

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

3289 HJUD HB 125 - HB 126

65

STATE OF ALASKA

DEPARTMENT OF LAW
OFFICE OF ATTORNEY GENERAL
CONSUMER PROTECTION SECTION

April 9, 1985

Mike Miller, Chair
House Judiciary Committee
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Dear Representative Miller:

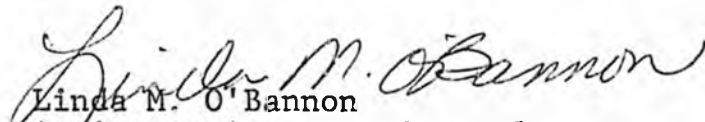
Thank you very much for your assistance during the House Judiciary Committee hearings and work sessions on HB 148 and HB 125. Special thanks also to Hayden Kayden. These bills, if enacted, will provide important protections for consumers in Alaska.

If any of your constituents should have any consumer problems please don't hesitate to refer them to our section. You will note that we have a Juneau office. If I can be of assistance on any future consumer issues please don't hesitate to contact me.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By


Linda M. O'Bannon
Assistant Attorney General
Consumer Protection Section

/pc

BILL SHEFFIELD, GOVERNOR

XXREPLY TO

1031 W 4th, SUITE 110
ANCHORAGE, ALASKA 99501
PHONE (907) 279-0428

1st NATIONAL CENTER
100 CUSHMAN, SUITE 400
FAIRBANKS, ALASKA 99701
PHONE (907) 456-8588

S S FULLER BLDG
4th & HARRIS, SUITE 214
POUCH K
JUNEAU ALASKA 99811
PHONE (907) 465-3692

STATE COURTHOUSE, ROOM 26
P O BOX 671
VALDEZ, ALASKA 99686
PHONE (907) 835-2462

Offered: 4/1/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 CS FOR HOUSE BILL NO. 125 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act revising the Alaska Unfair Trade Practices
7 and Consumer Protection Act; and adding new causes of
8 action for private business."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 45.50.471(b) is amended by adding new paragraphs to
11 read:
12 (26) failing to comply with AS 45.45.105 - 45.45.110 relat-
13 ing to unsolicited merchandise;
14 (27) failing to comply with AS 45.45.120 relating to disclo-
15 sure of funeral costs.
16 * Sec. 2. AS 45.50.481 is amended to read:
17 Sec. 45.50.481. EXEMPTIONS. Nothing in AS 45.50.471 -
18 45.50.561 applies to
19 (1) an act or transaction regulated under laws administered
20 by the state, by a [ANY] regulatory board or commission, or an officer
21 acting under statutory authority of the state or of the United States,
22 if [UNLESS] the law regulating the act or transaction
23 (A) prohibits [DOES NOT PROHIBIT] the practices de-
24 clared unlawful in AS 45.50.471;
25 (B) does not exempt from regulation the person commit-
26 ting the prohibited act or practice;
27 (C) provides remedies for injured persons equal to or
28 greater than those provided in AS 45.50.471 - 45.50.561; and
29 (D) unless the law is a federal law that preempts

1 state action, provides the state with adequate enforcement and
2 restitution remedies in the public interest similar to those
3 remedies in AS 45.50.501 and 45.50.551;

4 (2) an act done by the publisher, owner, agent, or employee
5 of a newspaper, newspaper, radio or television station in the
6 publication or dissemination of an advertisement, when the owner,
7 agent or employee did not have knowledge of the false, misleading or
8 deceptive character of the advertisement or did not have a direct
9 financial interest in the sale or distribution of the advertised
10 product or service;

11 (3) an act or transaction regulated under AS 21.36 or
12 AS 06.05 or a regulation adopted [ANY REGULATIONS PROMULGATED] under
13 the authority of either of those chapters.

14 * Sec. 3. AS 45.50.531(a) is amended to read:

15 (a) A person who purchases or leases an item of value in trade
16 or commerce for use and not for resale, [GOODS OR SERVICES] and who
17 thereby suffers an ascertainable loss of money or real or personal
18 property [, REAL OR PERSONAL,] as a result of another person's act or
19 practice declared unlawful by AS 45.50.471, may bring a civil action
20 [IN THE JUDICIAL DISTRICT IN WHICH THE SELLER OR LESSOR RESIDES OR HAS
21 HIS PRINCIPAL PLACE OF BUSINESS OR IS DOING BUSINESS,] to recover
22 actual damages or \$200, whichever is greater. The jury, or, if the
23 action is tried without a jury, the judge, may, in cases of wilful
24 violation, award up to three times the actual damages sustained. In
25 [, AND IN] all cases the court may provide equitable relief if consid-
26 ers necessary or proper.

27 * Sec. 4. AS 45.50.531(b) is amended to read:

28 (b) A person entitled to bring an action under this section may,
29 [AFTER INVESTIGATION BY AND APPROVAL OF THE ATTORNEY GENERAL,] if the

1 unlawful act or practice has caused similar injury to numerous other
2 persons similarly situated and if the person [HE] adequately repre-
3 sents the similarly situated persons, bring an action on behalf of all
4 [HIMSELF AND OTHER] similarly injured and situated persons to recover
5 actual damages. A person planning to bring an action under this
6 subsection shall deliver [FIRST SUBMIT] to the attorney general a copy
7 of the [HIS PROPOSED] complaint when it is filed with the court [, AND
8 HE MAY NOT FILE THE COMPLAINT IN COURT WITHOUT THE ATTORNEY GENERAL'S
9 APPROVAL]. In an action brought under this subsection, the court may
10 in its discretion order, in addition to damages, injunctive or other
11 equitable relief.

12 * Sec. 5. AS 45.50.531(h) is amended to read:

13 (h) A manufacturer or supplier [MANUFACTURERS OR SUPPLIERS] of
14 merchandise, whose [THE] fault [OF WHICH] is the basis for the action
15 under this chapter, is [ARE] liable for the damages assessed to or
16 suffered by a retailer sued or [RETAILERS] charged under this chapter.
17 A retailer has a private cause of action to recover from a
18 manufacturer or supplier under this subsection the actual damages
19 suffered by the retailer if

20 (1) the retailer has given the manufacturer or supplier
21 reasonable notice and a reasonable opportunity to satisfy the
22 customer's claim;

23 (2) the manufacturer or retailer has not satisfied the
24 customer's claim;

25 (3) the retailer satisfies, before the customer files an
26 action in court, a claim of the customer against the manufacturer or
27 supplier arising under this subsection; and

28 (4) the retailer has suffered damage by satisfying the
29 customer's claim.

1 * Sec. 6. AS 45.50.531 is amended by adding a new subsection to read:

2 (i) A business person whose business is injured and who suffers
3 an ascertainable loss of money or real or personal property as a
4 result of a competitor's act or practice declared unlawful by AS 45.-
5 50.471, may bring a civil action to recover actual damages. The jury,
6 or, if the action is tried without a jury, the judge, may, in cases of
7 wilful violation, award up to three times the actual damages sus-
8 tained. In all cases the court may provide equitable relief it con-
9 siders necessary or proper.

10 * Sec. 7. AS 45.50.541 is amended by adding a new subsection to read:

11 (d) In this section, "consumer" means a person who seeks or
12 acquires goods or services, whether or not affixed to real property,
13 by lease or purchase, for personal, family, or household purposes.

14 * Sec. 8. AS 45.50.542 is amended to read:

15 Sec. 45.50.542. WAIVER VOID. A waiver by a person [CONSUMER] of
16 a provision [THE PROVISIONS] of AS 45.50.471 - 45.50.561 that was
17 enacted to protect that person is contrary to public policy and is
18 unenforceable and void.

19 * Sec. 9. AS 45.50 is amended by adding a new section to read:

20 Sec. 45.50.560. SHORT TITLE. AS 45.50.471 - 45.50.561 may be
21 cited as the Unfair Trade Practices Act.

22 * Sec. 10. AS 45.50.561 is amended by adding new paragraphs to read:

23 (10) "person" has the meaning given in AS 01.10.060;

24 (11) "trade or commerce" means the advertising, offering for
25 sale, barter, or distribution of a service or property, tangible or
26 intangible, real, personal, or mixed, or other article, commodity, or
27 thing of value, wherever situated, and includes trade or commerce
28 directly or indirectly affecting the people of the state;

29 (12) "wilful" means that the person committing the act or

1 practice declared unlawful by AS 45.50.471 knew or should have known
2 that the conduct was an unfair or deceptive trade practice or unfair
3 method of competition.
4 * Sec. 11. AS 45.50.561(6) is repealed.

What will it cost to have a financial adviser?

