, but many are binge alcoholics unwilling to wait for liquor to arrive by air freight from Anchorage. They want their whiskey immediately, and will pay up to \$40 for a \$7 bottle of it.

Other bootleggers use Bethel as a base from which to smuggle booze into villages where both importation and sale are banned. In the "dry" villages, that same \$7 bottle can sell for \$120.

Aniak, a village along the middle Kuskokwim River that also allows unlimited importation of liquor, is another distribution hub for bootleggers. Cargo and passenger planes bring in daily shipments of booze, which a half-dozen bootleggers sell to local clients or send up and down the river.



See Page A-8, BOOTLES A bottle near the Bethel warehouse



With the village of St. Marys in the background, Francine Eise holds a picture of her boyfriend, Willie Fancyboy, who committed suicide.

# St. Marys loses a life in frustrating battle

By RICHARD MAJNER  
Daily News reporter

**S**T. MARYS — Nov. 22, 1986, was a Saturday that seemed like a turning point for St. Marys.

Larry Ledlow, an Alabamian reputed to be one of western Alaska's biggest bootleggers, was sitting in jail on felony liquor sale charges. In the cell with him was his alleged runner, Paul Johnson Jr.

Willie Fancyboy, a 20-year-old with a responsible job, a future, a girlfriend and an alcohol problem he was

starting to control, had put them there.

Come the following May, everything was upside-down.

Ledlow and Johnson were walking the streets as free men, all charges dismissed because of error and inattention by officials.

And Willie Fancyboy was dead, the victim of months of harassment, of neglect by the authorities he helped, and finally of a shotgun he himself wielded.

See Page A-10, ST. MARYS

## A PEOPLE



## IN PERIL

## TODAY

Though more than 70 villages have sought to control alcohol consumption by tracking dry laws, these efforts are often halted by bootleggers. Our stories for the tenth day of the Daily News 10-day series on self-destruction in the Bush examine this lucrative, underground industry, a breach to the Prohibition era.

Reporter Hal Berton examines an Bethel, Western Alaska's regional hub, where bootleggers operate with impunity from freezer vans, iceboxes and trucks around town. From St. Marys, a dry village on the Yukon River, reporter Richard Majner looks at how the justice system completely fell apart in a recent bootlegging case, leaving one young man dead and a village emptied in an effort to root out infamy.

Copyright © 1988, Anchorage Daily News



Brass Buckle nightclub only sells soft drinks, but it is still a major gathering place for drinkers in Bethel.

Arctic Age Daily News/Bob Nelson

Continued from Page A-1

In both towns, the bootleggers operate just out of sight, often using "runners," some as young as 12 years old, to make the actual sales. The runners dispense bottles from small packs, then turn over the cash, minus a \$5- to \$10-a-bottle commission, to the bootleggers.

Bootleggers who sell directly to customers protect themselves by refusing to deal with strangers.

In the early '80s, some of the biggest bootleggers were ethnic Albanians from Yugoslavia.

"I remember when Albanians from Bethel came in they would buy about 10 cases of Windsor whiskey in plastic bottles," recalls Edith Turkington, a former employee of Parv Time Liquor in Anchorage. "That is 10 cases for each person."

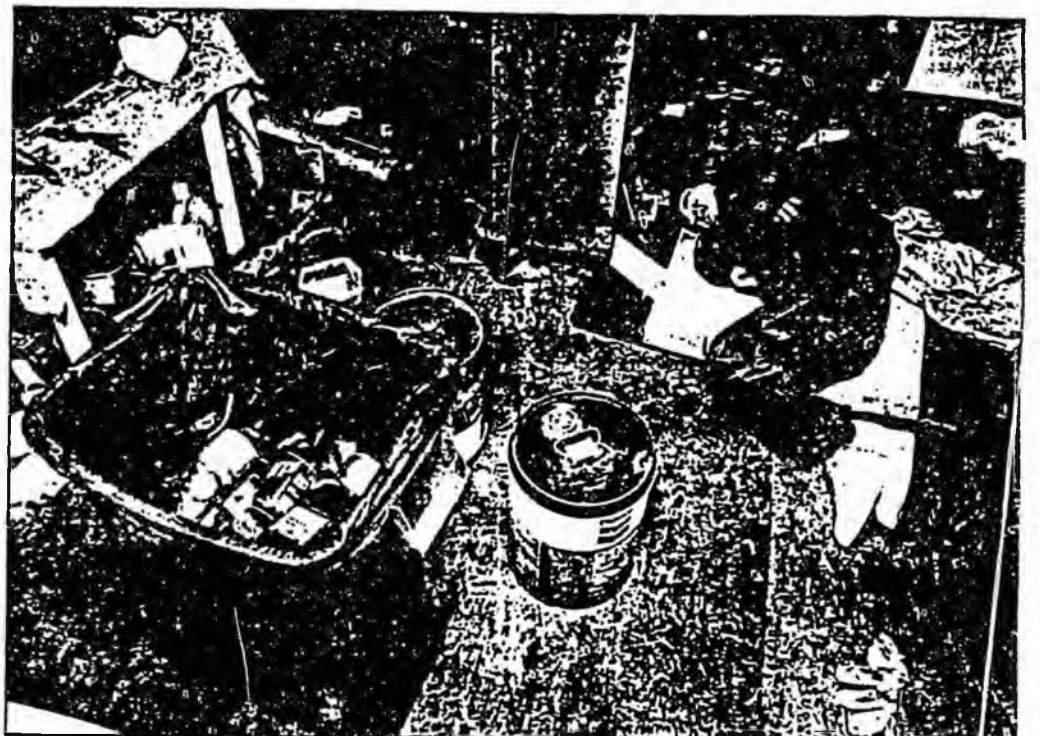
**A BIG MARKET**

"There's plenty of business for me," said one bootlegger in his early 30s who agreed to be interviewed only if his name were withheld. He is a handsome man who would look more at home on a California surfing beach than the soggy tundra of the delta. He took a 9-to-5 job, he said, but bootlegging proved more alluring, first as a way to earn quick cash, and then as a full-time occupation. Today he peddles whiskey from a small freezer van in the seedy section of town known as Bootlegger's Alley.

