

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 8672

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SECTION-BY-SECTION ANALYSISSection 1. Actions in which Attachment is Authorized

Section 1 is just a compatibility amendment to make sure that the current statute listing the actions in which attachment is authorized, AS 09.40.010(a), is consistent with the new language in AS 45.50.501(i)(1) (which appears in sec. 5 of the bill).

Section 2. Consolidating Consumer Laws

Section 2 of the bill amends AS 45.50.471(b), which is a list of examples of the type of unfair or deceptive trade practices that the Act prohibits. Two practices are added to the list, failure to comply with AS 45.45.105 -- 45.45.110, regarding unsolicited merchandise, and failure to comply with AS 45.45.120 regarding disclosure of funeral costs. Although these statutes contain no enforcement provisions, it has been the informal opinion of the attorney general that they may be enforced under the UTP Act, since they are clearly meant to protect consumers. Their express inclusion in the Act more clearly provides for their enforcement. Alaskans are frequent victims of unsolicited merchandise schemes from the lower 48, and of funeral home over-reaching in sales to bereaved families.

Section 3. Exemptions from the Act

Section 3 of the bill would clear up an area of ongoing confusion regarding what types of business activities are exempt from the UTP Act under AS 45.50.481(1). This paragraph is in need of amendment because it has been a source of continued controversy due to its "double-negative" language, and because of its (arguable) potential to exempt almost all commercial activities from the UTP Act. Under AS 45.50.481(1), as amended by this bill, the UTP Act would not apply to acts or transactions which are regulated by other laws, only if the other law: (1) prohibits the same type of unlawful practices, (2) does not exempt from regulation the very person who is committing a prohibited act or practice, (3) provides a private cause of action for injured consumer or competitor victims, and (4) provides the state with adequate means to compel compliance with the statute and to recover restitution for injured parties, in the public interest.

This amended exemption section recognizes that while government should not duplicate regulatory efforts, the state also should not exempt a licensed professional or tradesperson from the standard of honest conduct that governs unlicensed, unregulated vendors of a different type of goods or services. It also recognizes that activity should

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not be exempt from the UTP Act merely because the activity constitutes a crime.

The amendment does not cause "double regulation" of licensed professions or occupations, but rather acknowledges that "regulation" through licensure or certification by a board or commission is not the same type of public law enforcement protection, as that provided in the UTP Act. Although some boards have power to prohibit a licensed professional from repeating unlawful practices in the future, most boards do not have authority to order, grant, or even to seek restitution for members of the public who were injured by the licensee.

This section of the bill would ensure that both private injuries and injuries to the public interest can be corrected, but it does not set up a new "regulatory" scheme.

Section 4. Investigations by the Attorney General

Section 4 of this bill is a comprehensive revision of AS 45.50.495, which deals with the investigative powers of the attorney general. Currently, the grant of investigative powers focuses on the use of a "subpoena," without describing the method by which the attorney general decides to issue a subpoena, nor the rights of the subpoenaed person to challenge the scope or method of the investigation. This section of the bill more clearly sets out the steps the attorney general must follow before and during formal investigations.

At AS 45.50.495(a), the bill inserts new language that shows that the attorney general must have cause to believe that an illegal act is happening, based on information received from public complaints, information from other agencies, or from information gained by the attorney general's own inquiries. Also, in this subsection the new term "civil investigative demand" is first used. This term is substituted for the word "subpoena," which some persons feel has a more onerous or quasi-criminal connotation.

AS 45.50.495(b) as revised by this bill, describes in detail what information is required to be included on the face of an investigative demand. Although it has been the practice of the attorney general to disclose this information, having the requirements set by law makes it more clear to both the attorney general's staff and to the person involved in the investigation.

The bill adds new AS 45.50.495(c), describing the way in which the attorney general may serve a civil investigative demand. Previously, a subpoena had to be served by a process server or a state trooper, which often caused undue alarm to the person being served. Under this new subsection, service may be made the same way as for a subpoena from a civil court action, which is much less onerous and does not always require delivery by a process server or a law enforcement officer.

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New AS 45.50.495(d), (e), and (f) set out the location where material and testimony sought under a civil investigative demand must be made available, and the manner in which a person may seek a modification or waiver of the civil investigative demand. If the attorney general denies a request for modification, the person under investigation may file a petition in court, asking the court to grant the request.

New AS 45.50.495(g) provides that a person served with an investigative demand who does not seek relief under (f) of that section, and who fails to respond to the demand and to a judicial enforcement order, may be held in contempt of court for failure to answer the investigative demand. Again, although standards for enforcement similar to those set out in the bill are already followed, it is the opinion of the attorney general that statutory notice would better ensure procedural fairness to all parties concerned.

Section 5. Public Interest Lawsuits by the Attorney General

Section 5 of the bill would expand and clarify AS 45.50.501, which is the section under which the attorney general brings public interest actions in the courts to stop unfair and deceptive trade practices. The attorney general does not have power to order a business to stop, but must go to court and prove a civil case before a business will be ordered by the court to stop a particular practice.

The new language in AS 45.50.501(a) includes a vital revision to clarify that anyone outside Alaska who solicits the business of Alaskans or otherwise trades with Alaskans with knowledge that the goods or services will reach Alaska, is subject to the jurisdiction of our courts and to prosecution by our attorney general for any unfair or deceptive trade practices which harm Alaskan businesses or consumers. Although legislative history shows that this was the intent of the existing language, a 1980 Alaska Supreme Court decision throws some doubt on whether the existing language in AS 45.50.501 is sufficient to vest the courts with the total extent of "long-arm jurisdiction" granted to them in AS 09.05.015. Swanson Trucking & Excavating Inc. v. Truckweld Equipment Co., 604 P.2d 1113 (Alaska 1980). The amendment in the bill cures this potential defect.

The new language in AS 45.50.501(a) and (b) also clarifies that not only may the attorney general seek a temporary, preliminary, or permanent order or injunction against unlawful practices, but that the attorney general may also, acting on behalf of citizens injured by an unlawful act or practice, seek to restore the status quo by a court order to return to victims whatever money or property they may have lost by the unlawful actions of the business defendant.

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Other amendments to AS 45.50.501 became necessary when a recent court decision interpreted current AS 45.50.501(b) so as to create several barriers to the attorney general's ability to obtain restitution for victims in a public interest action. State v. First Nat'l Bank of Anchorage, 669 P.2d 406 (Alaska 1982). Specifically, the new language in subsecs. (b) -- (g) clarify that when the attorney general seeks restitution for a group of injured citizens, the attorney general does not "represent" each of them as would a private attorney, and that the attorney general's lawsuit is not what is otherwise known to the courts as a "class action." If the attorney general were forced to follow the cumbersome procedures for "class actions" each time he seeks restitution, the attorney general might be forced -- in the interest of putting an expeditious halt to unlawful activity -- to seek only injunctive relief and not restitution to victims.

Restitution to victims plays a critical role in law enforcement, since a civil injunction against a business violator, without a requirement that the violator repay ill-gotten profits back to the victims, would not provide an adequate deterrent to businesses who might violate the law. It is in the interest of honest competitors, consumer victims, and the general public, that those who violate the law lose their ill-gotten gains, and that this money be put back into the marketplace.

New AS 45.50.501(c) provides that the attorney general will give notice of actions brought under (b) of that section to all affected consumers. New AS 45.50.501(d) provides a method by which consumer victims could decide to "opt-out" from the public action.

The addition of AS 45.50.501(e) and (f) ensures that consumer victims will not get duplicate recoveries, once from the public interest action by the attorney general, and once by a private action. It further ensures that a victim who elects the public action by the attorney general will be bound by a court's decision in that case and be prevented from pursuing a private claim for the same remedy.

New AS 45.50.501(g) ensures that procedural requirements will not interfere with speedy law enforcement by the attorney general, so that requirements for consumer notice and elections to opt-in or opt-out of the public interest action would not delay a request by the attorney general for an order or injunction to halt the unlawful activity.

New AS 45.50.501(h) is intended to strengthen the message to our courts that once the court has found, to a sufficient degree of probability, that an unfair practice is occurring, the court should and must grant a preliminary injunction in the public interest to restrain the use of the unlawful act pending the time when the court can hear a full trial on the case. The message to the courts would be clear that an unlawful trade practice should not be tolerated longer than necessary.

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New AS 45.50.501(i) amends a serious deficiency in existing AS 45.50.501(b). The bill gives the court further powers to ensure that there will be, if at all possible, money available to make restitution to victims of the unlawful scheme. The bill adds the specific power of the court to grant a prejudgment attachment of a violator's money or property to make restitution, or in the alternative, to appoint a receiver to manage the business's money or property until the time for restitution. The prejudgment attachment would only occur after opportunity for a hearing, to assure due process of law.

This addition to existing AS 45.50.501(b) is needed because of court rulings that under our prejudgment attachment statute, AS 09.40.010, the courts do not have power to grant prejudgment attachment of money upon request of the attorney general in an action enforcing the UTP Act. When the attorney general wins a case at final trial, one or two years after the fraud actually occurs, the business has often transferred its assets or filed for bankruptcy. With this amendment, the courts may use all legal or equitable remedies that may be necessary to restore the status quo, and make whole all persons injured by an unlawful act.

Sections 6 -- 9. Private and Class Actions for Consumers and Businesses

Section 6 of the bill amends AS 45.50.531(a) and expands the private and class actions that may be brought by individual members of the public. The new language in subsec. (a) makes it clear that any person who purchases or leases any item of value in trade or commerce for use and not for resale (not merely the traditional household or family consumer buying goods or services), may bring a private cause of action against a party who uses an unfair trade practice which harms the purchaser or lessee. Another amendment to subsec. 531(a) deletes the existing clause specifying in which judicial district the injured person must sue. This designation is moved to new AS 45.50.531(j), in sec. 9 of the bill.

Section 7 of the bill amends the private class action portion of the UTP Act (AS 45.50.531(b)) to eliminate the requirement that an injured person wishing to bring a class action on behalf of himself and other similarly situated persons is required first to get the approval of the attorney general. Such a prerequisite is an unfair and perhaps unconstitutional barrier to a private party's right to seek redress from the courts.

Section 8 of the bill amends AS 45.50.531(h), which allows Alaskan merchants who are found liable for damages in a court action under the Act to seek redress in turn from their manufacturer or supplier of merchandise. The bill amends this provision to enable a retailer also to seek redress from the manufacturer or supplier when the retailer satisfies a customer's claim without a legal action. The retailer must give reasonable notice and an opportunity to

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satisfy the customer's claim to the manufacturer or supplier, but if the manufacturer or supplier does not do so, the retailer would have a private cause of action to recover the cost of satisfying the customer.