Fees can be determined in a number of ways. For example:

- an hourly fee
- a flat fee for specific services, as outlined in a signed agreement
- a percentage of annual income or total assets
- a commission on investments made for you
- a fee offset by commissions on investments made for you

Be sure you understand the fee schedule before you make a commitment! Do not write out a check in the adviser's name, or hand over your money without a signed agreement that you understand. Make sure the agreement obligates the adviser to keep the information strictly confidential.

What information should you give to your adviser?

Expect to be asked for the following kinds of information so a plan tailored to your needs can be prepared. **Caution: Impersonal financial discussions lead to impersonal advice!**

- Names, addresses, birthdates, etc. of all persons in your current financial plan.
- Names and phone numbers of your attorney, accountant, banker
- Lists of all bank accounts, stocks, bonds, and other assets—with purchase date and current value of each
- Description of all financial commitments: how much, how long, reason for
- Copies of appraisals of property and other valuables
- Salary records and your expectations for your family's future earnings
- Family budget, including fixed and variable expenses
- Recent tax returns
- Retirement plans, regardless of your current age
- Statement of long-term and short-term goals and priorities including: how much, for how long and why you want to invest, how much risk you can afford

Additional information, contact:

International Association for Financial Planning
5755 Peachtree Dunwoody Road (Suite 120 C)
Atlanta, Georgia 30342. (404) 252-9600

Institute of Certified Financial Planners
3443 South Galena (Suite 190)
Denver, Colorado 80231. (303) 751-7600

Securities and Exchange Commission (SEC)
Office of Consumer Affairs and Information Services
450 Fifth Street, NW
Washington, DC 20540. (202) 272-7440



One in a series published by the ConsumerCard™ Information Service of the Consumer Affairs Office, American Express Company in cooperation with Shearson/American Express.

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FINANCIAL
ADVICE
ConsumerCard

Keep this reference guide handy . . .

It's designed to help you select
and use a financial adviser
who has your needs in mind.

One in a series published by the Consumer Education Service of the Consumer Affairs Office, American Express Company in cooperation with Shearson/American Express.

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What licenses, certifications, registrations and professional memberships do you have? Do these affiliations enforce a strong code of ethics?
 What is the extent of your responsibility to me, including bonding and insurance liability?
 How do you keep current with new financial concepts, tax regulations, etc.?
 How much input can or will I have into the handling of my investments?
 Who will review and discuss my financial plan with me?

How much will these services cost?
 What services do you offer?
 Are you limited to recommending products provided by one company?
 How diversified is your approach to investing?
 The interview ask the following questions:
 to help you present clearly your financial situation. Once all financial goals and attitudes. Organize your financial records and tax advice or the ability to help you plan your entire financial future? Prepare for the interview by considering your choice. Identify your expectations. Do you want investment several potential advisers before making your

A financial adviser works with you to establish and achieve your financial needs and objectives. He or she will also provide information for tax savings, insurance coverage, referrals for more complicated legal matters, and of course, expert investment advice.

Good advisers want to know about your current financial situation, goals and needs, and are able to explain their methods to even the most inexperienced investor. Becoming familiar with common investments will be helpful in planning with the adviser you select and be a built-in safeguard as well.

That depends on your knowledge of finance, the time you're willing to devote to analyzing your situation, and your own financial circumstances. These questions can help you decide:

- Am I confident about making financial decisions?
- Am I knowledgeable enough to begin my own long-range financial planning?
- Do I know enough about my investment alternatives to work effectively toward my short-term and long-term objectives?

- Will my present income and investment approach provide for my retirement years?

- Am I comfortable with my level of debt?

If you answered "no" to any of these questions, you should consider talking to a financial adviser.

In the same way you would choose any professional specialist, such as a doctor or lawyer, ask friends, relatives, and business associates to recommend an adviser who has performed well for them. Perhaps your current broker, accountant, real estate or insurance agent is now a financial adviser. Some financial advisers are self-employed, others are a part of an independent financial consulting business.

Just be sure to shop around for an adviser whose field of expertise fits your own needs and whose investment philosophy appeals to you. Most importantly, look for one you trust because you've evaluated his or her credentials.

A good financial adviser has a working knowledge of the following areas:

- Taxes
- Insurance
- Retirement
- Estate Planning (wills and trusts)
- Investments
- Family Budgeting (including plans for your children's education)

Interview several candidates, looking for the following:

- Extensive education and/or financial experience or licensing (Professional designations or licensing such as CFP, CLU, ChFC, CPA, CFA, while not listed by all financial advisers, may indicate greater interest in providing competent, ethical service and participation in educational update programs)
- Successful investment track record in good and bad economic climates
- Investment philosophy that is compatible with your own: a risk-taker, a conservative or somewhere in between

- Listens to your opinions and goals
- Presents his/her strategies with logic and conviction
- Explains your progress clearly and simply, and produces documentation for his/her decisions
- Tailors his/her own strategies to suit your situation, rather than relying on set formulas or pat answers

- Gives you a written summary of services and fees
- Offers access to tax and legal specialists, as well as reliable information sources
- Is willing to discuss small investments as well as large
- Assists in actual implementation of your plan
- Provides follow-up as a part of your plan, or as agreed

But I Don't Have Many Dissatisfied Customers.

(YOU SAY)



ARE YOU SURE?

The truth is you probably don't know how many you have because **MOST DISSATISFIED CUSTOMERS DO NOT COMPLAIN.**

The average business does not hear from 96% of its unhappy customers. For every complaint received at company headquarters the average business has another 26 customers with problems, at least 6 of which are serious ones.

How can this be true? Think of your own record as a consumer and as a complainer. How often have you been less than satisfied with a product, a service, a meal in a restaurant, a wait in line? And how often have you complained to the management, the manufacturer, or the retailer? Your customers are just like you: they don't complain. Three reasons are most often given:

- “It's not worth my time or trouble.”
- “Complaining will do no good—no one cares.”
- “I don't know where or how to complain.”

Well, If They Don't Complain, They Can't Be All That Dissatisfied.

(YOU SAY)



ON THE CONTRARY!

Noncomplainers are unhappy with your product or service, mad at themselves, and frustrated. They are actually the **LEAST** likely group to buy from your company again. Even a complainer who gets no response to his complaint is more likely to buy your products again than is a noncomplainer. The odds are that between 65% and 90% of your non-complainers will **NOT** buy from you again *and you will never know why.*

Your customers who have problems and complain to you are giving you a chance to keep their business. Surveys show that you can win back between 54% and 70% of these complainers by resolving their complaints. Actually, up to 95% of this group will become loyal customers again if their complaints are handled well and quickly.



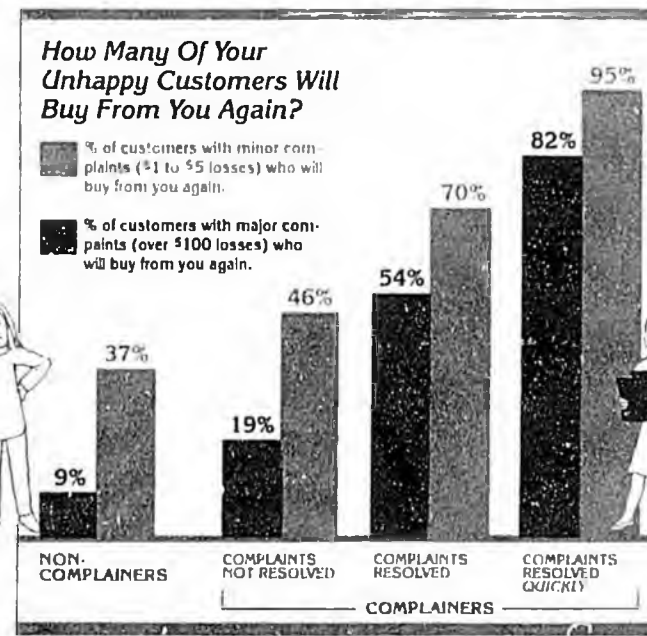
But I Can Afford To Lose Some Customers. I'll Replace Them With New Ones.

(YOU SAY)



THAT'S AN EXPENSIVE WAY TO DO BUSINESS.

How much do you spend to gain a new customer? Marketing data indicate that it usually costs five times as much to get a new customer as it does to keep an existing one.



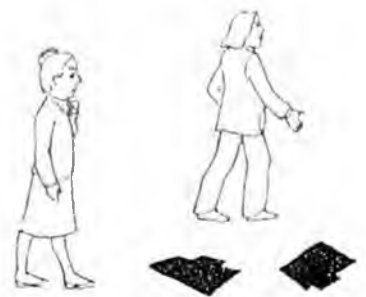
It's A Good Thing Most Of My Unhappy Customers Don't Go Around Complaining!