"I just kind of got into this and things started working out real good," he said.

He spins on a Friday evening while at the Bethel airport awaiting a shipment of beer. The driver was for another bootlegger, who planned to smuggle it into a dry village.

The young man said he



The party is over: A man sleeps on the floor of a house in Bethel where a party had been going on.

Arctic Age Daily News/Bob Nelson

launched his bootlegging operation two years ago with a special introductory offer: \$25-a-bottle whiskey, which he hoped would quickly attract a core of customers. The price created "quite a bit of conflict" with other bootleggers, he said, so he raised it to \$30.

Now, in a good day, he may sell two 12-bottle cases of whiskey at a profit of more than \$500. Less enterprising bootleggers, the ones he calls "subsistence bootleggers," order only a half-dozen bottles at a time, earning just enough to support their own alcohol habits.

At first, he said, he used his van as both an illicit liquor store and a tiny, one-room apartment. But last fall he finally tired of drunken clients pestering him through the night — even after the booze was all gone — and moved out. Now he operates only part of the day from a different van. But that approach has caused him other hassles: "I've had problems with break-ins three or four times. And my windows have been shot up."

He also had trouble with alcoholic runners who drank his booze instead of selling it. Now he uses only sober ones. In early October, his three runners were aged 16, 17 and 23.

Despite the problems, he estimates he earned more than \$20,000 last year. "When I didn't drink," he said, "it was really quite profitable."

Sales of bootleg booze peak in July as hundreds of fishermen converge on Bethel to sell their catches. On the Fourth of July alone, he said, he earned more than \$2,000. Demand stays strong through the summer, then drops off sharply as villagers stalk moose in September. As permanent fund dividends begin to arrive in October, business picks up again and remains brisk through New Year's.

On a typical weekend, he gathers with other bootleggers in the parking lot of the town shopping mall. They smoke, drink, talk and watch for potential clients across the street at the Brass Buckle, a low, ranch-style building that serves as the delta's only nightclub. By midnight, the Brass Buckle is jammed with Eskimo, Indian and white rock 'n' rollers.

The bar can't sell alcohol, just soft drinks, but that isn't obvious from the customers. Many are staggeringly drunk. On the crowded dance floor, two women argue over a man; across the room, two men fight over a woman, or would, if they were sober enough to manage a serious scuffle.

"It's a hot spot," the bootlegger said. "People don't go there unless they're really f---ed up."

At 1:30 a.m., as closing time approaches, the action shifts outside. Around the back of the building, amid a clutter of 55-gallon drums and fuel

tanks, a young Eskimo woman sips from a cup. "I'm getting drunk and looking for a good piece of a—," she says with a laugh.

Out front, the parking lot of the Brass Buckle looks like a giant block party. "I'm on shruuums," says one woman who apparently has been eating psilocybin mushrooms. A young man standing nearby pulls out a plastic bottle of Windsor Canadian from his blue-jean jacket. When he draws a few stares, the bottle quickly disappears behind his back.

A half-dozen cabs ring the parking lot, the drivers ready to make quick runs for booze, and the ever-present, backpack-clad runners wander through the crowd.

The bootleggers stay as long as there is money to be made.

**"THERE'S NO FUTURE"**

"People will beg you and beg you," the bootlegger said. "They pay in food stamps ... everything they got. One guy gave \$65 in food stamps for one bottle." Sometimes they trade ivory.

Asked whether he worries about the ravages of alcohol on his customers and their community, he replied: "When it gets to the younger neighborhood kids, that makes you feel kind of bad. Knowing you are f---ing these kids' lives up."

Briefly last summer, he said, he feared a police bust.

Then the heat slacked off. "Bootleggers are winning the war now. ... It seems like nobody cares," he said.

Does he ever think about quitting? "I just got into this and things started working out real good." He thought about it some more. "This is so easy. ... But there's no future."

**THE 'BUSH AIR COMPLEX'**

Carl Berger spends much of his time trying to heal the wounds caused by alcohol. The Yukon-Kuskokwim Health Corp., which he directs, provides suicide prevention and rape counseling, and helps villages cope with accidental death and acts of violence.

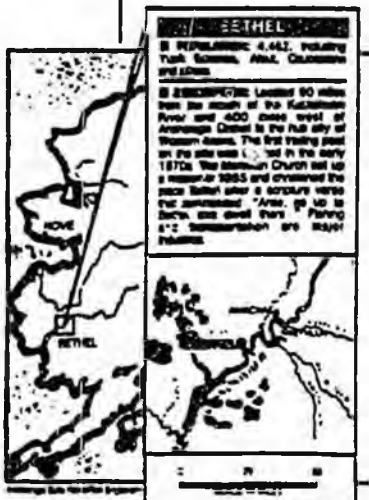
From the second-story window of his riverfront office, Berger can look down at the beachfront conglomeration of A-frames and shacks with a reputation as one of the town's most notorious bootlegging sites.

Locals call it "the Bush Air complex" because of the air taxi headquartered there.

During the fishing season, Berger recalled, he watched in frustration as village seiners, their pockets stuffed with cash from salmon sales, lined up to buy bootleg whiskey and then scattered up and down the river to drink.

Some beaded down the beach toward the neighborhood of state Sen. John Binkley, a forceful

See Page A-9, BOOTLEGGING



Map by Bob Nelson for Arctic Age Daily News

spokesman for local option laws that allow voters to ban alcohol. Others milled around the health corporation building. "It got to the point where we had to hire security so that people could get in and out of the building without getting harassed," Berger recalled.