Section 9 of the bill amends AS 45.50.531 in a very important way by adding a new provision that a business that is injured by a competitor who commits an unfair or deceptive trade practice has a private cause of action against the competitor. This cause of action may be inferred in the current UTP Act, but, in order to enhance the rights of private business competitors to guard their own place in the market against unfair competition, a clearly spelled out private cause of action for the injured competitor is needed.

Section 9 also cures a serious potential defect in the Act, by clarifying in new AS 45.50.531(j) that a private consumer or business that exercises the private right of action under sec. 531 is entitled to seek relief not only against a business located in Alaska, but also against outside businesses that solicit trade with Alaskans or send merchandise or services into Alaska. As with the amendment to AS 45.50.501(a) in sec. 5 of the bill, dealing with the attorney general's suits, this revision is necessary to eliminate the ambiguity caused by the 1980 Alaska Supreme Court decision in the Johnson Trucking case, which implied that the existing Act did not apply to a Seattle business that did not maintain a place of business within Alaska. Under Alaska's "long-arm" jurisdiction statute, AS 09.05.015, most outside businesses that deal with Alaska would be subject to the "personal" jurisdiction of our courts, but perhaps not to the "subject matter" jurisdiction of this Act. This ambiguity will be cured by adding new AS 45.50.531(j).

Sections 10 -- 11. Revised and Expanded Definitions of Who is Protected by the UTP Act; Short Title

Section 10 of the bill amends AS 45.50.541, the only section of the UTP Act where it is appropriate to restrict the word "consumer" to mean a person who acquires goods or services for personal, family, or household purposes (as opposed to a business or municipal "consumer" who purchases goods for use in the work place). AS 45.50.541 is concerned with the non-negotiability of consumer installment contracts or "paper," such as the three-year contract signed by a consumer purchasing a health spa membership or an automobile. The special protections in this section are necessary only for a consumer who finances the traditional type of consumer purchase made for personal, family, or household use. Therefore, a restrictive definition of "consumer" is added to AS 45.50.541 as subsec. (d).

Section 11 of the bill deals with a similar problem. Presently, AS 45.50.542 contains a provision that "consumers" cannot waive their protections under the Act. To make it clear that this Act covers all types of customers, and not merely a restrictively defined "consumer," the bill amends this section to read that a waiver by any person who is the intended beneficiary of the protections in the Act is contrary to public policy, and is void.

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In sec. 12 of the bill, new AS 45.50.560 provides for a short title by which to cite AS 45.50.471 -- 45.50.561, "The Unfair Trade Practices Act." (Normally, of course, this would be the last section in the article; however, in this instance there is no room left after the definition section and before the next article begins.)

Section 13 of the bill amends AS 45.50.561 by adding three definitions. The first, AS 45.50.561(10), clarifies that whenever the word "person" is used in the UTP Act, it has the meaning given to it in the general definition section for the Alaska Statutes, AS 01.10.060(7), which is "person" includes a corporation, company, partnership, firm, association, organization, business trust, or society, as well as a natural person.

The second new definition, AS 45.50.561(11), is a crucial component of this bill. It adds a definition of "trade or commerce" that affects the operative section of the entire Act, AS 45.50.471, which forbids unfair or deceptive practices in "the conduct of trade or commerce." Recent court decisions have limited the coverage of the UTP Act to merely the sale of "goods or services," which would eliminate real property and commercial intangibles, such as commodity futures, from the Act. However, it is the opinion of the attorney general that it was the original intent of the legislature to prohibit all unfair trade practices, not only in the sale of goods or services, but in the conduct of any type of "trade or commerce." The new definition of trade or commerce includes not only a sale or lease, but all advertisements or offers for sale, or the barter or any other type of distribution of any type of goods, services, or any type or property, article, commodity, or other thing of value.

This definition of "trade or commerce" is especially critical in reversing the Alaska Supreme Court's ruling that the UTP Act does not cover the sale of real property. State v. First Nat'l Bank of Anchorage, 660 P.2d 406 (Alaska 1982). Under that ruling and traditional property law, a builder or developer who sells a piece of land with a newly built home on it, may not be covered by the UTP Act because the house and arguably the materials, appliances, and builder services included in its construction are considered to be "real property."

The court's restriction of the UTP Act to "goods or services" also leaves other gaps in the public protection. For instance, Alaskans are often exposed to high pressure offers to buy commodity futures, an item of value in trade or commerce, but which is not regulated by our state securities law, and arguably is not "goods" or "services," under the UTP Act.

HB 226, introduced during the 1983 session, contained the same definition of "trade or commerce."

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

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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.

Sincerely,

/s/

Bill Sheffield
Governor"

HB 126

HOUSE BILL NO. 126 by the Rules Committee by request of the Governor, entitled:

"An Act amending the Alaska Securities Act."

was read the first time and referred to the Labor & Commerce, Judiciary and Finance Committees.

Two fiscal notes were attached and appear in House Journal Supplement No. 8.

The Governor's transmittal letter, dated January 25, 1985, appears below:

"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.

DEPARTMENT OF LAW
OFFICE OF ATTORNEY GENERAL
CONSUMER PROTECTION SECTION

April 29, 1986

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The Honorable Pat Rodey
Senate Judiciary Committee
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Re: HB 125

Dear Senator Rodey:

The purpose of this letter is to summarize CS HB 125 and to provide the committee with information concerning the need for passage of this legislation. We also are providing the committee with a section by section analysis of the bill.

This bill would make three major changes to the Unfair Trade Practices Act: First, it makes clear that the Unfair Trade Practices and Consumer Protection Act protects businesses as well as consumers. Second, the proposed legislation would, by changing the definition of trade and commerce, make it clear that consumer real property transactions would be entitled to the protection of the Act. And third, this proposed legislation clarifies the exemption provisions in the Act.

Protection for Business

Some of the most prevalent types of consumer scams or rip-offs today are often directed at the small business. Under the present Unfair Trade Practices Act it is not clear whether a small business would have the protection an individual consumer would have in these situations. One type of scam that is often perpetrated against small businesses is to send solicitations which appear to be bills or invoices. Often these solicitations are for a subscription to some type of alleged trade or professional journal. Sometimes these solicitations are for a listing in a trade directory or for advertising in a specialized magazine or other circulated printed matter. Very often the small business appoints a person to pay the bills, take care of bookkeeping tasks, etc., who is not informed on purchasing security. Therefore, the phony solicitation which is generally for a small amount, under \$100, is paid because it appears to be a bill that was actually incurred for an item ordered. In truth and fact the scam operator often never publishes the alleged directory or if it is printed it is only circulated to those

businesses who subscribed to it.

Another type of scam that is perpetrated against small businesses is what is often referred to as the "paper pirates" or office supply hustlers scam. This type of scam has many variations. One of the more common variations is to phone a small business in Anchorage or other location in Alaska and say "We have shipped a supply of name-brand toner that can be used in your copying machine to another business. They just went out of business and are not able to take that shipment. It is sitting in the airport in Anchorage, if you take the shipment we'll sell it to you at half-price." The unsuspecting secretary, receptionist or office manager in a small business who receives such a phone call is likely to act on impulse and agree to such an order. Of course, the toner is not sitting in the Anchorage airport; there was never another business that ordered it; and in fact, it not only is not the brand-name product, but use of it in the brand-name product machine will void the warranty and will cause a need for expensive repairs.

The changes proposed in Section 3 to AS 45.50.541(a) and the change in Section 10 to the definitions AS 45.50.561(10) to give "person" the definition found in AS 01.10.060(7) would clarify that businesses are entitled to the same protection from fraudulent operators as are consumers whenever businesses are acting as consumers and not purchasing merchandise for resale.

Business Private Causes of Action

Another important aspect of this legislation would be to provide a method for businesses to privately enforce the UTP Act against unscrupulous competitors and competitors who because of violations in the Act harm the honest business. These changes are found in Section 6 of the proposed committee substitute amending AS 45.50.531. This is a very desirable change in the statute from a budgetary view. As the population of Alaska grows and the volume of trade or commerce increases, the need for additional state enforcement efforts may also increase, coupled with decreases in revenue adequate enforcement levels may not be possible. To some extent this problem might be avoided by allowing private enforcement of the Act. Regularly we receive calls and complaints from businesses who are concerned about the actions of their competitors. While the state may act on those cases to stop any violations of law, we are not, nor should the state be in a position to recover any damages for the honest competitor harmed. Nevertheless, the honest competitor should have a remedy that would encourage the seeking of such damages, assuming the competitor could prove that the violations caused

The Honorable Pat Rodey
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the damages. The treble damage award proposed in the statute would act as a penalty provision in such cases of private enforcement.

Consumer Real Property Transactions

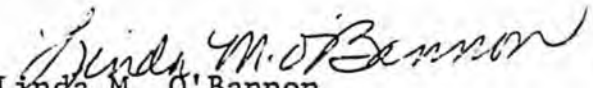
Finally the proposed bill would make it clear that the protective provisions of the UTP Act are applicable to consumer real property transactions as well as the sale of goods and services. Thus, the most costly and important consumer transaction, the purchase of a family home -- whether it be a condominium or a single family home would be afforded protection of the UTP Act.

We urge the Senate Judiciary Committee to give this bill careful consideration and to pass the bill.

Sincerely,

HAROLD M. BROWN
ATTORNEY GENERAL

By:


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

LMO/ssr
cc: Art Peterson

Section by Section Analysis to Proposed
Committee Substitute to HB 125

Prepared by: Department of Law
Consumer Protection Section
April 29, 1986

Section 1

New paragraphs (27) and (28)

These two paragraphs are additions to the "laundry list" in 45.50.471(b) of specifically enumerated "unfair or deceptive acts or practices." There is little doubt that violations of either statute referred to in paragraphs (27) and (28) would already be considered "unfair methods of competition and unfair or deceptive acts or practices" under AS 45.50.471(a) as both statutes were enacted to protect consumers. In other words, a violation of AS 45.45.105-110 (paragraph 27) or AS 45.45.120 (paragraph 28) would be a per se violation of AS 45.50.471(a). Nevertheless, it is clearer and provides better notice to the public and the business community to specifically reference the two statutes in paragraphs (27) and (28) in AS 45.50.471(b).

Paragraph (27)

The unordered merchandise provisions, AS 45.45.105-110, were clearly enacted to protect consumers from the unfair business practice of mailing or delivering unordered merchandise to a consumer than demanding payment for that merchandise. AS 45.45.110 provides that "unsolicited merchandise received shall be considered an unconditional gift to the recipient." The enactment of this statute and similar ones in other states greatly reduced this type of consumer fraud for the obvious reason if a consumer can keep the unordered merchandise or throw it in the trash, without owing anything to the merchant - most businesses aren't going to send or deliver unordered merchandise. The practice has not totally disappeared and some consumers spend time and money in an attempt to return unordered merchandise and stop fraudulent billings for the merchandise.