(YOU SAY)



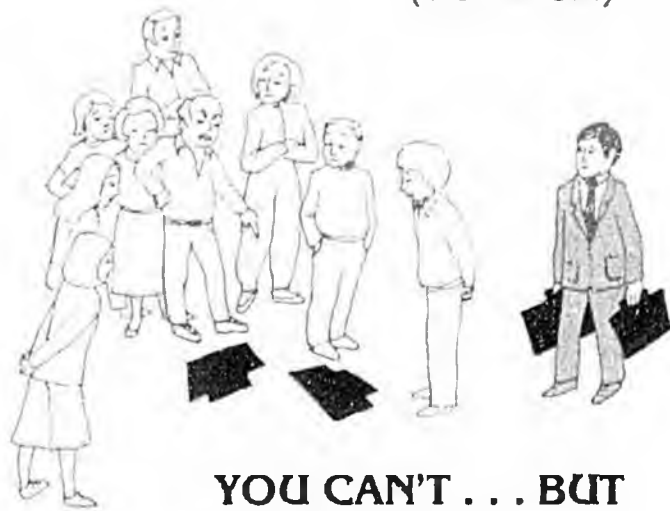
OH, BUT THEY DO!!

It's true that about 96% of your unhappy customers don't complain to you, but they do let off steam and spread their dissatisfaction with your products. They complain to other customers and potential customers (lots of them)—family, friends, associates at work, anyone who will listen. They feel wronged and frustrated and want to talk about it. **ON THE AVERAGE, A CUSTOMER WHO HAS HAD AN UNPLEASANT EXPERIENCE WITH A BUSINESS WILL TELL 9 OR 10 OTHER PEOPLE.** And about 13% will tell more than 20 other people. This negative word-of-mouth can be very harmful to your business. In today's complex marketplace more and more consumers are basing their purchasing decisions on the advice of people they know.



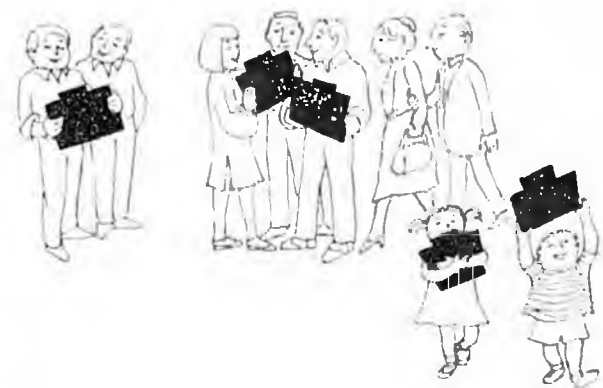
How Can I Keep Them Quiet?

(YOU ASK)



YOU CAN'T . . . BUT

You can turn them around. How? Solve their complaints as quickly as possible and you will not only get them back as customers but you will give them something positive to talk about. According to consumer surveys, a customer who has had a good experience with a company will tell an average of 5 other people, some of whom will become new customers. If a customer has a complaint resolved quickly and courteously, he wants to tell others about his good fortune . . . and his good sense (after all, he had the courage to complain). Speedy complaint resolution can help you keep your present customers and get new ones by changing word-of-mouth advertising from negative to positive. But remember . . . Over 96% of your dissatisfied customers may not be registering complaints with you. First you have to find out who they are and why they are unhappy.



So What Can I Do?

(YOU ASK)



The Technical Assistance Research Program, the research company that gathered the foregoing data, suggests:

- 1 Solicit complaints—make it easy for unhappy customers to tell you what their problems are.
- 2 Solve customer complaints as quickly as possible and with a smile.
- 3 Keep records of why complaints occur.
- 4 Analyze how complaints can be prevented and make changes in your products and marketing procedures when appropriate.
- 5 Provide incentives to encourage your salespeople to carry out the policies described above.

FOR ASSISTANCE: the Department of Commerce has recently published a helpful guide entitled *Managing Consumer Complaints*. This guide and four others (*Advertising, Packaging and Labeling; Product Warranties and Servicing; Credit and Financial Issues; and Consumer Product Safety*) were written for the express purpose of helping businesses respond to their customers' needs. These booklets were written with the assistance of the National Association of Consumer Agency Administrators (NACAA) and the Society of Consumer Affairs Professionals in Business (SOCAP). For more information, call or write the Office of Consumer Affairs, Department of Commerce, Washington, DC, 20230 (202) 377-5001.

Who Says So?

(YOU ASK)



The data reported in this pamphlet are based on studies conducted by Technical Assistance Research Programs, Inc. (TARP, a Washington, D.C. based research firm) for the White House, the National Science Foundation, and a number of private companies. See TARP, *A National Survey of the Complaint-Handling Procedures Used by Consumers*, NTIS PB-263-082 (Washington, D.C.: White House Office of Consumer Affairs, 1976); *Consumer Complaint Handling in America: Final Report*, NTIS PB 80-176316 (Washington, D.C.: White House Office of Consumer Affairs, 1980); and *Measuring the Grapevine—Consumer Response and Word-of-Mouth*, (Atlanta, Georgia: Consumer Information Center, The Coca-Cola Company 1981).

This pamphlet was published by the Direct Selling Education Foundation, a Washington, D.C. not-for-profit public educational organization. It is tax-exempt and contributions to it are tax-deductible. The objective of the Foundation is to serve, through its educational, informational and research activities, the public interest in the marketplace.

The Foundation runs consumer conferences; publishes a free quarterly newsletter, *AT HOME WITH CONSUMERS*, that presents diverse points of view on topical consumer issues; develops and distributes consumer information literature in English and Spanish; supports research on consumer and marketplace matters; and maintains a library in Washington.



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CUSTOMERS MEAN BUSINESS...



SURVEYS SHOW

You Have More Dissatisfied Customers Than You Think



How to guard credit and charge cards

Always:

- Sign new cards as soon as they arrive.
- Keep a record of your card numbers, their expiration dates, and the phone number and address of each company.
- Retrieve cards promptly after using them.
- Void or destroy incorrect receipts.
- Save receipts to compare them with billing statements.
- Open billing statements promptly and reconcile your card accounts each month, just as you would your checking account.
- Report promptly any questionable charges to the card issuers.
- Notify card companies in advance of a change of address.

Never:

- Lend card(s) to anyone.
- Leave cards or receipts lying around.
- Put a card number on a postcard or on the outside of an envelope.
- Give a card number over the phone *unless* you are initiating a transaction with a company you know is reputable. If you have questions about a company, check with your local Consumer Protection Office or Better Business Bureau before ordering.

If you suspect someone is using your account number without your permission:

Send the card issuer a letter that includes your name, account number(s), and the charges that you question, with your reasons. You must direct your letter to the "billing error address" provided on your statement, and it must reach the creditor within 60 days after the first bill containing the error was mailed to you. Sending your letter by certified mail, with a return receipt requested, will give you proof that the letter was mailed and received.

If you decide to call the card issuer for faster action—using the special numbers that many card issuers list on billing statements—follow up with a letter. Only a letter protects your rights under the Fair Credit Billing Act.

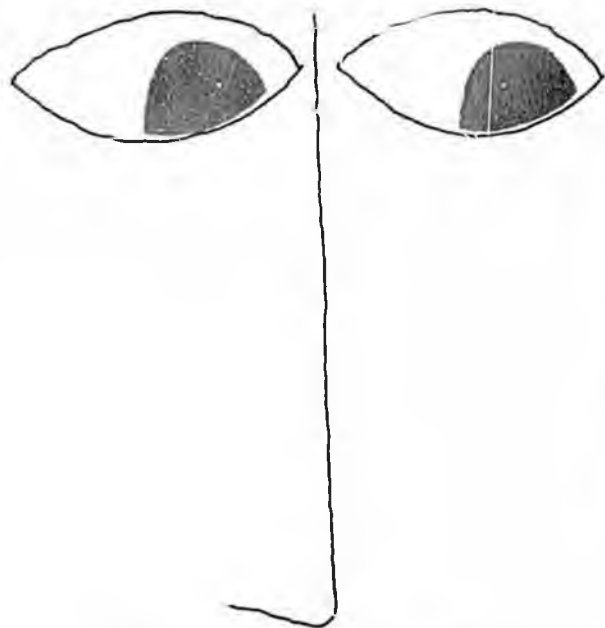
The card issuer must acknowledge receipt of your letter or correct the error within 30 days. Or, they must investigate and either correct the mistake or justify the charges within two billing cycles or 90 days, whichever is less. You may be asked to sign a statement under oath that you did not make the purchase(s) in question.

For more information about your rights, contact the Federal Trade Commission, Washington, D.C. 20580.



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Who's got your number?



Protect yourself against credit and charge card fraud.

Would you...

Give your checking account number and current balance to an unfamiliar caller?

Leave your ID and a blank check behind at a restaurant?

Send cash through the mail?

Of course not...