The complex sits on a half-acre of land owned by the Moravian Church. The Moravians came to Western Alaska in the 1880s and helped found Bethel. The federal government deeded 129 acres of land to them in 1911. A church was built on one part, a school on another. Some of the land has been washed away by the river, much of what remains is being "held in trust for the Native people," according to Kurt H. Vitt, director of theological education for the church.

For the last 13 years, a portion of the "trust" land has been leased to Ron Peltola, the 44-year-old proprietor of Bush Air. Peltola has been charged with flying booze into a dry village and is awaiting trial. He has a history of problems with authorities.

In 1974, he pleaded guilty to a misdemeanor charge of selling wild game illegally and was fined \$2,400. The state temporarily shut down his charter operation in 1985 because he lacked the required insurance.

Last year, his pilot's license was permanently revoked for doctoring his medical records, according to the Federal Aviation Administration. On June 22, he pleaded no contest to a misdemeanor charge of harassment for repeatedly threatening to kill a police officer.

The Moravians first gave Peltola a 10-year lease in 1974, according to court records. He built a plywood shack to serve as an air taxi office, and a collection of other shacks and A-frames, some of which he later sold.

When the lease expired in 1984, the Moravians sued to evict Peltola for non-payment of rent. So far they have been unsuccessful.

#### 'ONE-STOP SHOPPING'

In the meantime, the complex has developed into a base for bootlegging, according to Berger and Bethel Police Chief Clayton. It is the base for one of a half-dozen major bootlegging operations in Bethel, Clayton said, with revenue estimated at more than \$100,000 a year.

Because the beach at Bush Air is one of the few breaks in a riverfront largely walled off by old cars and metal pilings, it is a favorite pull-in spot for villagers arriving by boat. The beach also serves as a waiting area for charter passengers traveling to or from nearby villages.

"It was easy to get customers, when you knew (Bush Air) could give you a bottle and fly you," said Simon Brown, a state trooper who investigated Bush Air. "This was one-stop shopping."

On Aug. 2, troopers, with the aid of an undercover agent, busted Bush Air. They seized Peltola's floatplane and arrested him on



The riverfront complex that includes the office of Bush Air is a hotbed of bootlegging, says Bethel Police Chief Kevin Clayton.



The Moravian Church has been trying to evict Bush Air owner Ron Peltola from its property.

misdemeanor charges of importing alcohol into the dry village of Tuntutullak and enlisting a minor to aid in the crime.

The minor was a young female employee of the air service. She told Trooper Brown she went to the Bethel airport to pick up liquor and delivered it to Peltola, who handed it over to Joe Newman, an occupant of an A-frame next to the Bush Air office, according to an affidavit by Brown.

Peltola instructed the employee to send any liquor customers to the A-frame. Brown said she told him. After the booze was sold, Newman brought the money to her, and she put it in a Bush Air money bag.

Bush Air still has a



floatplane, and the charter service is open for business. Peltola spoke indignantly of his arrest, and flatly denied the employee's statements to police. He said passengers may have carried liquor on his planes, but he didn't know about it.

Peltola sold two of the three A-frames in May 1983, according to Peltola and his

attorney. Some huts may be used for bootlegging, Peltola said, but they have no connection to Bush Air.

#### \$120 A BOTTLE

Hooper Bay, a community of 778 people spread along the Bering Sea coast, is one of more than 30 villages along the Kuskokwim River that prohibits the importation and sale of alcohol.

But the prohibition, rather than stemming the flow of liquor, has merely altered its course by creating a powerful economic incentive for bootlegging. A bottle of whiskey that sells for \$7 in Anchorage or \$40 in Bethel can sell for \$120 in a village like Hooper Bay.

As a result, subsistence or professional bootleggers bring booze into virtually every village — by snowmobile or skiff, in the baggage of air charter passengers, or in a concealed package through the U.S. mail.

In Holy Cross, a village on the lower Yukon River, bootleggers use private planes to fly in liquor shipments from the nearby wet village of Anvik, or smuggle it in on cargo flights delivering groceries and other essentials. "We get it every Friday.... There'd be a lot of repacked boxes for people," said Bill Turner, a convicted Holy Cross bootlegger who recently went through an Anchorage alcohol rehabilitation program. "Like, it might be a milk box or an egg box. And it'll be all taped up so you can't get in it real easy. And inside the egg box would be booze."

Where cash is scarce, drinkers often turn to sour-tasting batches of home-brew made from crackers, yeast, sugar and fruit cocktail.

Last summer in Hooper Bay, a teen-age boy killed himself during a game of Russian roulette, and four



Bill Turner, a convicted bootlegger who went through an alcohol rehabilitation program, says getting booze into the Bush was no big problem.

other youths attempted suicide, according to Ed Graham, the principal of Hooper Bay High School. Only one of the attempted suicides was directly linked to drinking, Graham said, but "without any question, the real problem is alcohol."

"Everybody in the village is affected by even one single drunk," he said. "The village is so small and so close that every little incident has an effect on everybody."