Paragraph (28)

It is already the informal opinion of the Attorney General that violation of AS 45.45.120 with respect to disclosure of funeral costs is an unfair or deceptive act or practice pursuant to AS 45.50.471(a). AS 45.45.120 was enacted to protect consumers in perhaps the most vulnerable time of arranging for the funeral of loved ones. The Funeral Disclosure Act merely requires written disclosures of the itemized costs of specific funeral services listed in the act before the time of rendering the service or providing the merchandise.

Section 2

Section 2 of the bill would clear up an area of ongoing confusion regarding what types of business activities are exempt from the UTP Act under AS 45.50.481(1). This paragraph is in need of amendment because it has been a source of continued controversy due to its "double-negative" language, and because of its (arguable) potential to exempt almost all commercial activities from the UTP Act. Under AS 45.50.481(1), as amended by this bill, the UTP Act would not apply to acts or transactions which are regulated by other laws, only if the other law: (1) prohibits the same type of unlawful practices, (2) does not exempt from regulation the very person who is committing a prohibited act or practice, (3) provides a private cause of action for injured consumer or competitor victims, and (4) provides the state with adequate means to compel compliance with the statute and to recover restitution for injured parties, in the public interest.

This amended exemption section recognizes that while government should not duplicate regulatory efforts, the state also should not exempt a licensed professional or tradesperson from the standard of honest conduct that governs unlicensed, unregulated vendors of a different type of goods or services. It also recognizes that activity should not be exempt from the UTP Act merely because the activity constitutes a crime.

This amendment does not cause "double regulation" of licensed professions or occupations, but rather acknowledges that "regulation" through licensure or certification by a board or commission is not the same type of public law enforcement protection as that provided in the UTP Act. Although some boards have power to prohibit a licensed professional from repeating unlawful practices in the future, most boards do not have authority to order, grant, or even seek restitution for members of the public who were injured by the licensee.

An example of the current confusion that could occur in AS 45.50.481(1) would be that an argument could be made that Barbers and Hairdressers whose professions are regulated in AS 08.13.010-220 are exempt from the UTP Act. The licensing statute does not, however, address any consumer remedies or any enforcement of fraudulent business activities. Thus, a hairdresser could consistently advertise \$15 hair cut prices, but charge each customer in the shop \$25 yet refuse to cooperate in any enforcement efforts under the UTP Act because s/he is "regulated" under the licensing statutes. There are no provisions in the UTP Act that would attempt to regulate the quality of service

of the hairdresser but the UTP Act does prohibit dishonesty, misrepresentations and fraud in business and provides consumer remedies.

This section of the bill would ensure that both private injuries and injuries to the public interest can be corrected, but it does not set up a new "regulatory" scheme.

Sections 3 - 6. Private and Class Actions for Consumers and Businesses

Section 3

Section 3 of the bill amends AS 45.50.531(a) and expands the private and class actions that may be brought by individual members of the public. The new language in subsection (a) makes it clear that any person who purchases or leases any item of value in trade or commerce for use and not for resale (not merely the traditional household or family consumer buying goods or services), may bring a private cause of action against a party who uses an unfair trade practice which harms the purchaser or lessee. Thus a business concern buying airline tickets for employees, or a village corporation buying office photocopier supplies as well as the individual who purchases an automobile for personal use would have UTP Act protection. Another amendment to subsection 531(a) deletes the existing clause specifying in which judicial district the injured person must sue. The general venue laws and rules would apply.

Section 4

Section 4 of the bill amends the private class action portion of the UTP Act (AS 45.50.531(b)) to eliminate the requirement that an injured person wishing to bring a class action on behalf of himself and other similarly situated persons is required first to get the approval of the attorney general. Such a prerequisite is an unfair and perhaps unconstitutional barrier to a private party's right to seek redress from the courts.

Section 5

Section 5 of the bill amends AS 45.50.531(h), which allows Alaska merchants who are found liable for damages in a court action under the Act to seek redress in turn from their manufacturer or supplier of merchandise. The bill amends this provision to enable a retailer also to seek redress from the manufacturer or supplier when the retailer satisfies a customer's claim without legal action. The retailer must give reasonable

notice and an opportunity to satisfy the customer's claim to the manufacturer or supplier, but if the manufacturer or supplier does not do so, the retailer would have a private cause of action to recover the cost of satisfying the customer.

Section 6

Section 6 of the bill amends AS 45.50.531 in a very important way by adding a new provision that a business that is injured by a competitor who commits an unfair or deceptive trade practice has a private cause of action against the competitor. This cause of action may be inferred in the current UTP Act, but, in order to enhance the rights of private business competitors to guard their own place in the market against unfair competition, a clearly spelled out private cause of action for the injured competitor is needed. Businesses who often have the resources to pursue private causes of action should not have to depend on state action to stop unfair practices by their competitors.

Sections 7 - 11. Revised and Expanded Definitions of Who is Protected by the UTP Act; Short Title

Section 7

Section 7 of the bill amends AS 45.50.541, the only section of the UTP Act where it is appropriate to restrict the word "consumer" to mean a person who acquires goods or services for personal, family, or household purposes (as opposed to a business or municipal "consumer" who purchases goods for use in the work place). AS 45.50.541 is concerned with the non-negotiability of the consumer installment contracts or "paper," such as the three-year contract signed by a consumer purchasing a health spa membership or an automobile. The special protections in this section are necessary only for a consumer who finances the traditional type of consumer purchase made for personal, family, or household use. Therefore, a restrictive definition of "consumer" is added to AS 45.50.541 as subsection (d).

Section 8

Section 8 of the bill deals with a similar problem. Presently, AS 45.50.542 contains a provision that "consumers" cannot waive their protections under the Act. To make it clear that this Act covers all types of customers, and not merely a restrictively defined "consumer," the bill amends this section to read that a waiver by any person who is the intended beneficiary of the protections in the Act is contrary to public policy, and is void.

Section 9

Section 9 of the bill, new AS 45.50.560 provides for a short title by which to cite AS 45.50.471 -- 45.50.561, "The Unfair Trade Practices Act." (Normally, of course, this would be the last section in the article; however, in this instance there is no room left after the definition section and before the next article begins.)

Section 10

Section 10 of the bill amends AS 45.50.561 by adding three definitions. The first, AS 45.50.561(10), clarifies that whenever the word "person" is used in the UTP Act, it has the meaning given to it in the general definition section for the Alaska Statutes, AS 01.10.060(7), which is

"person" includes a corporation, company, partnership, firm, association, organization, business trust, or society, as well as a natural person.

The second new definition, AS 45.50.561(11), is a crucial component of this bill. It adds a definition of "trade or commerce" that affects the operative section of the entire Act. AS 45.50.471, which forbids unfair or deceptive practices in "the conduct of trade or commerce." Recent court decisions have limited the coverage of the UTP Act to merely the sale of "goods or services," which would eliminate real property and commercial intangibles, such as commodity futures, from the Act. However, it is the opinion of the attorney general that it was the original intent of the legislature to prohibit all unfair trade practices, not only in the sale of goods or services, but in the conduct of any type of "trade or commerce." The new definition of trade or commerce includes not only a sale or lease, but all advertisements or offers for sale, or the barter or any other type of distribution of any type of goods, services, or any type of property, article, commodity, or other thing of value.

*substantive
lots*

This definition of "trade or commerce" is especially critical in reversing the Alaska Supreme Court's ruling that the UTP Act does not cover the sale of real property. State v. First Nat'l Bank of Anchorage, 660 P.2d 406 (Alaska 1982). Under that ruling and traditional property law, a builder or developer who sells a piece of land with a newly built home on it, may not be covered by the UTP Act because the house and arguably the materials, appliances, and builder services included in its construction are considered to be "real property."

The court's restriction of the UTP Act to "goods or services" also leaves other gaps in the public protection. For instance, Alaskans are often exposed to high pressure offers to buy commodity futures, an item of value in trade or commerce, but which is not regulated by our state securities law, and arguable is not "goods" or "services," under the UTP Act.

Section 10 also adds, as AS 45.40.561(12), a definition of what it means for a person to "willfully" violate the statute. The term "willful" 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 11 of the bill repeals AS 45.50.561(6), the present definition of "consumer." Section 7 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.

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, periodical or 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; [insert A here]

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 it 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 siderers 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.



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

11/7/89
Date

H B

h b

ALASKA STATE LEGISLATURE
SENATE JUDICIARY COMMITTEE

SENATOR PATRICK RODEY, CHAIRMAN
SENATOR TIM KELLY, VICE-CHAIR
SENATOR JAN FAIKS
SENATOR RICK HALFORD
SENATOR ROBERT ZIEGLER, SR.



POUCH V
JUNEAU, ALASKA 99811
(907) 465-3717

M E M O R A N D U M

To: Senator John Sackett, Co-Chairman
Senate Finance Committee

From: Senator Pat Rodey, Chairman
Senate Judiciary Committee

Date: April 8, 1986

Re: CSHB 126 (Jud) - Amending the Alaska Securities
Act

It is my understanding that the above-referenced bill has been assigned to your subcommittee of the Senate Finance Committee.

I request that you calendar the Judiciary Committee Substitute for the bill and move it out of committee as soon as possible. The amendments made by the Judiciary Committee are both sound and necessary. My staff would be happy to provide whatever back-up you may require.

Larry and Barbara Smith

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 *TB*
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

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 died 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.



Official Business

Alaska State Legislature

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

DATE: January 23, 1986

TO: Senator Rodey, Chairman
Judiciary Committee

FROM: Representative Max Gruenberg, Jr. *MG*

SUBJECT: HB 126
An Act Extending Coverage of Securities Act

I would appreciate it if you would schedule HB 126 in the Senate Judiciary Committee as soon as it is possible.

Thank you very much.

Pat - This is the bill we discussed yesterday. A copy of the Judiciary CS is attached. It is, I understand, the Division of Banking's #1 priority, too. It was scheduled for a hearing in your committee last year.