But thousands of Americans do things that are just as risky as sending cash through the mail. Giving credit or charge card numbers to unknown callers, or carelessly tossing away card receipts are some of the ways consumers unwittingly fall victim to credit card fraud.

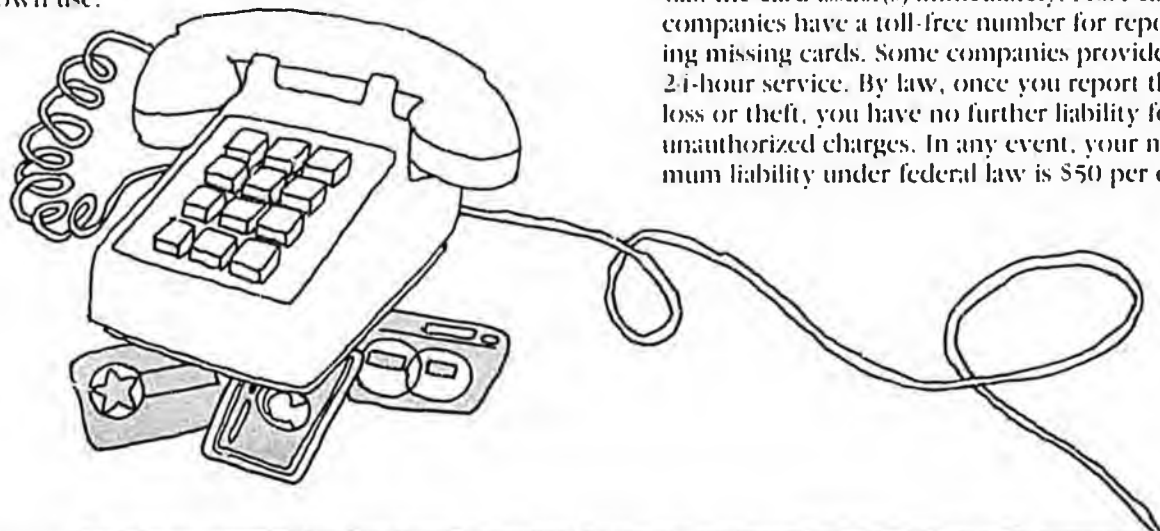
The cost of credit and charge card fraud—to card holders and to card companies alike—may be as high as \$500 million a year. Everyone pays for card fraud in higher prices, whether or not they are personally defrauded.

While theft is the most obvious form of card fraud, it is not the only way crimes occur. A more subtle crime is "misappropriation": the use of your card number (not the card itself) without your permission.

How can it happen?

Misappropriation may occur in a variety of ways:

- A caller says that to qualify for a discount vacation or a special investment opportunity you need only give your card number and its expiration date. Neither offer is genuine—the caller wants your card number for an illegal use.
- Someone rifles the trash behind a store for discarded card receipts or carbons to get numbers for making counterfeit cards or for ordering merchandise by mail or phone.
- A dishonest clerk makes an extra imprint from the credit or charge card for his or her own use.

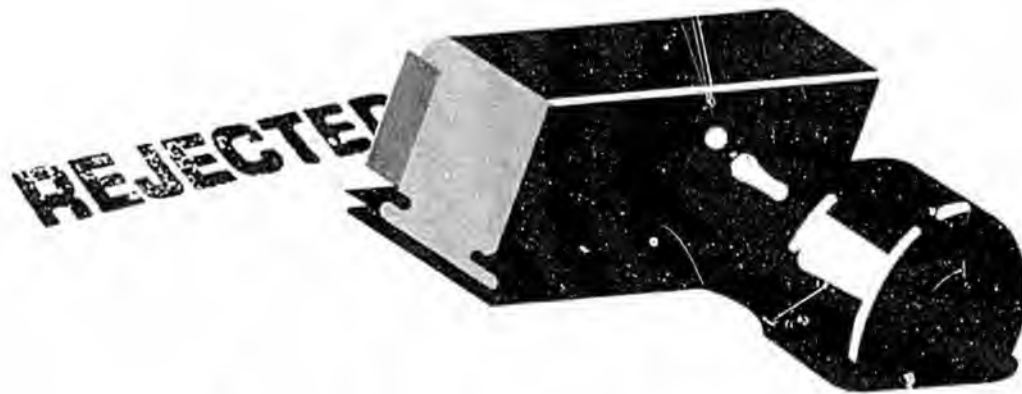


Consider taking other precautions:

- Keep infrequently used cards in a secure place.
- Carry cards separately from your wallet.
- Keep the card in view, whenever you can, after you give it to a clerk.
- Avoid signing a blank receipt, if possible.
- Draw a line through blank spaces above the total when you sign card receipts.
- Destroy carbon papers on card receipts.
- Instruct others who are authorized to use your account to take these same precautions.

If cards are lost or stolen:

Call the card issuer(s) immediately. Most card companies have a toll-free number for reporting missing cards. Some companies provide 24-hour service. By law, once you report the loss or theft, you have no further liability for unauthorized charges. In any event, your maximum liability under federal law is \$50 per card.



Fair Credit Reporting

If you've ever applied for a charge account, a personal loan, insurance, or a job, someone is probably keeping a file on you. This file might contain information on how you pay your bills, or whether you've been sued, arrested, or have filed for bankruptcy.

The companies that gather and sell this information are called "Consumer Reporting Agencies," or "CRA's." The most common type of CRA is the credit bureau. The information sold by CRA's to creditors, employers, insurers, and other businesses is called a "consumer report." This generally contains information about where you work and live and about your bill-paying habits.

In 1970, Congress passed the Fair Credit Reporting Act to give consumers specific rights in dealing with CRA's. The Act protects you by requiring credit bureaus to furnish correct and complete information to businesses to use in evaluating your applications for credit, insurance, or a job.

The Federal Trade Commission enforces the Fair Credit Reporting Act. Here are answers to some questions about consumer reports and CRA's:

How do I locate the CRA that has my file?

If your application was denied because of information supplied by a CRA, that agency's name and address must be supplied to you by the company you applied to. Otherwise, you can find the CRA that has your file by calling those listed in the Yellow Pages under "credit" or "credit rating and reporting." Since more than one CRA may have a file about you, call each one listed until you locate all agencies maintaining your file.

Do I have the right to know what the report says?

Yes, if you request it. The CRA is required to tell you about every piece of information in the report and, in most cases, the sources of that information. Medical information is exempt from this rule, but you can have your physician try to obtain it for you. The CRA is *not* required to give you a copy of the report, although more and more are doing so. You also have the right to be told the name of anyone who received a report on you in the past six months. (If your inquiry concerns a job application, you can get the names of those who received a report during the past two years.)

Is this information free?

Yes, if your application was denied because of information furnished by the CRA, and if you request it within 30 days of receiving the denial notice. If you don't meet these requirements, the CRA may charge a reasonable fee.

What can I do if the information is inaccurate or incomplete?

Notify the CRA. They're required to reinvestigate the items in question. If the new investigation reveals an error, a corrected version will be sent, on your request, to anyone who received your report in the past six months. (Job applicants can have corrected reports sent to anyone who received a copy during the past two years.)

What can I do if the CRA won't modify the report?

The new investigation may not resolve your dispute with the CRA. If this happens, have the CRA include your version or a summary of your version of the disputed information in your file and in future reports. At your request, the CRA will also show your version to anyone who recently received a copy of the old report. There is no charge for this service if it's requested within 30 days after you

FEDERAL TRADE COMMISSION / BUREAU OF CONSUMER PROTECTION

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BCP

receive notice of your application denial. After that, there may be a reasonable charge.

Do I have to go in person to get the information?

No, you may also request information over the phone. But before the CRA will provide any information, you must establish your identity by completing forms they will send you. If you do wish to visit in person, you'll need to make an appointment.

Are reports prepared on insurance and job applicants different?

If a report is prepared on you in response to an insurance or job application, it may be an *investigative* consumer report. These are much more detailed than regular consumer reports. They often involve interviews with acquaintances about your lifestyle, character, and reputation. Unlike regular consumer reports, you'll be notified in writing when a company orders an investigative report about you. This notice will also explain your right to ask for additional information about the report from the company you applied to. If your application is rejected, however, you may prefer to obtain a *complete* disclosure by contacting the CRA, as outlined in this brochure. Note that the CRA does not have to reveal the sources of the investigative information.

How long can CRA's report unfavorable information?

Generally seven years. Adverse information can't be reported after that, with certain exceptions:

- bankruptcy information can be reported for 10 years;
- information reported because of an application for a job with a salary of more than \$20,000 has no time limitation;
- information reported because of an application for more than \$50,000 worth of credit or life insurance has no time limitation;
- information concerning a lawsuit or judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

Can anyone get a copy of the report?