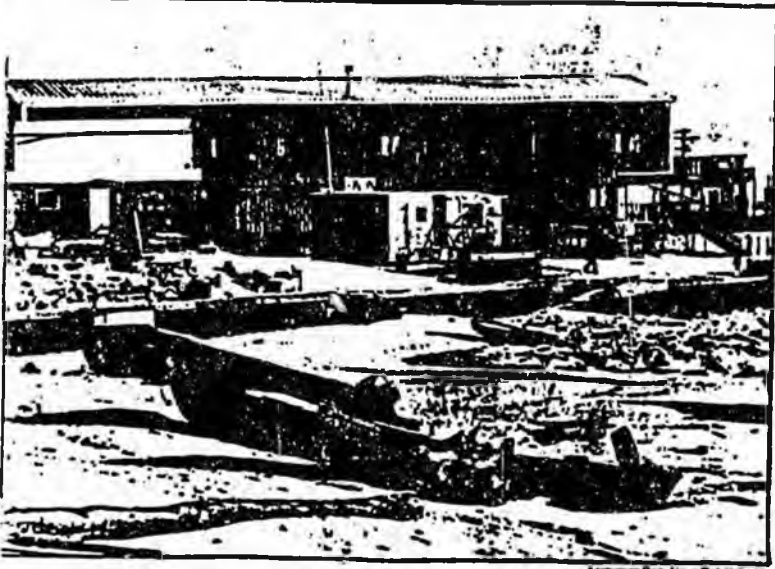
Much of the hard liquor sold in Hooper Bay is imported by homegrown entrepreneurs lured by the easy money. While fishing, firefighting and basket weaving all provide some income, much of life is still subsistence hunting and fishing. So when someone needs a 125-w snowmachine, bootlegging is a quick way to raise the cash. A bootlegger can buy a round-trip ticket to Anchorage, party in the city for a few days and still turn a profit on the trip by bringing home a single, 12-bottle case of whiskey purchased for \$80.

Other village bootleggers go only as far as Bethel, where an established bootlegger will, for a fee, order booze from Anchorage and have it delivered to the airport. From there, it can be concealed in luggage and flown into a dry village.

Once in a dry village, bootleggers offer liquor to a select group of customers, or use runners to peddle it. A case of whiskey can be sold in a half-hour or less, according to one part-time bootlegger. Sometimes, the last bottle in a shipment is auctioned off to the highest bidder.

The bootleggers "know the people who like to drink," said one 30-year-old resident of Hooper Bay, "and they know the power of the craving. They know people need it."

Additional series stories on following pages.



The Bush Air complex with the Yukon-Kuskokwim Health Corporation in the background.

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In a part of the state where bootlegging is rampant and prosecution often ineffective or non-existent, the case of Fancyboy and Larry Ledlow is more than the story of a tragic young man who fell apart under pressure, or of a middle-aged man who got lucky. It is an illustration of the frustrations faced by the people who want to combat the effects of alcohol as an agent of death and despair in the Bush.

"It's demoralizing the community, because nothing can be done," says St. Marys Mayor Andrew Paukan. "We know who the people are, but we can't get them."

Ledlow, a pilot with his own plane, is chief among them, Paukan said.

St. Marys is a regional hub on the Yukon-Kuskokwim Delta, a village of 563 people with a huge barge dock on the Yukon River, a jetport five miles out of town, two general stores, a three-man police force, one state trooper and a courthouse staffed by a part-time, resident magistrate.

It is also a place where the sale and importation of alcoholic beverages have been banned since a village-wide referendum on Sept. 22, 1981.

"I don't miss any chance I get to flaunt that law, because I don't believe in it," Ledlow says. "No matter what the authorities do in attempting to enforce importation, you can't take just a small area, like the village of St. Marys, and surround it with a barbed wire fence and keep all the avenues of approach out. When people want it, they'll find ways to get it."

#### "EXCITING DAYS"

Six months after the charges against him were dismissed, Ledlow was wintering with his family in a small town near Montgomery, Ala., while others were taking care of his business in St. Marys.

In a telephone interview, he said the charges against him were unjustified because he doesn't sell booze. But over the years, his name has been associated with whiskey.

Ledlow, 55, is the son of a Baptist minister. Both his parents are teetotalers. He arranged to be interviewed at a pay phone so his parents wouldn't overhear him talking about whiskey and his trouble with the law.

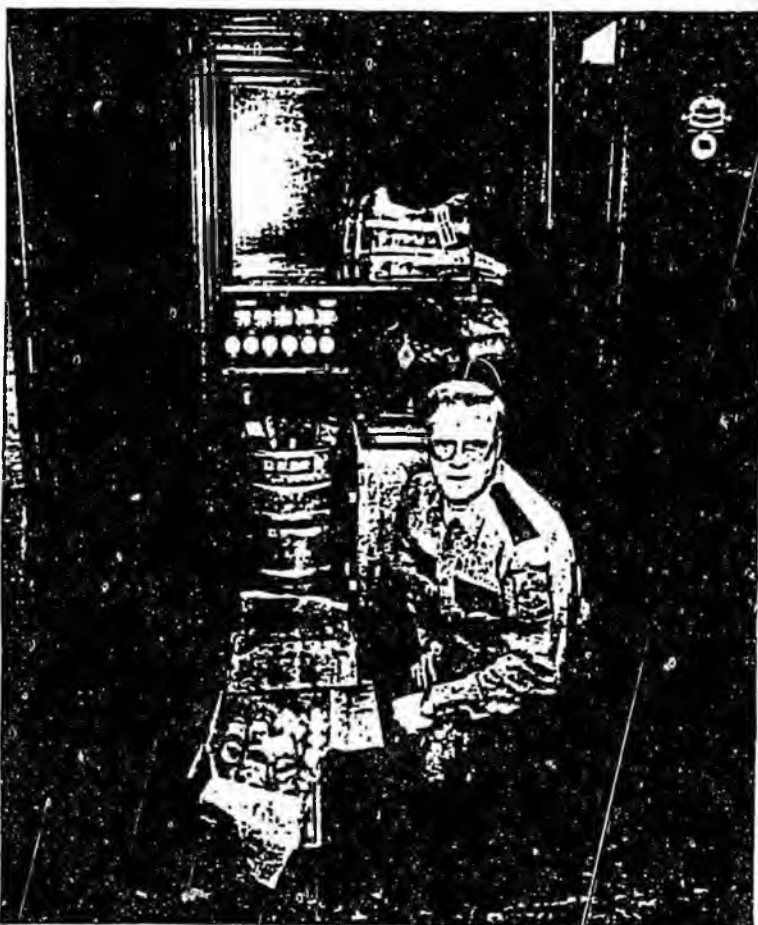
He first came to Alaska during the post-war years as an Air Force signals specialist. As a civilian, he followed the military White Alice communications system to Aniak. The place was booming and wide open, two conditions that appealed to Ledlow.