Offered: 3/20/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 CS FOR HOUSE BILL NO. 126 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act amending the Alaska Securities Act."
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
8 * Section 1. AS 45.55.260(c) is amended to read:
9 (c) For the purpose of this section, an offer to sell or to buy
10 is made in this state, whether or not either party is then present in
11 this state, when the offer
12 (1) originates from this state; [OR]
13 (2) is directed by the offeror to this state and received at
14 the place to which it is directed, or at a post office in this state
15 in the case of a mailed offer;
16 (3) is for an interest or participation in an oil, gas, or
17 mining right, title, or lease on land in the state, including sub-
18 merged land, regardless of where the offer is made;
19 (4) is for an interest or participation in payments out of
20 production under an oil, gas, or mining right, title or lease on land
21 in the state, including submerged land, regardless of where the offer
22 is made; or
23 (5) is for an interest or participation in real property
24 located in the state, a domestic corporation, or a domestic limited
25 partnership; jurisdiction under this paragraph may be exercised only
26 when the exercise is not inconsistent with the constitution of this
27 state or of the United States.

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580

BUREAU OF
CONSUMER PROTECTION

March 14, 1984

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

Dear Chairman Eliason:

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

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

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

² 43 C.F.R. § 3110 et seq.

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

The Honorable Richard I. Eliason

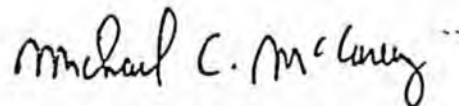
Page -3-

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

MEMORANDUM

State of Alaska

TO: Edward C. Watkins
Dennis Salveson
Securities Examiners
Division of Banking & Securities

DATE: March 6, 1986

FILE NO.:

THRU:

TELEPHONE NO.:

FROM: Lawrence P. Carroll *LPC*
Senior Securities Examiner

SUBJECT: American Northern
Minerals Drilling and
Mining Corporation
Calgary, Alberta Canada

On Wednesday, March 5, I received a telephone call from Corporal Rick Bowlby of the RCMP, Commercial Crime Section, Vancouver, British Columbia Canada, (604)264-2892. Corporal Bowlby advises this office that the above referenced company, American Northern Mineral Drilling and Mining Corporation, apparently has obtained a list of investors in Alaska land leasing acreage and is contacting them all over the United States utilizing salesmen out of Vancouver, B. C. The scam works like this: individuals are contacted, they are told that the firm, American Northern Mineral Drilling and Mining Corporation, is planning on doing some drilling in the area of the lease-held interests of the victim and that while they are there, they would be happy to do a "geo-scan" on the intended victim's acreage to determine if it has any potential. The promoter indicates that American Northern will spend a certain amount of money but it will require money as well from the individual lease held investor. Of course, the geo-scan is a small machine which sits on a desk which is probably not going to do anything for anybody if they even went out to the physical locations. The individual names furnished me by Corporal Bowlby were Tommy Cox, John L. Edwards (Bowlby suspects that Tommy Cox and John L. Edwards are one and the same person), and one John Appleby, who is a salesman out of Vancouver, B. C. Apparently, Cox and/or Edwards, if they are separate individuals, operate out of Calgary, which is the main headquarters for American Northern Minerals Drilling and Mining Corporation.

Bowlby wanted to furnish us with this information and see if we had heard anything about this company. I advised him that we had not heard of them at this point, that the likelihood of us hearing about them was negligible, inasmuch as they were very few, if any, Alaska residents holding those leasehold interests, but that if we did receive any telephone calls or inquiries, we would, in fact, refer them to Corporal Bowlby.

This all makes me wonder what's in store next for the poor BLM leasehold owners. They were victimized the first time on the dollar-an-acre purchases. The second time on the resyndications to put them in larger sizes and now it appears that there's a third thing going around, which is the geo-scan technique to determine if there's any potential in their land. Is nothing sacred!?

LPC/sa1710s
30686a

NEWS RELEASE

STATE OF ALASKA

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

LOREN H. LOUNSBURY
COMMISSIONER



For Information Contact:

Information Officer
Department of Commerce &
Economic Development
Pouch D
Juneau, Alaska 99811

FOR IMMEDIATE RELEASE

February 12, 1986

DIVISION OF BANKING, SECURITIES AND CORPORATIONS

Alaska residents continue to be offered by telephone and mail oil and gas investment programs that do not comply with the Alaska Securities Act. Willis F. Kirkpatrick, Director, Division of Banking, Securities and Corporations recommends that people demand to see a prospectus and proof that securities investment programs comply with the Alaska Securities Act. He also warns that out-of-state telephone solicitations are being received for the sale of commodities, including precious metals. These programs often do not come under the Securities Act. Federal and self-regulation by the commodities industry is totally inadequate, according to Kirkpatrick, and buyers must, as in all investment programs, look out for their own interests.

Recently, Kirkpatrick issued temporary Cease and Desist Orders alleging violations of the registration provisions of the Alaska Securities Act to The Whited Corporation, Denver, Colorado; Rim Rock Production Corporation, Parkersburg, West Virginia; and Prospect Oil Corporation, Norcross, Georgia.

An example of the kinds of problems Alaskans have experienced with some of these companies is that the good news for one Alaska investor in one of the programs was that his Ohio well was producing \$500.00 worth of oil a day; the bad news was that processing the oil to remove water cost \$1,000.00 a day.

(MORE)

Handwritten initials and a line

Promotional materials used by promoters are sometimes surprisingly forthright. One states:

"So then, realistically, what is the worst that could happen? . . . If all seven development wells are dry-hole, the production you are buying into would pay back our investment and give us our profits!"

Some telephone salesmen have taken offense when the prospective purchaser insists on receiving and reviewing written materials, rather than on relying on verbal representations. One wrote a personal note to his potential customer saying:

"I was hoping to have the opportunity to answer all kinds of questions today when I reached you, so as I'm sure you might have gathered, I was somewhat taken aback when you chose not to spend time on formalities and just asked to see the prospectus."

Kirkpatrick reminded all potential investors to carefully consider each investment opportunity. "Many of these companies hope to stampede you into buying by saying that the investment opportunity is only good for a limited time. If the opportunity has to be taken before you can thoroughly investigate it, then it's probably in your best interests to wait for a different opportunity." Any Alaskan having inquiries concerning the registration status of particular investment programs can write or call the Alaska Division of Investments in Juneau, P.O. Box D, Juneau, Alaska 99811 or (907) 465-2521.

BANKING & SECURITIES

NEWS RELEASE

MR

STATE OF ALASKA

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

LOREN H. LOUNSBURY
COMMISSIONER



For Information Contact:
Becky Bear
(907) 465-2504
Information Officer
Department of Commerce &
Economic Development
Pouch D
Juneau, Alaska 99811

FOR IMMEDIATE RELEASE

December 6, 1985

THE SCAM SEASON

This is the season when Alaskans are assaulted with a number of "tax shelters" many of which are not legitimate. The Division of Banking and Securities of the Alaska Department of Commerce and Economic Development has prepared the attached poem as a reminder to Alaskans to read carefully before they sign.

END

1985 Update
The Tax Shelter Season
Something to Read if For No Other Reason
(with apologies to Clement Moore)

'Twas the season before taxes
And 'round the great state,
Hustlers ground axes
Investors to take!

Even in the cold they began to swelter,
Surely for me there must be a tax shelter.
Alaskans whose income totals many a grand,
Something like this should be carefully planned.

Programs abounded their dollars to seize
Tax savings substantial is nothing at which to sneeze!

From 'round the country the telephones rang
The mail promised wonders of New Year's bliss,
With deals like this you just can't miss.

From Florida, Texas and Utah they came
Offerings poured in all saying the same:
On leases and oil, on condos and gold,
On equipment and movies with riches untold.

While lots are legitimate and registered square,
Just as many are crooked and totally unfair.
So we took pen in hand and to all Alaskans declare:
When it comes to investing, its buyer beware.
Read all you can then carefully pause
In the world of investing, there's no Santa Claus.

From we in Enforcement this message now sent,
We heave a great sigh —
Good fortune to all, and to all a good buy!

Courtesy Alaska Division of Banking & Securities

INVESTOR ALERT

Council of
Better Business Bureaus, Inc.
1515 Wilson Boulevard
Arlington, Virginia 22209



North American
Securities Administrators Association, Inc.
2930 S.W. Wanamaker Drive, Suite 5
Topeka, Kansas 66614

The Investor Alert is a joint project of the North American Securities Administrators Association and the Council of Better Business Bureaus, Inc., to regularly warn the public of current questionable investments.

February, 1986

OIL and GAS INVESTMENT FRAUDS

State securities regulators around the country and the Council of Better Business Bureaus warn that oil and gas investment scams are alive and well, despite the recent industry downturn. Five states with significant amounts of oil and gas drilling and exploration operations reported a total of 850 investigations of unlawful oil and gas investment activity over the past two years. Illinois alone is investigating 17 major cases involving promoters who allegedly defrauded 1250 oil and gas securities investors of nearly \$14 million.

Most oil and gas investment opportunities, while involving varying degrees of risks to the investor, are legitimate in their marketing and responsible in their operations. However, as in many other investment opportunities, it is not unusual for unscrupulous promoters to attempt to take advantage of investors by engaging in fraudulent practices.

Although some of the con artists have moved on to more lucrative fields since the oil boom ended in the early 1980's, many linger on in the oilpatch. Kenneth Hooper, assistant director of the Texas State Securities Board laments that "the incidence of oil fraud has hit the bottom and is starting back up."

The Leviticus Project was established in 1978 as a federally funded multistate law enforcement project designed for the investigation and prosecution of a variety of crimes relating to the coal industry. Because of the high incidence of oil investment fraud discovered over the past few years, the member states of the Leviticus project have expanded their scope to include the investigation and prosecution of perpetrators of oil and gas investment fraud.

A recent survey by the North American Securities Administrators Association (NASAA) and the Council of Better Business Bureaus (CBBB) revealed a disturbing trend of increased

BBB
Contact:

Securities
Agency Contact:

oil and gas scams in the last two years. The survey uncovered these and numerous other examples of fraudulent oil and gas investment schemes in over 20 states:

- o In November 1985, a federal grand jury indicted an Illinois couple on 722 counts of securities, mail and wire fraud, conspiracy and selling unregistered securities. 300 investors in 20 states and several foreign countries had allegedly been bilked out of nearly \$6.5 million through the sale of investments in southern Illinois oil wells. The indictment charged that the couple exaggerated the value and productivity of about 72 wells, retained the best wells for themselves and diverted investor funds to buy themselves Rolls Royces, a jet plane, a helicopter and other luxury items.
- o Several states took action in 1985 against an oil development company that offered an investment scheme involving oil and gas exploration in Israel. Promotional material provided detailed explanation of how certain biblical interpretations pointed to the existence of oil in Israel. Information filed with the state securities agencies acknowledged that the company did not know of any gas or oil reserves in Israel and that it had no scientific basis to expect exploration to be fruitful. Promoters claimed to be guided by "religious and scriptural interpretation."
- o Texas officials recently obtained a life sentence against a Dallas man who, claiming to be a millionaire petroleum engineer, raised \$500,000 from Texas investors. It turned out that the man was a high school dropout with five theft-related felony convictions. Only a third of the money he collected was ever spent on drilling operations. What investigators could trace of the rest of the money was spent on such things as the purchase of a beauty parlor and a furniture store for the man's relatives.
- o An investigation by the Alabama Securities Commission and the F.B.I. resulted in a July 1985 indictment of an Alabama promoter charged with defrauding 50 investors of over \$6 million dollars. The indictment charged that the promoter misrepresented certain facts about his experience, the nature of the drilling venture and the prospects for success. He was also charged with converting more than \$1 million of investor funds to his own use.