No, it's only given to those with a legitimate business need.

Are there other laws I should know about?

Yes, if you applied for and were denied credit, the Equal Credit Opportunity Act requires creditors to tell you the specific reasons for your denial. For example, the creditor must tell you whether the denial was because you have "no credit file" with a CRA or because the CRA says you have "delinquent obligations." This law also requires creditors to consider, upon request, additional information you might supply about your credit history.

You may wish to obtain the reason for denial from the creditor before you go to the credit bureau.

Do women have special problems with credit applications?

Married and formerly married women may encounter some common credit-related problems. For more information, write the FTC for a free brochure on "Women and Credit Histories" at the address listed below.

Where should I report violations of the law?

Although the FTC can't act as your lawyer in private disputes, information about your experiences and concerns is vital to the enforcement of the Fair Credit Reporting Act. Please send questions or complaints to the FTC, Washington, D.C. 20580.

* GPO : 1992 O - 378-889 : QL 3

Federal Trade Commission
Washington, D. C. 20580

Official Business, Penalty
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FILE

ALASKA'S LEMON LAW



**Consumer Protection Section
Department of Law**

NORMAN C. GORSUCH
Attorney General

BILL SHEFFIELD
GOVERNOR

(3) "express warranty" or "warranty" means an express written warranty provided by the manufacturer of a new motor vehicle;

(4) "full purchase price" means the total price paid for a motor vehicle by the original owner, including costs added to the retail price, such as original registration fees, transportation fees, dealer preparation, and dealer installed options;

(5) "manufacturer" means a person who by labor transforms raw materials and component parts into motor vehicles for wholesale or retail sale;

(6) "motor vehicle" or "vehicle" means a land vehicle having four or more wheels, that is self-propelled by a motor, is normally used for personal, family, or household purposes, and is required to be registered under AS 28.10; but does not include a tractor, farm vehicle, or a vehicle designed primarily for off-road use;

(7) "nonconformity" means a defect or condition in a motor vehicle caused by a manufacturer, distributor, dealer, or repairing agent that substantially impairs the use or market value of a vehicle;

(8) "owner" means a purchaser, other than for resale, of a new motor vehicle, and a person to whom ownership of the motor vehicle is transferred in conformity with AS 28;

(9) "reasonable allowance" means an amount attributable to an owner's use of a motor vehicle; a "reasonable allowance" may not exceed an amount equal to the depreciation in value of the vehicle for the period during which the vehicle is available for use by the owner, calculated by a straight line depreciation method over seven years, plus an amount equal to the depreciation in value of the vehicle that is caused by

(A) any neglect or abuse by the owner; or

(B) body damage not caused by a nonconformity;

(10) "repairing agent" means a person who has been specifically authorized by a motor vehicle manufacturer or distributor to perform warranty repairs in the state on one or more of the manufacturer's or distributor's motor vehicles;

(11) "substantially impairs the market value" means a nonconformity that substantially decreases the dollar value of a vehicle to the owner when compared to the dollar value of a similar vehicle that does not have the nonconformity;

(12) "substantially impairs the use" means a nonconformity that prevents a motor vehicle from being operated or makes the vehicle unsafe to operate.



A MESSAGE FROM THE ATTORNEY GENERAL

The motor vehicle of today is an expensive and complicated device. Most Alaskans have become dependent on the availability of a motor vehicle to conduct their daily affairs. Unfortunately, some new cars prove less than dependable. They turn out to be lemons. When this happens, the consumer is faced with a problem that is not easily resolved.

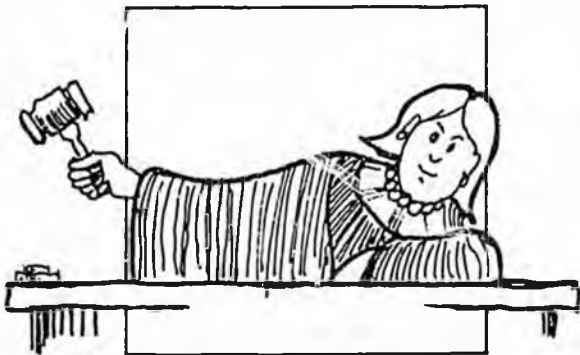
The legislature, recognizing the dilemma faced by many new car buyers, enacted a law which has commonly become known as the "Lemon Law." The law was approved by Governor Bill Sheffield, June 13, 1984. The actual effective date was September 11, 1984. New motor vehicles purchased after that date are clearly covered by this law.

This brochure is designed to inform consumers of the protections offered by this law. If you need additional information, or if you have information regarding violations of this law, please contact my Consumer Protection Section.

Norman C. Gorsuch
Attorney General

WHAT ARE THE BENEFITS OF THE LAW?

- The Lemon Law (AS 45.45.300) provides protection to buyers of new motor vehicles. If a new vehicle turns out to be defective and has not been properly repaired after a reasonable number of attempts, the law requires a refund or replacement vehicle.
- Only a small percentage of new vehicles will be declared lemons. However, all new vehicle buyers will benefit from this law. The manufacturer and the dealer now have a stronger economic incentive to deliver the vehicle free from defects, and if problems develop, correct them speedily and accurately.
- The law encourages the vehicle manufacturers to establish third party arbitration programs. These programs must meet specific standards and must have the approval of the Attorney General. Any decisions ordered by the arbitrators are binding on the manufacturer but not on the consumer.
- This law spells out clearly the owner, dealer and manufacturer's responsibilities. It does not limit other rights and remedies that may be available to the owner of a motor vehicle under other provisions of law.



(h) A motor vehicle returned under (b) of this section may not be resold by the manufacturer or distributor in the state unless full disclosure of the reason for the return is made to the prospective buyer before the resale is concluded.

(i) The provisions of this section do not limit other rights and remedies that may be available to the owner of a motor vehicle under other provisions of law. This subsection does not create a new cause of action against a dealer or repairing agent who sells or attempts to repair a motor vehicle found to be nonconforming under this section.

(j) A manufacturer or distributor of motor vehicles who authorizes the sale of the manufacturer's or distributor's motor vehicles in the state shall maintain authorized dealership facilities within the state that are able to perform the service and make the repairs required by the manufacturer's express warranty and by this section.

(k) A manufacturer or distributor who accepts the return of a nonconforming motor vehicle under (b) of this section shall reimburse the owner for any reasonable cost incurred in shipping the vehicle to and from the nearest authorized facility for warranty service and repair of a nonconformity that causes the return of the vehicle.

(l) If a manufacturer or distributor has established an informal dispute settlement procedure that substantially complies with the requirements of 16 C.F.R. 703, as that section may be amended, or if the manufacturer or distributor, after receipt of notice required by (c) of this section, offers in writing to participate in an arbitration or mediation process with the owner and the arbitration or mediation decision is binding on the manufacturer or distributor but not on the owner, and if the informal dispute settlement or arbitration or mediation process is approved by the attorney general, the provisions of (b) of this section concerning refund or replacement or (k) of this section concerning shipping costs do not apply to an owner who has not first resorted to the informal dispute settlement procedure or arbitration or mediation process.

(m) In this section,

(1) "dealer" means a person who has obtained a franchise from, or is authorized by, a motor vehicle manufacturer to engage in the retail sale and warranty repair of the manufacturer's new motor vehicles in the state;

(2) "distributor" means a person who is authorized by a manufacturer to engage in the wholesale distribution of the manufacturer's new motor vehicles in the state;

or replacement vehicle to be delivered on the 60th day after the mailing of the written notice. Within 30 days after receiving the notice required by this subsection the manufacturer may make a final attempt to conform the vehicle before a refund or replacement is made under (b) of this section.

(d) An owner may not receive a refund or replacement under this section if the manufacturer or distributor shows that the nonconformity complained of

(1) does not substantially impair either the use or the market value of the motor vehicle; or

(2) is the result of

(A) alteration of the motor vehicle by the owner or a person other than a dealer or repairing agent that is not authorized by the manufacturer or distributor; or

(B) abuse or neglect by the owner or a person other than the dealer or repairing agent.

(e) A presumption that a reasonable number of attempts have been made to conform a motor vehicle under an applicable express warranty is established if:

(1) the same nonconformity has been subject to repair three or more times by the manufacturer, distributor, dealer, or repairing agent during the term of the express warranty or the one-year period after delivery of the motor vehicle to the original owner, whichever period terminates first, but the nonconformity continues to exist; or

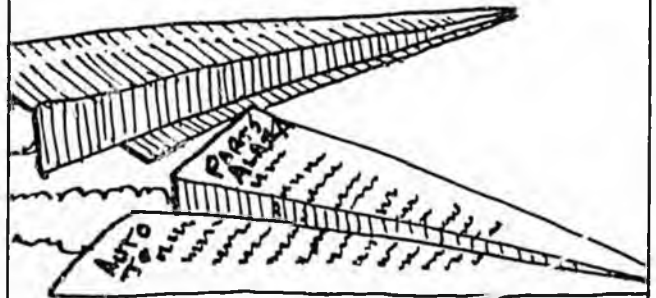
(2) the vehicle is out of service for repair for a total of 30 or more business days during the express warranty term or the one-year period referred to in (1) of this subsection, whichever period terminates first; any period of time that repairs are not performed for reasons that are beyond the control of the manufacturer, distributor, dealer, or repairing agent is excluded from the 30-day time period referred to in this paragraph.