"Yeah, those were exciting days. When I first came there, there was only one or two marshals for the whole area. I tell you what, a man could do about anything he was man enough to defend his ground on."

That's just what he was doing in 1969 or 1970, when a preacher armed with a movie camera tried to get evidence he was bootlegging. Ledlow had just returned from a booze run to the Red Devil liquor store upriver when he saw the preacher "tip-toeing" around his plane, trying to film the liquor inside.



Larry Ledlow's home in St. Marys



St. Marys Police Chief Bob Bullard with evidence seized when Larry Ledlow was arrested.

"I went out and hollered at him. When I saw what he was doing, I was going to get the camera and bust it up. I started chasing him and he took a swing at me with the camera, and the strap on the camera broke from his wrist. The camera hit the ground, so I gave it a couple kicks and figured that was probably good enough."

Ledlow moved to St. Marys in 1971. He set up an air taxi service and eventually a commuter airline to Bethel. The Internal Revenue Service seized his business in 1983 for failure to pay taxes. He hasn't worked a regular job since.

On July 2, 1983, just before the big Fourth of July weekend and the usual drunken bashes that accompany it, a cargo supervisor at the Seair terminal in Bethel noticed some damaged baggage come off a flight from Anchorage. There were five large Styrofoam containers labeled frozen foods, and they were checked by a passenger flying on to St. Marys.

Three of the containers were smashed. The supervisor looked inside. They were filled with R&R Canadian whiskey, one of the popular Bush brands. He called the troopers.

#### SMUGGLING CHARGE

Ledlow turned out to be the passenger who had checked in the whiskey, but he denied it was his. The troopers didn't believe him, and he was charged with smuggling liquor into St. Marys, a misdemeanor punishable by up to a year in

prison. The trial was originally set for Nov. 12, 1983. But Ledlow complained of ailments and the trial was reset and reset again. On Oct. 15, 1986, the charges were dismissed by the district attorney's office when, two days before trial, prosecutors realized they didn't know how to find one of their main witnesses, an ex-trooper.

People in town marvel at the luck and economic well-being of a man whose sole apparent business is a one-car taxi company and some rental property. Said Bob Bullard, the village police officer: "He has no employment, his wife doesn't work. They just put new siding up on the house. He owns his own plane, a Cessna 207. He just remodeled the apartment. He owns six houses, including his own. In '83, he went overseas to visit some relatives, and he took his whole family there."

Ledlow acknowledges his reputation as the biggest bootlegger on the Yukon Delta. "I go about my business and let those rumors go right on over my head," he said.

He agrees that he seems to be well off for someone who doesn't work. He says the airplane belongs to his brother-in-law, though his brother-in-law doesn't have a pilot's license. Ledlow attributes his well-being to frugality, "a subsistence-style life," and state assistance programs that subsidize energy consumption for Bush residents. Because he is still owed about \$70,000 to the IRS, he said, he wouldn't provide any details of his personal

life. "It all just adds up from all over," he said. "I always got some kind of little something going on."

#### SETTING UP A BUST

The authorities in town suspect Ledlow made as many as two booze flights a week, bringing in five to 10 cases of whiskey at a time, perhaps from Nome or Galena, maybe from as far away as Anchorage. At \$60 a bottle, the going price in St. Marys and surrounding villages, that would produce a gross weekly profit of \$3,000 to \$4,000.

Ledlow is hard to bust, Bullard said, because he only sells through intermediaries, and they sell only to people they know.

That's where Willis Fancyboy fit in.

On Nov. 18, 1986, St. Marys then-city manager, Gary Oba, got a tip from the vice mayor, Wilfred Stevens, that Ledlow was off on a booze run. Oba told police officer Bullard, who drove to the airport and confirmed that Ledlow's Cessna was gone.

Bullard passed on the tip to Trooper Craig Macdonald in Bethel.

That night, Fancyboy was busted for consuming alcohol as a minor. Sometime before daylight, Ledlow's plane landed at the airport.

Macdonald flew to St. Marys. He met privately with Fancyboy, and asked where he got his booze. When the conversation was over, Fancyboy had agreed to make

The operation was set up that afternoon. Bullard hid in the magistrate's office, across the street from the house of Paul Johnson Jr., 25, a suspected runner for Ledlow. Macdonald stationed himself on a hill. Another officer watched Ledlow's place.

Fancyboy had \$400 in marked money when he walked into Johnson's house at 3:40 p.m. Johnson took the money, and said he would get the whiskey, according to affidavits. The police watched Johnson get on his three-wheeler and drive over to Ledlow's house. He walked inside, then came out carrying a camouflage pack. Johnson drove back to his house and handed Fancyboy a bottle of R&R.

Two hours later, Fancyboy bought a second bottle from Johnson, the police say.

Ledlow and Johnson were arrested the next day and charged with two felony counts each of selling liquor as a minor. Ledlow also was charged with importing alcohol into a dry village. They spent two days in jail before making bail.

Normal police procedure is to conceal the identity of the "buy agent" in narcotics or bootleg busts as long as possible. But if Johnson or Ledlow had any doubt about who turned them in, it would have been erased when they were handed the criminal complaint. The police agent was identified as "W.F." Fancyboy's picture might just as well have been pasted to the complaint.

Francine Ella, a junior at the Catholic Mission High School, was out of town on a school trip when the bust occurred. When she returned she didn't understand why people were saying bad things about her boyfriend, Fancyboy.