Other investigations revealed a case in which investors' funds were diverted from well drilling to pay for the promoter's

European and Bahamian vacations leaving no money to pay for drilling wells. In another case, promoters solicited over \$1.4 million from investors in eight states for the purchase of interests in oil and gas wells which had been permanently plugged and abandoned. Prospective limited partners in another instance were told that "scientific equipment" designed and built by the promoter would improve the prospects of striking oil or gas by 400%. Actually, no such equipment existed. Investors were led to believe that the promoter had engineering and business degrees as well as extensive oil field experience, when in fact, his most relevant prior experience was pumping gas at a service station.

WHAT ARE OIL AND GAS PARTNERSHIPS?

Oil and gas investments take many forms, including limited partnership interests, ownership of fractional undivided interests in leases and general partnerships. Tax consequences and investor liability vary according to the type of program.

In a drilling limited partnership, an oil or gas company sells partnership units to investors and uses the money it raises to lease property and drill wells. In return for managing the project, the sponsor company usually takes an upfront fee that averages about 15-16% of one's investment and shares in a percentage of any revenue generated. In return, the promoter offers the prospect of a substantial first year tax write-off and quarterly cash distributions from the sale of any oil and gas the partnership finds until the wells run dry.

Drilling partnerships have always been a gamble, and recently they have proven somewhat riskier than usual. Historically, about one in three haven't even returned the original investment. And, for partnerships formed since 1979- which have suffered from the dramatic and largely unexpected fall in oil and gas prices - that level of failure has increased to 42%, one study estimates.

FRAUDULENT SALES TECHNIQUES

Fraudulent oil and gas deals are normally structured with the limited partnership (or other legal entity) in one state, the operation and physical presence of the field in a second state, and the offerings made to prospective investors in states other than the initial two states. Thus there is less chance of an investor dropping by a wellsite or a nonexistent company headquarters. Such a structure also makes it difficult for law enforcement officials and victims to identify and expose the fraud.

BOILER ROOMS

In order to attract the interest of potential investors, unprincipled promoters frequently use "boiler room" offices with banks of phones manned by salespersons with little or no background in energy exploration, but plenty of experience in high-pressure sales. These techniques include repeated unsolicited phone calls to members of the public, hyping the profitability of the deal and promising extravagant tax advantages.

State securities regulators and Better Business Bureaus caution potential investors to beware of the following claims in a typical high-pressure sales pitch in an unsolicited telephone call:

- you will have an interest in a well that cannot miss;
- the risks are minimal;
- a geologist has given the salesperson a tip;
- the salesperson has personally invested in the venture;
- the promoter has "hit" on every well drilled so far;
- there has been a tremendous "discovery" in an adjacent field;
- a large, reputable oil company is operating or planning to operate in the area;
- only a few interests remain to be sold and you should immediately send in your money in order to assure the purchase of an interest;
- this is a special private deal open only to a lucky chosen few investors.

HOW TO AVOID BEING SWINDLED

Most scam deals, say regulators, are devastatingly simple. "The game isn't really high-level fraud," says Royce Griffin, Colorado Securities Commissioner and president of NASAA. "It's usually more a total misuse of proceeds. Take the investors' money and buy yourself a Mercedes, things like that."

You can minimize the risk of being swindled if you resist

pressures to make hurried, uninformed investment decisions. There are several steps you should take before parting with your money.

State securities regulators and Better Business Bureaus advise potential investors not to be afraid to ask the hard questions when solicited for oil and gas investment opportunities. Based on their own experience, regulators have devised a checklist of questions you should ask before investing.

1. Registration Requirements

Ask if the offering is filed with the office of the state securities commission in your state or the state in which the promoters are located. If so, contact that agency for any information it may be able to provide. If the promoter claims that the offering is exempt from registration requirements in the particular state in which the offers and sales are made, find out which of the exemptions is claimed and the terms of the exemption. Contact the state securities agency to confirm that the offering is indeed exempt.

2. Salespersons - Legitimate or con artist?

If it is a legitimate deal, the salesperson will not be reluctant to answer questions or provide written explanations to questions. Ask the name of the person offering you the security, where he is calling from and his background, particularly in other oil or gas ventures. Ask what commission and/or other compensation the salesperson will receive. Contact your state securities agency to find out if the promoter or salesperson has been sanctioned for previous violations of securities laws.

3. The Company - Be sure it is real

Ask the names of the principals of the company or the general partners offering the security, their backgrounds and experience in the oil and gas industry, and how long they have been associated with the company. Find out the history of the company, its capitalization, assets and retained earnings. What contingent liabilities does it have from other ventures? Does it have sufficient funds to cover unexpected costs?

Find out the company's or general partners' history in drilling operations. In particular, ask how long it has been in the oil and gas business, the number of wells drilled, the number of strikes and depth of the wells, and whether the company retained its interest in the wells it drilled. Determine if conflicts of interest involving the promoter are disclosed.

All the above information should be contained in a prospectus or "offering documents" that the promoter must furnish potential investors before they commit their funds.

4. The Investment - Avoid having your money used for a European vacation

Make sure funds raised are kept in a separate escrow account until used and that they won't be commingled with other funds. Also, be certain the funds will not be used for purposes other than those specified. Ask how much money is to be raised and the cost per fractional interest. Ask how much of the money will pay for advertising, salaries, drilling costs, legal fees, administrative expenses, sales commissions and any estimated profit to the company.

Assuming the well is completed, ask what the completion costs will be for each investor, including additional commissions to be paid (the purpose and amount), and whether investors may be obligated to pay in more money in the future.

Finally, evaluate the risk involved in making the investment. Is the well to be drilled a wildcat (drilled in territory not known to be productive) or is the drilling to be done in an area of proven oil reserves?

5. The lease

Secure a legal description of the property on which the program is to be drilled. How and when was it acquired? Is the principal selling the lease to the venture at the acquisition cost, and if not, how much profit is being made? Ask for a description of surrounding property, including local well completions and a geologist's report on the area. You will want to know if the lease is already in default and whether there is any overriding royalty or landowner's royalty being paid.

Ask for a disclosure of the person(s) selling the lease, the cost of the lease and any relationship between the lessor and the operator.

Secure a statement of the depth of the well to be drilled and an indication of when drilling is to begin. Insist on seeing a copy of the driller's contract with the promoter.

6. Additional questions to ask before investing

- Is a general statement made of all taxes that must be

paid out of the investors' share of any production?

- What is the location of available pipelines, or what method will be used to sell any production?
- What is the name and address of the operator? What are the terms of the agreement with him, including the compensation to be received and experience?
- How will the decision be made for completing the well or abandoning it? Who will make the decision? What is to become of funds received from the salvage value of equipment on the lease?

The checklist of questions to ask and information to obtain is a long one. It will take some time and perhaps even money invested in outside consultation before you feel comfortable risking your money in the investment. It is always advisable to seek the advice of a neutral expert before committing your funds to any investment deal.

FOR MORE INFORMATION

The securities administrator in your state, province or territory is responsible for the protection of investors and ensuring that complete information is available for many types of investments. If you have questions about a possible oil and gas investment, contact the securities administrator listed in this Alert. Your prompt action could save you money.

The Council of Better Business Bureaus and the Better Business Bureaus (BBB) of the U.S. and Canada answer inquiries on companies located in the areas they serve. Before putting money in an investment plan, it is a good idea to contact your local BBB for a reliability report on the company you intend to deal with. For more information, contact the BBB listed in this Alert.

The Investor Alert is a quarterly program jointly sponsored by the Council of Better Business Bureaus (CBBB) and the North American Securities Administrators Association (NASAA), the national organization representing all 65 state and provincial securities regulators in the U.S. and Canada. The quarterly Investor Alerts expose investment frauds to the public and provide useful information on how to avoid the often sophisticated and unlawful schemes that prey on investors.

'Penguin pasture' leases linked to violent crimes

by E. O'Neil Robinson
Times Writer

A murder, a pistol whipping, reams of litigation and millions of dollars litter the trail of companies authorities say have bilked thousands of people with near worthless oil and gas leases on Alaska public lands.

Securities enforcement officials in more than a dozen states have ordered a halt to sales by at least 100 of the companies offering oil and gas leases, but the effort has only scratched the surface of what one Bureau of Land Management investigator called a "massive fraud involving hundreds of millions of dollars."

Dean Crabbs, a BLM special agent who has spent months investigating complaints against lease sales companies says he has passed substantial data to the FBI and other investigators in hopes of shutting some operations down. The effort has been "frustrating" Crabbs says, because "when a company is shut down in one location, they just pack up and move down the street a couple of blocks and start again under a new name."

Land offered for lease under the BLM program was described by experts as "penguin pasture, plain and simple." The land was opened for oil and gas rights leases in 1983 by order of former Interior Secretary James Watt. BLM sells leases for \$1 per acre, per year, plus a \$75 registration fee, offering no guarantees on the potential for minerals on the acreage.

BLM officials explain that the leases are offered "over the counter" precisely because the acreage holds no known potential for oil or gas. Skillful and unscrupulous entrepreneurs turned the lease program to their advantage by grabbing leases on thousands of acres and reselling them at enormous profits.

"The public has to bear some responsibility for checking out the claims of these companies," Crabbs says, "but some of the advertising is just plain false and misleading."

He produced a prospectus mailed out by one leasing company, pointing out the names of major oil companies in various places. The gist of the brochure was that oil companies were already exploring on lands adjacent to the property the leasing company was offering.

Tom Cook, of Chevron's exploration department, said the claims of interest by major oil companies are untrue.

"It's just hogwash," said Cook, former executive director of the Alaska Pipeline Commission. "There is no activity up there now, never has been and Chevron has no interest whatever in any of that land. Anyone who says otherwise isn't telling the truth."

Still, mailings from the leasing companies frequently drop names of major oil companies like Chevron, Conoco, Arco and others to help clinch a sale. Both

Chevron and Arco have officially disclaimed any connection with the leasing companies in letters Crabbs says he uses to explain the leasing program to citizens who contact BLM about buying oil and gas leases. Cook says the letters were prompted by the oil companies' concern that the public might conclude that the leasing companies claims are valid.