(f) A manufacturer whose vehicles are sold in the state through an authorized dealer shall provide its dealer or repairing agent with any part necessary to make a repair of a nonconformity covered under an express warranty, as soon as possible, without additional charge for freight or handling, if the part is not in the dealer's or agent's inventory when the nonconforming vehicle is brought to the dealer or repairing agent for repair.

(g) A manufacturer or distributor who fails to refund the full purchase price of a motor vehicle or replace the motor vehicle when there is a requirement to do so under this section is presumed to have committed an unfair trade practice under AS 45.50.471.

WHAT ARE THE MANUFACTURER'S RESPONSIBILITIES?

- If an owner of a new motor vehicle reports a defect or problem, the manufacturer normally, through their dealer or repairing agent, makes the necessary repairs.
- If the manufacturer, dealer or repairing agent has been unable to repair the defect or problem after a reasonable number of attempts, the manufacturer shall, at the owner's option, replace the vehicle or offer a refund.
- When a manufacturer refunds or replaces a motor vehicle, they are also required to refund any reasonable charges the owner may have paid in shipping the defective motor vehicle back and forth to the nearest authorized facility for repairs.
- A manufacturer shall ship its dealer or repairing agent parts necessary for warranty repairs by the fastest means available (generally air freight) with no additional charge for freight or handling.



HOW DOES THE LEMON LAW DEFINE A REASONABLE NUMBER OF ATTEMPTS?

- First for a single defect or condition that defies repairs the Lemon Law says:

" (1) The same non-conformity has been subject to repair three or more times by the manufacturer, distributor, dealer or repairing agent during the term of the express warranty or the one-year period after delivery of the motor vehicle to the original owner, whichever period terminates first, but the non-conformity continues to exist;"

- Second for a motor vehicle that has been out of service for an unreasonable period of time due to a single or multiple defects the Lemon Law says:

" (2) The vehicle is out of service for repair for a total of 30 or more business days during the one-year period referred to in (1) of this subsection whichever period terminates first;"

WHAT ARE THE HITCHES?

- The defect or problem must substantially impair the use or the market value of the vehicle.
- The defect or problem must not be the result of alteration, abuse or neglect by the owner or a person other than the dealer or repairing agent.

AN ACT

Relating to motor vehicle warranties.

*Section 1. AS 45.45 is amended by adding a new section to read:

Article 6. Motor Vehicle Warranties

Sec. 45.45.300. Motor Vehicle Warranties. (a) If a new motor vehicle does not conform to an express warranty that is applicable to it and the owner of the vehicle reports the defect or condition to the manufacturer of the vehicle or to the manufacturer's or distributor's dealer during the term of the warranty, the manufacturer, distributor, dealer, or a repairing agent shall make the necessary repairs to conform the vehicle to the express warranty.

(b) If during the term of the express warranty or within one year from the date of delivery of the motor vehicle to the original owner, whichever period terminates first, the manufacturer, distributor, dealer, or repairing agent is unable to conform the motor vehicle to an applicable express warranty after a reasonable number of attempts, the manufacturer or distributor shall accept the return of the nonconforming motor vehicle, and, at the owner's option, shall replace the nonconforming vehicle with a new, comparable vehicle or shall refund the full purchase price to the owner less a reasonable allowance for the use of the motor vehicle from the time it was delivered to the original owner. A refund under this subsection shall be made to a lienholder of record, if any, and the owner, as their interests may appear.

(c) In order to claim a refund or replacement under (b) of this section, the owner shall give written notice by certified mail to the manufacturer and its dealer or repairing agent at any time before 60 days have elapsed after the expiration of the express warranty or the one-year period after the date of delivery of the motor vehicle to the original owner, whichever period terminates first (1) stating that the vehicle has a non-conformity; (2) providing a reasonable description of the nonconformity; (3) stating that the manufacturer, distributor, dealer, or repairing agent has made a reasonable number of attempts to conform the vehicle; and (4) stating that the owner demands a refund

A SAMPLE NOTICE

Name _____

Address _____

City, State, Zip _____

Phone (day) _____

Phone (night) _____

Dear Sir or Madam:

My _____, _____
Year Make of Vehicle

_____ has a non-conformity.
V.I.N. _____

The non-conformity is _____
Describe the Non-conformity

Your dealer or repairing agent has made a reasonable number of attempts to conform the vehicle. I demand a _____

Refund or Replacement

be delivered to me on the 60th day after the mailing of this notice.

Signature _____

- Any period of time that repairs are not performed for reasons that are beyond the control of the manufacturer, dealer or repairing agent is excluded from the 30-day period. This refers to situations such as labor disputes or natural disasters.
- The owner must provide written notice via certified mail to the manufacturer and their dealer or repairing agent. Within 30 days after receiving the notice the manufacturer may make another final attempt to repair the vehicle.
- If you choose a refund over a replacement, the refund will not include any accrued finance charges. The manufacturer may also deduct an allowance for your use of the vehicle and for excess depreciation due to damage, neglect or abuse.
- If the manufacturer has set up an approved informal dispute settlement procedure and if they offer in writing to arbitrate, you will be required to participate or you will lose the protections offered by this law.

SOME THINGS TO DO

- You never know when you buy a new car whether it will turn out to be a lemon. As a new car buyer you should check out the dealership's service facility as closely as you check out the new vehicle. Is the area clean, organized, and well lit; do the equipment and tools appear modern and well maintained? A dealer who is proud of the service facility will be happy to demonstrate this. Also, ask if the dealer gives appointments for warranty repairs and what is the normal delay in obtaining an appointment.



- Prior to the sale read and understand the warranty. The dealer is required by a Federal Trade Commission rule to make all warranties available prior to the sale.
- Be wary of purchasing a service contract (extended warranty), especially contracts which are not backed by the vehicle's manufacturer. Read and understand what is covered and more importantly what is **not** covered. In most cases service contracts can be purchased up to the date the manufacturer's new car warranty expires. Remember, there is little or no benefit from a service contract during a vehicle's first year.
- Prior to taking delivery of your new car, inspect it. If any problems are noted, refuse delivery until they are corrected. Be wary of promises that "We'll take care of those problems at the first service."
- You should be very concerned if a dealer attempts to deliver a new vehicle with obvious defects.

- (3) that the manufacturer, distributor, dealer, or repairing agent has made a reasonable number of attempts to conform the vehicle; and
- (4) that the owner demands a refund or replacement vehicle to be delivered on the 60th day after the mailing of the written notice.
- (5) a description of the vehicle (year, make, and model)
- (6) the vehicle identification number. This number is located on the tag behind the driver's side of your windshield, or it can be found on the vehicle registration as "serial number."
- (7) your name, address and if possible a daytime phone number.

- If you have problems with exercising your rights under the Lemon Law or if you believe a dealer or manufacturer is not complying with the law phone or write the nearest Consumer Protection Section of the Attorney's Office listed on the back cover of this brochure.



- Once you have compiled your documentation write a chronological description of the history of your vehicle and its problems. When writing this history remember this guide: What, Why, When, How, Where and Who.
- Consider consulting with an attorney. If you do not have an attorney, contact the Alaska Bar Association's Lawyer Referral Service in Anchorage. The telephone number is 272-0352 (outside of Anchorage call toll-free ZENITH 9999). Some labor union contracts allow for legal services. If you have this coverage, contact your union representative for assistance.
- Under the Lemon Law, if you wish to claim a refund or replacement you must give written notice by certified mail to the manufacturer and its dealer or repairing agent. This notice may be sent any time before 60 days have elapsed, after the expiration of the express warranty or the one-year period, after the date of the delivery of the motor vehicle to the original owner, whichever terminates first.
- The notice must contain the following information:
 - (1) that the vehicle has a nonconformity;
 - (2) a reasonable description of the nonconformity;

- Read, understand and follow maintenance requirements contained in the owner's manual. Your driving cycle may be considered by the manufacturers as a severe operating condition and may require more frequent maintenance.
- If problems develop, contact your dealer as soon as possible to request an appointment for repairs. On the appointment date arrive 15 minutes early and be ready for up to a one-hour delay. Few Alaska dealers offer loaner or courtesy car service. Therefore, you should arrange to be picked up or plan on a cab ride.
- Give the service advisor a dated note completely describing all of the conditions you are complaining about. Do not attempt to diagnose the cause of the conditions, simply describe them.