"They were the guys who are friendly with Ledlow. They'd say things like, 'You going with a n---. How could you do that?' I wouldn't say anything. I'd just walk off."

They were saying it to Fancyboy's face, too.

But it was more than just words. Fancyboy's snowmachine was vandalized. First the wires were ripped out. Then, in succession, the windshield was smashed, the seat cut, his helmet stolen.

Fancyboy wanted it to stop. He talked to the St. Marys magistrate. Can I change my mind about testifying, he asked. He called up Ledlow. I'm sorry, he said. He spoke Johnson. I apologize, he said.

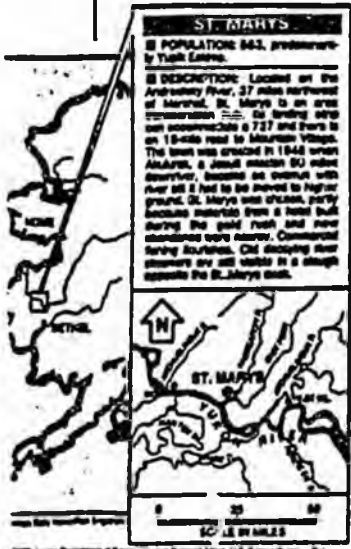
But mostly he wouldn't talk about it, not to his girlfriend not to the people at work.

#### NO PLACE TO TURN

Before the bust Fancyboy thought poorly of himself, his girlfriend said, and he withdrew deeper with each passing day.

No one offered him counseling, and because he lived in neighboring Pitkas Point, he didn't have the protection of St. Marys police. Fancyboy was struggling with alcohol too, Francine said. Still, he held a responsible job — assistant grocery manager at the Yukon Traders general store.

At the same time, the bust was starting to go wrong. In January, the police and



witnesses assembled in Bethel for a session before the grand jury. The troopers were seeking a felony indictment against Ledlow and Johnson.

"Everyone was there and was sober," Macdonald said. But five minutes before the case was to be presented, District Attorney Bryan Schuler walked into the room and announced that it would be prosecuted as a misdemeanor, Macdonald said. Schuler gave no reason, he recalled.

In a recent interview from his new home in Honolulu, Schuler said he couldn't remember why he reduced the charge.

The case went back to St. Marys, and the DA's office promptly forgot about it.

Magistrate Denise Bears, a non-lawyer, re-arraigned the pair on the misdemeanors on Feb. 11. She set a trial date in April. She didn't realize that April was too late under Alaska's speedy trial rule.



Willie Fancyboy

Bears said she thought the speedy-trial clock started ticking when the pair was arraigned on the reduced charges. No one told her she was wrong — that the clock starts with the initial arrest. In this case, November. When the defense attorneys brought it up, it was too late to fix. The charges were dismissed April 28.

"We should track those kinds of things, but we were handling 1,300 cases a year," Schuler said.

Ledlow said he would have won the case anyway. There was no evidence he sold whiskey to anyone, he said.

In an interview, Johnson said he was drunk and couldn't remember what happened that day.

#### A DEARLY OUTFURTT

On May 2, Wilfred Stevens, the vice mayor who provided the tip on Ledlow, committed

his brother-in-law and a good friend of Fancyboy's. Stevens had been severely depressed since his brother Eddie drowned the year before. Eddie's birthday would have been the next day.

"It was hard on Willie," Francine said. "After that happened, he hardly ever talked."

Two weeks later, on a night that was supposed to be a celebration, a grand reunion for graduates of the St. Marys Mission School, Fancyboy got terribly drunk and (frightfully) angry. He shoved his girlfriend into the dirt, went home and threatened his family with a shotgun. Then he turned the weapon on himself and blew out his guts.

How much of a part did the Ledlow bust play in his death? The troopers, police and officials who have an opinion say it played a role, but no one knows how much.

Ledlow blames Fancyboy's death entirely on the police. "They forced him into doing something he didn't want to do," he said. "They should have put him in a counseling program and accepted the fact that he's underage. They ultimately caused him to get in such a mental state that he ended up committing suicide."

The failure of either of the Ledlow cases to even reach trial has proved frustrating for St. Marys officials. Bethel-based troopers say the problems encountered in St. Marys are repeated all over the huge region they patrol.

Trooper Simon Brown, who investigated Fancyboy's death, said most agents used by police to buy alcohol and drugs don't understand the depth of the problems they will face, even if those problems are explained beforehand.

"A lot of men I talk to, they'll never talk to a cop again after they make a buy. It turns them off to police, to the whole system, and we lost them."

#### PROBLEMS IN DA'S OFFICE

Macdonald said police agents frequently are harassed by the subjects of a bust, or their friends who no longer have a source of liquor or drugs. "They're well aware that if they can keep the informant from talking, they can walk." Law enforcement in the Bush is so thin that there is little protection for an informant who remains in a village.

Other followers of the case harshly criticize Schuler, who held the post of DA from February 1985 until he was caught shoplifting more than \$100 worth of stereo tapes on



Mayor Andrew Paukan: "We know who the people are, but we can't get them."



A mistake by Magistrate Denise Bears resulted in freedom for Larry Ledlow.

July 2, 1987. The city of St. Marys twice complained to the attorney general's office about his conduct in office, but got no serious response, said Mayor Paukan and Gary Oba, the former city manager.

"There was a consistent dissatisfaction with his reluctance or refusal to prosecute cases coming out of St. Marys," said Oba, now in the foreign service of the U.S. State Department. "In the early stages, it seemed to be friction between Mr. Schuler

and our police officer. We worked with Mr. Bullard and attempted to get him to follow the procedures that Mr. Schuler set down, and it didn't seem to make any further difference."

Schuler seemed to demand such high standards of evidence gathering that he would take only sure cases, "nothing that would require any effort to prosecute," Oba said.

The problems in the DA's office were not lost on

criminal defendants.