"I've had many, many calls from people who ask about exploration on these lands," Cook said. "We want to make sure people know Chevron has absolutely nothing to do with these companies selling these leases. It's a bogus program."

According to BLM documents, oil and gas leases have been issued on about 2 million acres of BLM land in Alaska in recent years. A 3-foot-thick computer printout of leaseholders showed that the vast majority of the leases were originally issued to companies that later subdivided the lands to sell smaller leased parcels.

More than 6 million acres of BLM land remains open for leasing and resale.

Investigators say sales pitches the leasing companies use are usually high-pressure telephone affairs, with solicitors offering virtually any promise to clinch a sale. Most sell the leases on the premise that major oil

companies will later buy the rights for the acreage for perhaps hundreds of thousands of dollars. Cook and other geologists have said that reselling a lease on any of the over-the-counter lands in Alaska is "wishful thinking, at best," on the part of those trading in the leases.

Federal Trade Commission investigators say leasing companies use questionable or even blatantly illegal sales claims, as in the experience of Shirley Spurlock, of Anchorage, who worked for several of the leasing companies. Spurlock says she was asked to rent an airplane and fly to one firm's leased acreage where she was to place cans of oil in each of several land sections.

"That way, they could say that there was definitely oil on the property," she said. "I drew the line at that. I just wouldn't do it, so they forgot about it."

Spurlock worked for several months, going daily to the Anchorage BLM office, where she researched topographic maps of lands available.

"They didn't want any mountain peaks or anything like that." Based on her findings, the companies would lease BLM land. The profit came when the company split the land into 40-acre parcels leased for whatever the traffic would bear, usually a minimum of \$2,500 but as high as \$10,000.

Spurlock quit the job not long

THE ANCHORAGE TIMES
(Anchorage, Ak.)
6/2/85, pg. 1
"OFFICIALS BATTLE
MASSIVE OIL FRAUD"

Alaska Land Leasing and a group of spin-off companies are now under a "continuing criminal investigation," according to documents provided by investigators. The firm was the subject of an Anchorage court suit, but the case has been left dormant because of federal action in California.

Alaska Land Leasing is just one of hundreds of oil and gas leasing companies the FBI, FTC, U.S. Postal Service, BLM and a host of state agencies across the nation have been investigating since 1983 when the scheme grew from a relative few operators out of south Florida to a multi-million dollar operation in several states.

Crabbs says he's frustrated with the proliferation of the companies and law enforcement authorities' inability to cope with the problem. In one case, a leasing company was able to use the courts to force BLM to reopen part of the program it shut down in order to prevent abuses.

"What's needed is a good, strong investigative look at the situation by someone with the power to take action," he says.

The only agency likely to have that kind of power and resources is the federal government, which local officials say is in some part culpable for the situation consumers now face.

Worthless lease tracts bring millions to sellers

by E. O'Neil Robinson
Times Writer

A few years ago, entrepreneurs studying federal regulations spotted an opportunity to make millions of dollars. It was in the Bureau of Land Management's non-competitive oil and gas lease program and was based on the simple premise of "buy low, sell high."

It goes this way: A company we'll call Alaska Oil Guzzlers buys oil and gas leases on federal land in Alaska for \$1 per acre, per year.

The company then parcels it out in 40-acre tracts charging whatever the traffic will bear. Some people have paid as little as \$2,500 for a 40-acre lease, others have paid \$10,000, perhaps more.

Assuming Alaska Oil Guzzlers has 20,000 acres — a small amount for one of these companies — that would give it 500 parcels of 40 acres each for a potential income of \$1 million on a \$20,000 original lease fee paid to the government.

Alaska Oil Guzzlers isn't through yet.

Having sold its subdivided lease holdings, the company then turns back on its customers and tells them that the 40-acre parcels are too small to drill (that's true) so they must "unitize" their leases with 15 or more others to make up a 640-acre section (still too small to drill, according to experts). Alaska Oil Guzzlers charges a hefty fee for the "unitizing."

None of the land sold by Alaska Oil Guzzlers has any known potential for any sort of oil or gas production, which is why the original leases may be purchased so cheaply from BLM. Depending upon what kind of prospectus is proffered and what sort of sales pitches were employed to win the "investor" over, the entire proceeding could, conceivably, have been legal.

Whatever the case on the legality, those who bought one of the 40-acre subleases at Alaska Oil Guzzlers' marked-up price, own a tract that's really worth \$40 (the annual rent due BLM).

PARTICIPATE IN

PlusKas

OIL/GAS LEASE

Opportunities



UNION



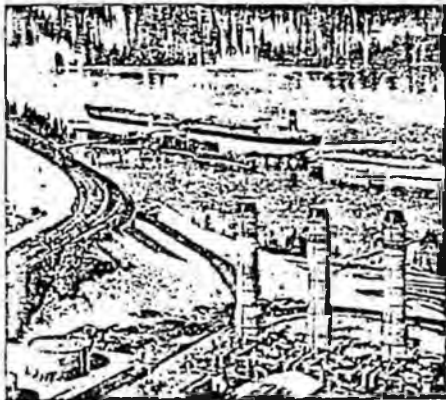


Bill Sheffield
Governor of Alaska

Welcome to Alaska....

Land of Opportunity....

Alaska again stands on the threshold of vast riches. Discovery of oil and gas reserves beyond the wildest expectations have spurred many companies such as Arco, Exxon, Shell, Sohio and others to spend millions of dollars on exploration of the vast Arctic treasure store of Alaska. Estimates of the amount of undiscovered recoverable oil range from 12 billion barrels to 89 billion barrels, and natural gas reserve estimates range from 29 trillion cubic feet to 439 trillion cubic feet. These figures have acted as a trigger for the start of the great Arctic Riches Rush, and the estimates are being constantly revised upward as new wells are being successfully drilled. It is now possible for you and every other United States citizen to participate in this great potential wealth opportunity. Based on your own financial resources, large or modest sums of money have the possibility of returning many times the original amount.



Port of Valdez

This is Not an Oil & Gas Lottery

Keep uppermost in your mind that this program is not a Federal Oil & Gas Lottery. YOU OWN these oil and gas leases outright for a per-

iod of ten years from the date of the lease, guaranteed by the United States Government, through the Department of the Interior Bureau of Land Management. To insure that the annual rental is paid when due each year, and your lease is kept in full force and effect, payments are set aside in an Escrow Account on deposit at a U.S. banking institution.

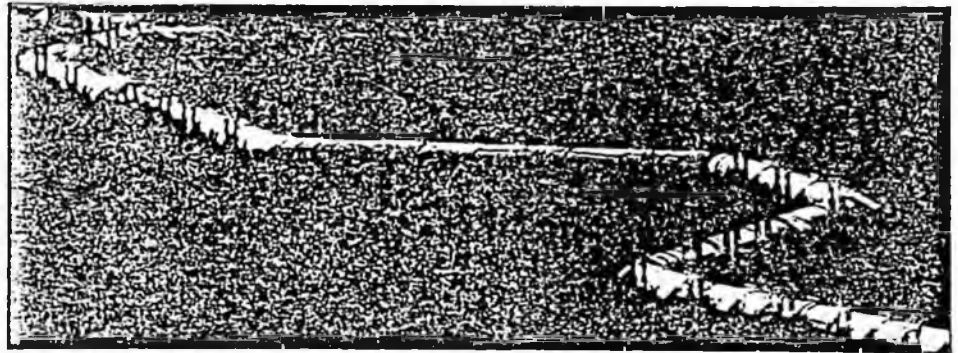
many other people have in the past "If only I had...

...bought that stock in IBM in 1956.

...bought one of the franchises to that little hamburger joint around the corner, Burger King.

...retained mineral rights when I sold acreage to Texaco.

...become one of the backers of



8 Billion-dollar Trans-Alaska Pipeline

Element of Risk

There is an element of risk in the acquisition of oil and gas leases just as there is in any other type of business or venture. Any prospective purchaser of oil and gas leases should base his selection on available U.S. government sources as well as professional evaluation including geology, testing, drilling and other exploratory activities by major oil companies and other operators involved in Alaska exploration and development. Billions of dollars have been spent in Alaska on exploration and exploitation and the potentially rich areas have been targeted for early development. Your chances for success are in developing your thinking along those same lines.

that low-budget movie, "Rocky".
...taken the job with that little company with the funny name, Xerox."

The missed opportunities. Sometimes it's not being in the right place at the right time. But most often it's not taking the opportunity when it comes knocking, and having the courage and foresight to forge ahead with your plans. Well, this is another chance.

Opportunity is knocking right now

If I only Had ...

Don't find yourself saying like so

Oil scheme uses photo of governor

By ANN CONY
Daily News business reporter

Companies of dubious repute are using a photograph of Gov. Bill Sheffield in brochures touting Alaska oil and gas lease investments state investigators describe as a rip-off.

The color portrait of the governor — replete with the stars and stripes in the background — gets prominent play on the first page inside the brochure, next to the salutation, "Welcome to Alaska ... Land of Opportunity."

"We want to inform the public that these implied endorsements are erroneous and unauthorized," said Larry Carroll, chief securities examiner in the Division of Banking and Securities. "There may be as many as 30 companies using it."

Carroll said his office is investigating the companies, their questionable investment offerings and their use of the governor's photo. He asked that any Alaskans who receive the brochure contact his division.

The governor is not pleased about the unauthorized use of his picture, according to his deputy press secretary, John Greely.

"It certainly is misleading," Greely said. "The governor does not lend his endorsement to any commercial enterprise, especially one of this nature."

Carroll said companies using the brochure offer to sell oil and gas leases they've bought in the federal Bureau of Land Management's (BLM) noncompetitive leasing of Alaska lands that have no known oil and gas potential. The companies purchase the leases for \$1 an acre, then sell them to unwitting investors for \$100 to \$300 an acre.

Typically, the sales pitch grossly overstates the potential value of the leases, Carroll said. Sales people neglect to say that the major oil companies — which are supposedly going to snap up the leases for development, providing a tidy profit for the investor — have equal opportunities to buy into the area for \$1 an acre when the lands are opened for leasing by the BLM.

The investment companies using the offending brochure appear to be avoiding Alaska in their telephone and mail solicitations, but state officials are concerned about investors in other states as well as the potential trashing of Alaska's image.

"We're getting calls from people all over the country who are uninformed but want to get in on the bottom level of the great Alaska oil boom," said Carroll. Some, he added, are borrowing money to do it.