PROPER EXAMPLE

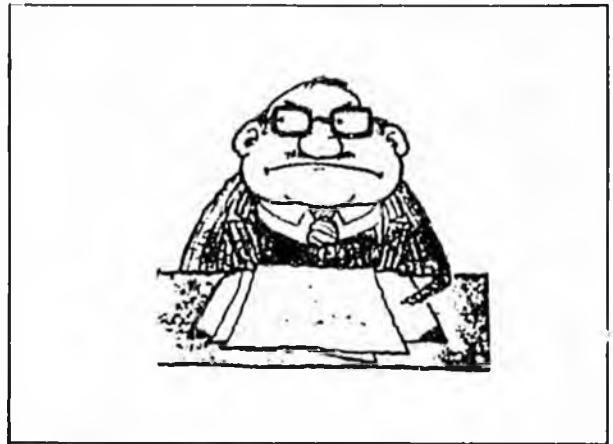
Owner: Thadius D. Foghorn
Address: 12134 N St
Anchorage, AK 99000
Vehicle: 1985 Backfire 4
(Black Hatchback)
Plate: WID 346
Home Telephone: 212-3000
Work Telephone: 202-2000

Problems

- 1) Entire car vibrates between 35 mph and 55 mph. Seems worse with passengers in back.
- 2) Engine is hard to start when hot. Starts fine when cold.
- 3) Gas mileage has dropped from 22-24 mpg to 16-18 mpg.
- 4) Last week a light on the dashboard was lit that said check engine. This morning it went out.

- Keep a copy of the note. Remember you never know if your new car is going to turn out to be a lemon.
- If it is necessary to have your vehicle towed to the dealership, ask the dealer to provide the service or reimbursement for the expenses. Some warranties offer this coverage. Other dealers have a policy that may cover towing expense. If towing is not provided keep copies of your bills. The Lemon Law allows for reimbursement of reasonable shipping expenses if the vehicle is later declared a lemon.
- An hour or two prior to picking up your vehicle call the dealer to verify repairs will be completed as scheduled. Often problems develop that can delay the repair process. If this occurs, again request a loaner vehicle.

- If your vehicle is in the shop for repairs more than one day, make sure the repair invoice shows the day it was brought in and the day it was picked up.
- Keep copies of all repair invoices for maintenance or warranty repairs. The dealer or repairing agent is required by law to furnish a copy of the repair invoice even if the repairs were done under warranty.
- If the problems persist, and you end up writing the dealer or manufacturer, keep copies of all correspondence. If you make long distance telephone calls, keep your telephone bills and make notes of who you talked to and about what.



THE DEALER HAS TRIED THREE TIMES AND STILL THE PROBLEM PERSISTS. NOW WHAT?

- First, organize all of your documentation. If you are missing any repair orders, contact your dealer or repairing agent and request a copy from their files. The dealer or repairing agent is required by the Alaskan Auto Repair Act to maintain these records for two years.

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE



state of alaska
 department of law
 consumer protection section

BILL SHEFFIELD
 GOVERNOR
 NORMAN C. GORSUCH
 ATTORNEY GENERAL

S. B. Fuller Building
 4th & Harris, Suite 214
 Pouch K
 JUNEAU, AK 99811
 465-3692

1031 West 4th Avenue
 Suite 110
 ANCHORAGE, AK 99501
 279-0428

1st National Center
 100 Cushman, Suite 400
 FAIRBANKS, AK 99701
 456-8588

P. O. Box 671
 VALDEZ, AK 99686
 835-2462

CONSUMER PROTECTION NEWSLETTER

FALL 1983

YOU WON!!!

How lucky! You've been selected. You have won a color television, a home computer, a video recorder, diamond jewelry, or an all expenses paid vacation. Great. Or, is it? Did you really win? Is it really free?

Alaskans are being "selected" by the thousands to "win" just such prizes. All you have to do to claim your prize is to purchase vitamins, pens, or printed advertisements for your business. Sounds worth it, doesn't it?

frequently, the fabulous "prize" turns out to be virtually worthless. And, the merchandise you had to buy to receive the prize is far less desirable than represented. In some cases, even after you have paid for your merchandise, you never receive either the merchandise or the prize.

No, you and thousands of others were all selected to

Chances are, it isn't worth it. The Consumer Protection Section of the Attorney

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state of alaska
department of law
consumer protection section

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835-2462

CONSUMER PROTECTION NEWSLETTER

SUMMER 1984

LEMON LAW PASSES!

Lemon law On June 13, 1984 Governor Bill Sheffield signed into law HCS-CSSB 286, commonly known as the "Lemon Law."

"This legislation, first introduced by Representative Mike Miller (D-Juneau), was subject to much scrutiny by both the Senate and the House before it evolved into its present form," Sheffield said.

purchases made prior to the effective date, it is not intended to have a retroactive effect. Consequently, new car purchasers whose purchase dates occur after September 11, 1984, will be covered under this law while those occurring before will not. By early September, the Consumer Protection Section of the Attorney General's Office will have available a brochure explaining the new law.

seriously. They are only issued on the most serious problems. 1980 Subaru owners should have received notification from Subaru of a steering rack recall. It appears that the boot which protects the rack can't stand our cold winters. The failure of this boot can cause corrosion which results in hard steering or seizure. If you own a 1980 Subaru and did not receive a



RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

7/25/89
Date

H B

1 2 6

STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1986

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

Jeanie Henry

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

COMMITTEE REPORT

HOUSE

7)

FURTHER: FINANCE

2/15/85

Date: 5-18-85

Mr. Speaker:

The Committee on JUDICIARY has had HB 126

"An Act amending the Alaska Securities Act."

under consideration and reports it back as follows:

[] do pass [] do not pass

[] do pass with attached amendments(s)

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

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

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

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

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

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

*passed
3/18*

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 126 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

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

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

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

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

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

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 19, 1985

SUBJECT: CSHB 126 (Jud)

TO: Representative Mike M. Miller
Chairman, Judiciary Committee

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

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

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

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

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

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

TLB:mkr
J13/005

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

BUREAU OF
CONSUMER PROTECTION

March 14, 1984

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

Dear Chairman Eliason:

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

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

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

² 43 C.F.R. § 3110 et seq.

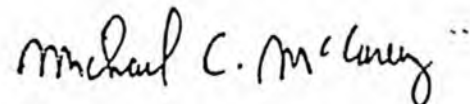
³ Public Land Orders Nos. 6098, 46 Fed. Reg. 61472 (December 17, 1981), and 6329, 47 Fed. Reg. 39495 (September 8, 1982).

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

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

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

Very truly yours,



Michael C. McCarey
Associate Director

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

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

OFFICE OF THE ATTORNEY GENERAL

March 23, 1984

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

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

Dear Senator Pettyjohn:

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

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

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

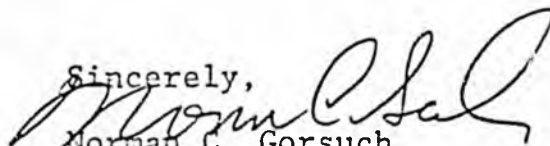
Illinois corporation operating a mail order business in all fifty states and where all orders were accepted in Chicago. In that case, the court performed a thorough and comprehensive analysis of a variety of constitutional issues and concluded that none of the constitutional provisions were violated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

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

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

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

Sincerely,



Norman C. Gorsuch
Attorney General

NCG:eer

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

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

Senator Patrick Rodey
Senate Labor and Commerce
Committee

Senator John C. Sackett
Senate Labor and Commerce
Committee

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

Letter 3

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

Dear Sirs

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

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

Yours truly

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

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

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

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

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

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

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

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

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

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

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

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

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

Name _____

Address _____

City 5 _____

State _____

Zip _____

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

FCW

M E M O R A N D U M

TO: All Members, House Labor and Commerce Committee

FROM: Committee Staff

DATE: February 6, 1985

SUBJECT: Overview, HB 126

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

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

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

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

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

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 25, 1985

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

Dear Representative Grussendorf:

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

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

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

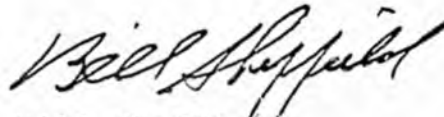
This bill would broaden the Alaska Securities Act to cover these business firms even if the "investment" sales are not made in our state or to Alaska residents. Essentially, the bill would do this by extending the jurisdiction of our state securities regulators and of our courts over these

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

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

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

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

Revision Date: _____

REQUEST

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

FISCAL DETAIL

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

See attached analysis.