"You see, these people are getting smart," Ledlow said. "They know how there's only so many cases that can be tried in the Yukon-Kuskokwim Delta. And so they're entering a plea of not guilty, no matter whether they're guilty or not. This puts a further load on the district attorney's office. If they end up with the ones they can plea bargain away, well they do, and the ones that they can't, a lot of times they go and dismiss them, and the ones they can take to trial, they do."

Schuler said his office went from a three-attorney staff in 1985 to just himself in 1988. That made a tough job tougher.

"We had historically about 10 times the national homicide rate. We had no roads. Not only did a lot of our witnesses not speak English, a lot of jurors don't speak English. It's not their fault, but it's not exactly like being in rural Indiana," Schuler said.

For the St. Marys residents trying to follow the example set in 1981 by Patrick Bears Sr., who initiated the movement to make it a dry village, the recent past has been filled with frustration.

"We'd like to see it dry, but the bootleggers are bringing the booze in," said Mayor Paukan. "We're helpless in getting the bootleggers caught because they're so smart. We're frustrated about the law. We can't do nothing."

## State law allows communities to restrict flow of booze

By DON MERTER  
Daily News reporter

Carrying a hip flask of booze — or any kind of liquor, wine or beer — into many Alaska villages can get you up to a \$1,000 fine or a year in jail.

The penalties are the product of a decade of legislative wangling with Alaska's 14 rural public safety problems: alcohol abuse and the self-destruction it brings to Bush villages.

In 1988, lawmakers passed a bill that allowed villages to control alcohol use in four ways:

- The community can select a particular private licensee to sell liquor;

- The village government can set up a government store to sell liquor;

- The village can forbid the sale of alcoholic beverages, but still allow liquor to be brought in for private use; or

- The village can vote to prohibit both the sale and importation of alcoholic beverages.

In 1986, the law was expanded. Now, villages can vote to forbid even the

possession of alcoholic beverages.

To date, more than 60 villages have prohibited importation of alcohol. At least eight — Anaktuvuk Pass, Atkasuk, Fort Ledge, Gambell, Makoryuk, Nulikut, Nuniapachuk and Toziak — have gone dry. An exception is made for wine for religious purposes, but even that must be limited and closely controlled.

Once a village votes to ban alcohol, the State Alcoholic Beverage Control Board, which regulates alcohol sales in Alaska, cannot issue, renew

or transfer a liquor license to the village, or to an unincorporated area within five miles of the village.

Violations of the local option laws are Class A misdemeanors, punishable by a maximum sentence of a year in jail and a \$1,000 fine.

The crime escalates to a Class C felony, however, if the importer or seller brings more than 12 liters of liquor or wine, or more than 45 liters of beer, into a dry village. Class C felonies carry penalties of up to five years in prison and a maximum fine of \$50,000.

Violating the possession ban is a civil offense — similar to a speeding ticket — punishable by a fine up to \$1,000. The violator may pay off the fine through community work at a rate of \$5 an hour.

Subsequent convictions for the same offense are still misdemeanors, unless the amount of liquor involved exceeds the 12-liter ceiling.

The local option law also allows the state to seize cars, boats, airplanes or any other equipment or materials used to make, transport, sell or store liquor.

### ALCOHOL IN ALASKA: A CHRONOLOGY

■ Late 1700s-Early 1800s: Initial contacts between Russian and Russian traders and American whalers, who often use alcohol as a trading commodity with Alaska Native people.

■ 1867: The United States buys Alaska from Russia.

■ 1894: The First Organic Act specifically prohibits the importation, manufacture and sale of liquor in Alaska. But in practice whalers do not prosecute other whalers for violations. The Alaska Commercial Co. continues to trade liquor for furs and eventually undermines the prohibition by supplying supplies from enforcement personnel.

■ 1898: A territorial Indian police force is established to promote "clearance, sobriety and good order among the Indians."

■ Late 1890s: For whites, prohibition is replaced by high license fees, but Natives, intoxicated persons or habitual drunkards are still prohibited from buying or selling liquor.

■ 1918: The territory of Alaska votes approval of the "Bone Dry Law," primarily because of one problem of Natives. The same year, the

territorial legislature passes a law making it a misdemeanor to sell or give alcohol to a Native.

■ 1918: The National Prohibition Amendment passes. It forbids manufacture, importation, exportation, transportation or sale of alcoholic beverages anywhere in the United States.

■ 1933: National prohibition is repealed. The 1918 territorial law forbidding the sale or gift of liquor to Natives remains in effect.

■ 1933: Federal laws prohibiting drinking by Indians are abolished. (From the purchase of Alaska by the U.S. in 1867 until 1933, alcoholic beverages were banned in villages; Alaska was treated as an Indian reservation.)

■ 1966: The Alaska Legislature passes a local option law that allows villages to vote to prohibit the sale of alcohol; prohibit the sale and importation of alcohol; limit liquor licenses; or limit alcohol sales to community-owned liquor stores.

■ 1966: Legislature passes a law allowing villages to vote to impose a complete ban on alcohol.

### A PEOPLE IN PERIL: SERIES AT A GLANCE

Sunday	Alaska's first village that endured a terrible series of suicides.
Monday	Death and disaster reach every corner of Alaska.
Tuesday	Peas and alcohol turned this 15-year-old boy into a multiple liar. A death brings temporary harmony to Eskimoes.
Wednesday	Fatal Alcohol Syndrome victimizes the urban.
Thursday	The legal flow of booze to the Bush. Natives' effort to restrict the flow of booze.
TODAY	Willie Fancyboy, Larry Ledlow. One is dead, the other a free man. How bootleggers got booze to the Bush.
October	Venette has fought the importation of beer for years.
	Three communities — one wet, one dry, one damn.
Sunday	For 12,000 Native residents, Anchorage is a different village.
	Five Bush that show the common occurrence of Anchorage Natives.
Monday	"Closest celebrity" keeps Kato a grounded man.
	Alot' Laka and the long, hard road to sobriety.
Tuesday	A attorney movement grows throughout Alaska.