State enforcement power under Alaska securities laws is limited, particularly if the offending company is not soliciting Alaska investors, Carroll said.

Nevertheless, the Division of Banking and Securities has issued "cease and desist" orders against several companies that have offered oil-related investments to Alaskans, usually on the grounds that the companies and their offerings are not registered under state securities laws.

The division issued cease and desist orders last Friday against Pacific Basin Exploration Inc. of Marina del Rey, Calif., and Universal Exploration Inc. of Newport Beach, Calif.

Pacific Basin was selling interests in oil leases in Utah, according to state officials. Universal Exploration advertised in the Juneau Empire, offering the sale of interests in unidentified oil wells that would give investors tax shelters and "very high return and fast payback" on a minimum investment of \$7,000.

The state in October filed suit against Alaska Land Leasing Inc. of Malibu, charging that the firm used fraudulent sales practices in soliciting buyers for interests in oil and gas leases. The state is asking the court to prohibit the company from making its pitch in Alaska and from selling interests in Alaska leases to out-of-state investors.

The Division of Banking and Securities has filed cease and desist orders against Alaskan Oil Development Corp. of Arlington Heights, Ill., its parent company, Federal Property Record Inc., and Government Oil and Gas Lease Program Inc. of Hallandale, Fla. The latter company is one of many that has offered to file the investor's name in the BLM's lease-by-lottery program, for allegedly exorbitant fees.

The FBI has joined investigations of oil lease investment companies, including one called North American Resources Corp., which has made sales solicitations from Florida instructing investors to send checks to a rented office in Anchorage.

Carroll said the latest in alleged oil scams here was reported recently by a woman in Wasilla who received a call from a Florida company called Alaska Leasing. A salesman told her she was a lucky winner in the BLM lease lottery program, which was recently suspended by the Department of Interior. The salesman said his company had been designated to handle the lottery program and that the Wasilla woman could be the fortunate lessee of 80 acres for a mere \$8,000, with a \$4,000 downpayment to be picked up by courier.

The state in March joined the Council of Better Business Bureaus and a national securities group in warning investors to be wary of oil lease investment companies that promise quick tickets to wealth. There are estimated to be more than 250 such companies nationwide.

MEMORANDUM

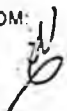
State of Alaska

TO: File

DATE: April 3, 1985

FILE NO:

TELEPHONE NO:

FROM:  Edward C. Watkins
Securities Examiner

SUBJECT: Wyoming Exploration, Inc.
2922 Santa Monica Blvd.
Santa Monica, CA 90404
Atlanta Oil & Gas Corporation
North Miami, Florida 33161
U.S. Petroleum

Jean Gradwell, R.D. 1, Box 96A, Ford City, Pennsylvania 16226 (412/763-1733), contacted the Alaska Division of Banking and Securities 4/2/85 at the suggestion of the Pennsylvania Securities Commission.

Gradwell has purchased in the past three parcels of oil and gas leases, 40 acres, 80 acres, and 640 acres, from U.S. Petroleum and Atlantic Oil & Gas Corporation. She recognizes that these firms are no longer around.

She has been approached by Wyoming Exploration and told that for a straight \$4,000, no matter what the amount of acreage she holds, they will combine her leases with others so that they can be offered to large oil companies. Wyoming Exploration has told her that they have been offered \$300-\$400 an acre for some of these properties and that drilling is going on about 80 miles away below the Denali Block.

The oil and gas leasing companies were discussed with Ms. Gradwell and she was advised that if she had \$4,000 to spare she would have a better chance of making money and have more fun if she took it to Atlanta City, New Jersey and placed it on the crap table. Ms. Gradwell said she did not have the money to spare, but it might be the only way to preserve her present investment. It was pointed out to her that the alleged leases that she presently holds were probably obtained by the companies for a dollar an acre.

She was urged to consult with some family member familiar with financing before she invested any additional money in this project. Her voice tone indicated that Ms. Gradwell might be an elderly lady.

Gradwell said that Wyoming Exploration promised that when she paid the \$4,000, as a bonus they would give her a 40-acre lease in the Wyoming Powder River area.

ECW/me2285M
040385A

March 29, 1985

Mr. Michael Harris
San Francisco Chronicle
San Francisco, California 94119

Dear Mr. Harris:

Thank you for your letter of March 25, 1985 and its enclosure from the San Francisco Chronicle of that date.

Enclosed are copies of earlier orders issued by this division which you might find of some interest.

There is one item of confusion in the article which does not require any correction. Alaska residents have not lost anything approaching 20 million dollars. They have heard and read enough about these companies and are in a better position than residents of other states to check out the representation. The investment image, however, of Alaska has been hurt nationally because of the boiler room solicitations.

Sincerely,



Edward C. Watkins
Securities Examiner

ECW/me2250M
032985A
Enclosures

* 2 3
85-2, 85-5, 85-6, 85-7.

E.W. —

Unlucky Oil Investors Hit Again

By Michael Harris

Investors who apparently lost more than \$20 million in oil and gas leases in Alaska and the Rockies are being hit a second time.

What securities officials describe as a wave of high-pressure firms from Southern California are offering the 4000 or more unhappy investors a "sure" chance to recover their money — but the customers are told they must first increase their investments.

Two firms that sold the oil leases in the first round were shut down by the Federal Trade Commission last summer. Both are in receivership, with only a small fraction of their assets intact.

Their top officers have said they cannot testify in civil hearings because they have at least two criminal investigations pending against them.

But the action hasn't stopped. State securities officials report it has reached a frenzied pace in recent weeks.

"When companies fold, their salesmen take the customer mailing lists with them," said Edward C. Watkins, securities examiner for the Alaska Department of Commerce and Development.

"They figure the customers are renewable pigeons who can be plucked and roasted more than once. The losses suffered by customers of the two companies that were closed down were well over \$20 million in Alaska alone." *

Watkins said he has been getting several calls a week from throughout the United States. He received one yesterday, he said, from a Pennsylvania man who got a call from a Santa Monica firm urging him to spend \$50 an acre to "unitize" the 80 acres he bought from one of the firms shut down by the FTC.

"He could hear a lot of noise

Monday, March 25, 1985

Pages 56 & 60.

*Inadvertant misquote - Ak. has not lost that amount or anything near it. ECW 3/28/85

From Page 56

over the phone, and he asked the caller how many people were in the room with him," Watkins continued. "The man said two dozen. It was a real boiler room operation."

Melinda Brun, senior trial counsel for the California Department of Corporations, has issued dissent-and-refrain orders against six firms in the last two weeks alone.

"We are simply unable to stem this particular tide," Brun said. "There are too many boiler room operators" and on (last) Monday alone we learned about three new firms. We can't move against them until we hear from an investor who has a complaint."

Companies offering to assist people in recovering shaky investments are required by California law to get licenses to do so, Brun said. But she said most have been operating without even attempting to qualify under the state's Security Owners Protection Act.

Many of the salesmen offer

Unlucky Oil Investors Hit Again

60 **

promises of astonishing wealth, along with the prospect of putting the profits aside in offshore banks, free from United States income tax.

"We guarantee that the least that will happen is you will get your money back," one Southern California salesman said yesterday in response to a telephone call from San Francisco.

"But you know about Alaska. The oil companies need land, and they pay for it right up front. Our first investors got \$1000 an acre, and the second got \$1250 for their exploration rights. When they hit oil, the investors have an overriding royalty, and did you know an Alaska well produces an average of 3500 gallons a day?"

The salesman said he could not provide any references because the company has to preserve the privacy of its satisfied customers. Nor could it give any business references, he said.

"You are evidently not familiar with offshore banking," he said. "It's done privately and secretly."

There are no lists and no prospectuses. The reason is that the federal government and the state government would love to get their hands on them."

Watkins said Alaska has seen many heartbroken investors in oil and gas schemes in recent years.

"Alaska Land Leasing won a land lease for \$180,000, and then they heated up their boiler room and collected \$6.8 million from 800 people on the property — and that's just one small lease.

"What unsophisticated investors don't realize is that the costs of exploration in Alaska are enormous. And once you hit oil, where's your market? Most of the land is some distance away from pipelines and from Valdez, the state's only oil port. You've got to find a great big field to justify the investment."

The state Department of Corporations has urged anyone who receives a questionable sales solicitation to get in touch with its offices in San Francisco, Sacramento or Los Angeles.

E.W. —

April 1, 1985

Mr. C. E. Raymond, Jr.
U.S. Postal Inspector
P.O. Box 4140
Burbank, California 91503-4140

Dear Mr. Raymond:

RE: Bass Oil Company
22736 Van Owen Street
Canoga Park, California 91307
Your Case No. 105-F(3)

Reference is made to your memorandum of March 20, 1985 to the Better Business Bureau of Los Angeles County.

Enclosed you will find copies of memoranda from this division including Donald Bass contact, 3/6/85; Tricia Linder contact, 3/7/85; Robert Sanders contact, 3/5/85; Alfred Green contact, 3/6/85; division memoranda, 3/11/85, with attachment showing a list of people and phone numbers. These individuals contacted the Alaska Department of Natural Resources after themselves being called by Bass Oil Co. We forwarded copies of this list to securities regulators in each of the states which might have an interest. A copy of that mailing list is also enclosed.

Sincerely,

Edward C. Watkins

Edward C. Watkins
Securities Examiner

ECW/me2265i
040185A
Enclosures

E.W. / W.V.

Bass Oil abandons Slope lease plan

By PATTI EPLER

Daily News business reporter

A California company apparently has stopped payment on a \$195,000 check to the state that would have paid the back rent on North Slope oil leases owned by hundreds of private investors.

Last week, Bass Oil of Canoga Park, Calif., gave state officials a check that would have prevented the leases from reverting to state ownership. The payment came one day before the leases were due to expire.

But on Wednesday, Bass Oil representative Alfred Green told the state his company was stopping payment on the check to avoid potential problems with se-

Payment stopped on rent check

curities laws that might conflict with Bass Oil's business operations, according to Assistant Attorney General Ann Prezyna.

About 800 private investors bought leases in the Kavik area of the North Slope from Alaska Land Leasing Inc. That company has been under investigation for fraud by the Federal Trade Commission and a court-appointed receiver has been looking out for the investors' interests.

Sheldon Jaffe, a Los Angeles attorney who has been appointed receiver, said Wednesday, "The net result (of Bass Oil's decision)

is that the investors cannot rely on Mr. Bass to save them and their money."

Since Bass Oil's announcement last week that it would pay the back rent, the private investors have stopped sending rent payments to Alaska, Jaffe said.

Jaffe characterized the investors as "mostly unsophisticated" people from all parts of the Lower 48. The investors allegedly were told they were buying good oil properties when in fact no drilling has taken place on the leases and no geologic studies were done to determine the value of the proper-

ty, officials have said.