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

Distribution (by Agency preparing fiscal note):

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

7/1/84

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

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

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

0932W10884a

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

REQUEST FOR
NEW POSITION

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

Page 3 of 5

Revised Date

FV 86

Revision Date: _____

REQUEST

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

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

FISCAL DETAIL

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Not specified by sponsor.

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

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

7/1/84

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

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

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

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

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

Out-of-state Travel

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

Contractual

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

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

Total \$39,200

TOTAL COSTS \$47,200

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

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

Case No. 3AN-83-8867 Civil

DECISION AND ORDER

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

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

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

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

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

Pre-emption

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

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

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

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

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

1

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

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

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

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

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

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

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

under parens patriae theory

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

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

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

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

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

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

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

2

Stipulation, at 5, 6, [¶6, 7, 8, 10].

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

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

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

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

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

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

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

The applicability of the Unfair
Trade Practices and Consumer Protection Act

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

3

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

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

Motion to Strike

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

ORDER

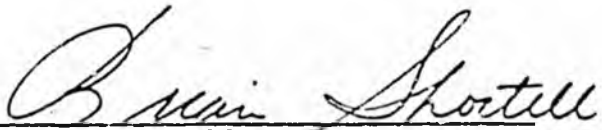
That portion of the amended complaint alleging violations of the Unfair Trade Practices and Consumer Protection Act is dismissed.

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

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

Defendants' motion to strike is denied.

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


BRIAN SHORTELL
SUPERIOR COURT JUDGE

DECISION AND ORDER
STATE OF ALASKA VS. ALASKA LAND LEASING

Page 11 of 11

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

Scarlett Hatto
J. Petumemos
J. Bush

HB 126 FILE CONTENTS

- 1) Bill Summary of HB 126 -- Legislative Reporting Service
- 2) Overview -- Committee Staff
- 3) Transmittal Letter from Governor
- 4) Fiscal Note -- Dept. of C&ED, Div. of Banking, Secur., & Corp.
(with fiscal analysis)
- 5) Fiscal Note -- Dept. of Law, Administrative Division
(with fiscal analysis)
- 6) Letter of Support -- Federal Trade Commission
- 7) Letter from Gorsuch to Pettyjohn re: Constitutionality
- 8) Superior Court Decision of June 29, 1964 on Constitutionality

INTRODUCTION OF BILLS (House)

HB 125, (cont'd)

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

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

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

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

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

Introduced January 25 and referred to Judiciary.

In his message transmitting the bill, Governor Sheffield stated:

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

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

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

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

INTRODUCTION OF BILLS (House)

HB 126, (cont'd)

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

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

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

Notaries
Public

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

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

In his message transmitting the bill, Governor Sheffield stated:

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

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

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

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

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF BANKING, SECURITIES & CORPORATIONS

POUCH D
JUNEAU, ALASKA 99811

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

ANCHORAGE

Corporation Information (907) 563-2163

February 5, 1985

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

Attention Roger Poppi
Administrative Assistant

Dear Representative Navarre:

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

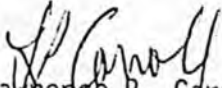
You have requested of this division whether or not the enclosed HB 126, amending the Alaska Securities Act, is in conflict with any federal law.

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

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

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

Yours very truly,


Lawrence P. Carroll
Senior Securities Examiner

LPC/va11081c
2/5/85A
Enclosure

RECEIVED

100-44131 A 11:28

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

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

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

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

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

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

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

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

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

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

Thanking you in advance, I am

Sincerely Yours,


Julian R. Thornton, Jr.

Alaska Land Leasing Inc.

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

May 14, 1984

Dear Alaskan Lease Holder:

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

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

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

We have opened a new service office at:

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

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

(818) 889-9061

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

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

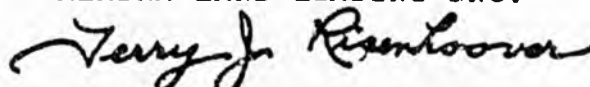
If you have any questions regarding your lease, please call either David Castle or Marjorie Foote at:

(818) 991-5805

Thank you for your consideration. I remain . . .

Cordially yours,

ALASKA LAND LEASING INC.



Terry J. Risenhoover,
Chairman



TJR:dwk

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

BUREAU OF
CONSUMER PROTECTION

March 14, 1984

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

Dear Chairman Eliason:

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

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

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

² 43 C.F.R. § 3110 et seq.

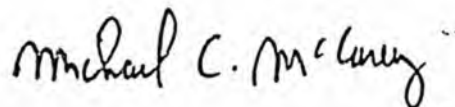
³ Public Land Orders Nos. 6098, 46 Fed. Reg. 61472 (December 17, 1981), and 6329, 47 Fed. Reg. 39495 (September 8, 1982).

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

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

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

Very truly yours,



Michael C. McCarey
Associate Director

COMPANY

COMMENTS

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

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

Alaska Capital Corporation
22761 Pacific Coast Highway
Malibu, California 90265

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

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

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

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

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

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

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

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

ALASKA CONSUMER PROTECTION
BUREAU
Alaska
ECW/wfs0539W31385d

SEE TRANS-PETRO

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

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

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

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

Alaska Oil Development Corporation

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

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

The Alaska Oil Lottery
Milton, Connecticut

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

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

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

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

Post card solicitation of Alaska resident
3/84.

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

Donald G. Banning, President

See Federal Property Record, Inc.

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

Maryland resident solicited 3/84.

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

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

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

Alaskan Crude Corporation

Alaskan Oil & Gas
San Francisco, California

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

Alaskan Oil & Gas Incorporated
65 Cazneau
Sausalito, California 94965

Alaskan Petroleum Corporation
5574 Everglade Street
Ventura, California 93003

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

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

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

Anchorage Research Management Co.

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

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

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

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

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

Missouri Cease and Desist 4/13/84

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

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

See Alaska Land Leasing, Inc.

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

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

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

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

Artic Petroleum Corporation of
California

See Alaskan Petroleum Corporation.

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

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

Barrington Aims Whitney, Ltd.
Arlington Heights, Illinois

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

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

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

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

Rhode Island resident solicited 7/84.

California Resources
Encinitas, California

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

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

California Corporation formed 12/20/82
qualified to do business in Alaska 8/16/83.
Cease and Desist Order issued by the Alaska
Division of Securities 2/3/84. SEE ORDER
ON ALASKA DIVISION OF SECURITIES, 2/3/84.

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

Inquiry by Mass. Securities Division
5/25/84. Lance Jenkins account
representative. INQUIRY BY MASS. COMMISSIONERS,
5/25/84.

Commonwealth Management Corporation
Texas

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

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

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

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

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

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

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

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

Dynasty Management Company, Inc.
Las Vegas, Nevada

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

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

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

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

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

Energy Research Group Corp.
E. ALBUQUERQUE, N.M.

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

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

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

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

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

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

Federal Land Management Corporation
Newbury Park, California

Federal Lease Filing Corporation
Lake Tahoe, Nevada

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

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

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

Frontier Exploration Corporation

General Minerals Corporation
Woodland Hills, California

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

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

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

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

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

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

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

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

See Petro-Tech.

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

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

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

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

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

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

See Trans-Alaska Leasing Corporation.

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

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

Leland Capitol Corporation
Dallas, Texas 75201

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

Magnum Exploration

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

Masters Management Company

See Alaska Land Leasing, Inc.

Masters Securities

See Alaska Land Leasing, Inc.

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

Associated with Alaska Trans Trading
Company

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

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

National Land Services Corporation
(Continued)

110 E. 23rd Street
New York, New York

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

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

California resident solicited 4/84.

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

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

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

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

North American Resource Corp.

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

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

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

Omni International

See Artic Oil & Gas Corporation

Pacific Northwest, Inc.

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

Parker-Bryant
Lake Tahoe, Nevada

See Knight-Anderson

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

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

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

Missouri Cease and Desist, 4/6/84.

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

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

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

See Petro-Tech.

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

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

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

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

Satellite Energy Corporation
New York City, N. Y.

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

Shaviovik River General Partnership

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

Spearman Company, The
Los Angeles, California

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

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

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

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

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

✓ (ADDITION FROM PAGE 9)

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

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

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

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

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

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

Trans-Alaska Oil Development

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

Trans World Resources Corporation
Hollywood, Florida 33024

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

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

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

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

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

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

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

k

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

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

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

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

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

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

~~Micelle~~

Micallef Energy & Development
Corporation

Two Century Plaza

2049 Century Park East, Suite 110

Los Angeles, CA. 90067

213/556-3003

Micallef, Gregory E. - President

Skinner, Michael C. - Vice President

Vilardi, John

Dealing in Alaska federal oil &
gas leases.