DEPARTMENT OF PUBLIC SAFETY

BILL NO: CSHB 386 (Jud) and CSHB 387 (Jud)

DATE: 2/25/88

TITLE: "An Act relating to enforcement of alcoholic beverage control laws..."

CONTACT: Arthur English Commissioner 465-4322

"An Act making a special appropriation for enforcement of alcoholic beverage control laws..."

The Department of Public Safety strongly supports CSHB 386 (Jud), An Act relating to enforcement of alcoholic beverage control laws, and its companion bill CSHB 387 (Jud), An Act making a special appropriation to the Department of Public Safety for enforcement of alcoholic beverage control laws and for a reward program.

The illicit importation and sale of alcoholic beverages in communities which have adopted "local option" laws to restrict the sale or possession of alcoholic beverages is a major law enforcement and public safety concern in many parts of rural Alaska. The consumption of alcohol and illicit drugs is a contributing factor in a very high percentage of the crimes committed in rural Alaska, especially violent crimes. The consumption of "bootlegged liquor" has contributed in many cases to abuse and neglect of children, disruption of the family unit, suicide, fatal accidents, assaults, and murder.

CSHB 386 (Jud) would broaden the scope of the present Alaska State Trooper's statewide Drug Investigative Unit to include both drugs and alcoholic beverages. The bill also authorizes the Department to establish and administer, and provide grants to municipalities and villages to establish and administer, reward programs for persons who provide information leading to the arrest and conviction of bootleggers.

CSHB 387 (Jud) makes a special appropriation to the Department to carry out the investigative duties and reward program described in CSHB 386 (Jud). A detailed description of the combined Alcohol and Drug Investigative Unit, and the way in which the appropriation would be spent, is attached.

The Department believes that passage of CSHB 386 (Jud) and CSHB 387 (Jud) will provide the State Troopers with valuable tools that can be used to help curtail the destructive flow of bootleg liquor to rural Alaska.

*Arthur English*  
Arthur English, Commissioner

SUMMARY ANALYSIS

CS HB 386 (Judiciary)

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- Section 1. Will include alcohol with drug enforcement. Will primarily focus on investigation, apprehension, and conviction of bootleggers in local option communities.  
An annual detailed report will be delivered to the Legislature on the activities of drugs and alcohol enforcement.
- Section 2. The establishment of a reward program, and grant system for villages for reward programs, leading to apprehension and conviction of bootleggers who violate local option laws.
- Section 3. Effective date - July 1, 1988.

SUMMARY ANALYSIS

CS HB 387 (Judiciary)

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- Section 1. An appropriation of \$250,000 from the general fund for enforcement of local option laws.
- Section 2. Unused funds would lapse to general fund 6-30-89.
- Section 3. This Act will take effect on the effective date of CS HB 386 (Judiciary).

SUMMARY ANALYSIS

CS HB 386 (Judiciary)

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Section 1. Will include alcohol with drug enforcement. Will primarily focus on investigation, apprehension, and conviction of bootleggers in local option communities.

An annual detailed report will be delivered to the Legislature on the activities of drugs and alcohol enforcement.

Section 2. The establishment of a reward program, and grant system for villages for reward programs, leading to apprehension and conviction of bootleggers who violate local option laws.

Section 3. Effective date - July 1, 1988.

POSITION PAPER  
ON  
HOUSE BILL NO. 386

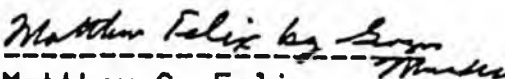
"An Act relating to rewards to promote the apprehension and conviction of certain offenders; and providing for an effective date."

The Department of Health and Social Services is fully supportive of House Bill 386. The human and financial costs associated with illegal alcohol sales in rural Alaska are significant, and have been repeatedly documented by a variety of sources. According to the Department of Public Safety 1986 Crime in Alaska Report, 1800 persons age 18 and over, and 1039 persons under age 18 were arrested for liquor law violations. Bootlegging arrests are included as liquor law violations in this report.

Providing a financial incentive for reporting illegal alcohol sales should improve upon the present situation. Because of the vast distances in rural Alaska, the capability of law enforcement officers is limited. In hub communities the problem becomes overwhelming; bootleggers are smart, and arrests with sufficient evidence for convictions are frequently difficult to obtain.

House Bill 387 is a companion bill to House Bill 386 and will provide a \$250,000 appropriation to the Department of Public Safety to establish this program.

  
Myra M. Munson  
Commissioner

  
Matthew C. Felix  
Coordinator

2/18/88

SENATE COMMITTEE REPORT

3/22 arm

FURTHER

FINANCE

3/22/88

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

JUDICIARY Committee considered CSHB 387 (JUD)

making a special appropriation to the Department of Public Safety for enforcement of alcoholic beverage control laws and for a reward program to promote the apprehension and conviction of persons who violate certain and recommended alcohol control laws; efd

[ ] replace with \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] same title  
[ ] or adopt \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] new title

[ ] attached amendment(s) and

*Proposed*  
[ ] do pass

[ ] do not pass

[ ] no recommendation

individual recommendations

[ ] further referral to \_\_\_\_\_

[ ] letter of intent adopted \_\_\_\_\_

Committee [ ] attached or [ ] adopted fiscal note(s)

[ ] new [ ] updated or

[ ] zero

[ ] fiscal impact

~~previous~~

*appropriation*

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Walter Rodley*  
*Julius Stankowski*  
*J. Josephson*

*Frank*

*J. Kallala* *Dugan*  
Chairman signature and recommendation

[ ] Committee Backup attached