Green said last week his company hoped eventually to drill for oil on the leases and was paying the back rent to obtain a standing in the case.

Prezyna said Green told her the situation was becoming more trouble than it was worth and the company did not want to risk violation of any securities laws.

Jaffe as receiver has asked a federal judge to keep the state from terminating the leases until his office can sort out a tangled legal mess of who actually owns the leases — Alaska Land Leasing or the small investors. The state shows only Alaska Land Leasing as the owner of record.

MEMORANDUM

State of Alaska

AK

TO: Anne Prezyna
Assistant Attorney General
Department of Law
Oil & Gas Section

DATE: March 28, 1985

FILE NO:

TELEPHONE NO:

FROM: Edward C. Watkins
Securities Examiner
Division of Banking & Securities
Department of Commerce & Economic
Development

SUBJECT: Western Resources, Inc.
321 East Williams, #100
Wichita, Kansas
Georgette Gandolfo
Roger Taylor
Kevin Thomas
Phone #316/266-5902
(Answering Service)

212/714-1450 (NYC)

It is requested that DNR review and furnish this division, as quickly as possible, any information it might have on file concerning the parties named above.

We are advised by the State of New Mexico that Taylor will contact parties who believe they are leaseholders in the Prudhoe Bay area (apparently sold previously by such companies as Alaska Land Leasing, Inc., et al.). Taylor tells the individual that Taylor is the owner of a large acreage oil lease in the Prudhoe Bay area and pressures the individual to sell out to Taylor as the individual's property is interfering with Taylor's drilling operations. After the individual refuses to sell, Thomas will then call back with an offer to join Western Resources, Inc. in one unit of a drilling program involving Western rather than the individual leave his lease idle.

A delivery service is sent to the individual's home to pick up the money, however, the money is then sent to a Union City, New Jersey bank with an account in the name of Georgette Gandolfo.

We are requesting similar information from the U. S. Bureau of Land Management.

ECW/sa0693s
32835a

cc: Jeffrey Bush, Assistant Attorney General (0300)

bcc: Fernando Rivera, Investigator
New Mexico Securities Bureau
Lew Wallace Building
Santa Fe, New Mexico 87503

E.W.

March 28, 1985

Mr. Ray Kaltenbach, Branch Chief
Non-Competitive Leasing Section
U. S. Bureau of Land Management
Department of the Interior
701 C. Street, Box 13
Anchorage, Alaska 99513

Dear Mr. Kaltenbach:

Re: Western Resources, Inc.
321 East Williams, #100
Wichita, Kansas
Georgette Gandolfo
Roger Taylor
Kevin Thomas
Phone #316/266-5902
(Answering Service)

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A delivery service is sent to the individual's home to pick up the money, however, the money is then sent to a Union City, New Jersey bank with an account in the name of Georgette Gandolfo.

specializing in... but you probably couldn't afford even an hours 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 BIGGER A-- H--- THAN I THOUGHT YOU WERE"). THEN HE SLAME UP THE PHONE!

HE BEAT ME TO THE PUNCH, AND TOLD ME OFF. BUT I GOT A BIG LAUGH OUT OF IT ANYWAY."

Yours truly

ANS: Dear subscriber - you learned a silly but happily good lesson from the "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

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 row 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 wary 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

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!] It's past due for "buyer beware!" But I must say, not to get in trouble with ALL security agencies, that there are a few states (such as Alaska, Iowa, Texas, etc.), that have done good jobs of attempting to clean up and stop white-collar/career criminals. Texas is doing best job with court sentences of as much as 25-years to such criminals. ■

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

Name _____

Address _____

City ES State _____ Zip _____

127-5
Southwest Oil & Gas News
P.O. Drawer 25847
Albuquerque NM 87125

FCW

Fourteen charged with oil lease fraud

United Press International

MIAMI — Fourteen people were charged Monday with defrauding investors out of \$1.8 million through an alleged oil and gas leasing scam, federal prosecutors said.

A 31-count indictment returned by a federal grand jury charged the defendants with conspiracy and with one to 30 counts each of mail fraud and wire fraud in the operation of a Miami partnership, Alaska Oil Leases.

The indictment alleged that beginning in August 1983, the defendants made fraudulent representations to investors to promote the sale of oil and gas leases on U.S. government-owned land in the Denali Block in Alaska.

About 160 investors were defrauded of approximately \$1.8 million, said Stanley

Marcus, U.S. Attorney for the Southern District of Florida.

The indictment said investors were told that they could sell the leases to oil companies for large sums of money, that the land normally was reserved for oil developers who secured leasing rights through competitive bids, and that oil exploration was expected to begin there within six months.

"These statements were false," Marcus said.

"The land was not of high interest to oil companies, who could have leased the land from the Bureau of Land Management for \$1 an acre per year, plus a \$75 filing fee at the time it was first offered," Marcus said.

Only land with or near known oil-producing geological structures is offered through competitive bids, he said.

The indictment resulted from a year-long investigation by the Postal Inspection Service and the U.S. Attorney's Office, Marcus said.

If convicted, the defendants face up to five years in prison and \$10,000 in fines for the conspiracy charge, and five years in prison and \$1,000 in fines for each fraud charge, Marcus said.

The defendants were identified as Harvey Ganz, Michael Bonomo, Jorge Perez and Carol Lindenberg, all of Miami; Lynne Simon and Marilyn Jacobs, of North Miami; Jean Martinez, North Miami Beach; Gigi Kapchuk, Miramar; Guy Bonomo, Lauderhill; Vincent Waterhouse, Pembroke Pines; Steven Nyer, Hollywood; John Blondet, Edison, N.J.; Arthur Kaplan, Rosedale, N.Y.; and Hal Rosner, Sunnyside, N.Y.

Alaska C & D issued
3/15/84 to
Alaska Oil Leases

Background Checks Sought For Day Care Workers

Senate Health, Education & Social Services took final action Tuesday on SB 21, requiring criminal background checks on day care workers, foster parents, adoptive parents, and workers in group homes for children or dependent adults. The bill is part of a comprehensive package of child and family protection bills progressing through the Legislature this year.

The bill also permits the Governor's Commission on the Administration of Justice to release information on past convictions of child care workers for "crimes that might pose a risk of harm to a child." These crimes violent crimes such as murder and assault as well as sex

crimes, indecent exposure, robbery, arson, endangering the welfare of a minor, contributing to the delinquency of a minor, child pornography, promoting prostitution, and felony drug convictions.

A state and national criminal record check would be required for each person working or applying for work as a staff member of a foster home, group home, or nursery. Background checks would also be required for each adult occupant who works or resides in a facility. Both staff and adult occupants would be required to reveal any pending trial, or any charge or past conviction of a crime that might pose a risk of harm to a child.

Senators Favor Resident Hire On Oil & Gas Leases

Senate Labor & Commerce took testimony Wednesday on a bill mandating local hire on oil and gas leases on state land. SB 271, by Senator Josephson, leaves it up to the state Department of Labor to determine resident hiring requirements and the minimum monetary value for projects subject to the preference.

Under the bill, a person would be considered a resident if the person had been in Alaska for 30 days. This provoked criticism from Juneau Senator Bill Ray who labeled the 30-day requirement "ilmp." Ray would like to see a 60 or 90-day residency requirement.

Josephson, testifying on his bill, said that it was crafted to meet many of the objections listed by the U.S. Supreme Court in Hicklin v. Orbeck, the decision that struck down Alaska's 1972 local hire law. "There may be litigation," Josephson said, but he is hopeful that a new law would withstand legal challenge. "I'm not an original thinker. We looked at the old law and cut and pasted to comply with Hicklin," said Josephson describing how he drafted his bill.

Sen. Dick Ellason (D-Sitka) questioned whether Josephson's concept

would be broad enough to include other areas such as fishing and timber, industries that are vital to the economy of Southeast Alaska. Josephson said he felt it could probably be applied to the timber industry, but that the fishing industry would pose problems due to "migration of the resource."

The bill received strong endorsements from representatives of organized labor. Both Barry Halght of the Fairbanks Central Labor Council and Dixie Kudish for the International Brotherhood of Electrical Workers lamented that their members are losing jobs to nonresidents hired by out-of-state contractors on state projects.

Charlie Elder, an executive consultant to Sohio Petroleum, claims the resident hire requirement in SB 271 "grossly erodes the right [of Sohio] to manage." Sohio feels that management rights, including the right to hire, are inherent. In his view depriving the company of those rights will have a detrimental effect on Sohio's operations in the state, and a corresponding negative effect on the state economy.

(Continued on page 7)

Oil Lease Scams Targeted for State Action

The House Wednesday unanimously passed a bill strengthening the state's ability to regulate and prosecute out-of-state firms offering schemes involving fraudulent oil and gas leases on state land. The bill, HB 126 by the Governor, extends the scope of the Alaska Securities Act to cover out-of-state lease offerings on state land. By doing so, according to Sheffield's transmittal letter, the Division of Banking and Securities could require the offerors to file securities registrations regarding their sales, giving prospective purchasers "truthful information about the likelihood of realizing a gain on such investments." Further, the state would be able to take legal action against the scammers, who, by some estimates sell as much as \$18 million per month in phony leases.

Rep. Andre Marrou (L-Homer) wondered if perhaps the Legislature wasn't "stretching the point" in going after out-of-state firms selling phony securities to non-residents. Supporters of the bill argue that the fraudulent leases are part of a big interstate problem, and that the state's reputation is being hurt by bogus firms such as "Alaska Petroleum Investments," and "Alaska Oil & Gas Exploration" that purport to have expertise in oil and gas matters and the blessing of the State of Alaska. The companies obtain leases on less productive tracts of state oil & gas lease offerings, then turn around and sell them to gullible investors down south.

The bill was amended in House Judiciary by the addition of language that gives that state jurisdiction over out-of-state companies offering an interest or participation in real property, or an interest or participation in an Alaska corporation or limited partnership. Similar laws have been on the books in California for at least a decade, said Rep. Max Gruenberg (D-Anchorage) during debate on an amendment by Rep. John Sund (D-Ketchikan) to eliminate the new provision. Sund argued that there is adequate protection in existing law against abuses by non-resident real estate brokers, however his amendment failed by a vote of 11 yeas and 25 nays.

records on business use of automobiles. The measure also would permit taxpayers to escape taxes on some personal uses of business cars, a move that could cost the Treasury \$1 billion a year.

Hilton Hotels is being sought by Golden Nugget, which offered \$188 million, or \$7 1/2 a share, for the 27.4% stake owned by an estate and said it was prepared to make a similar offer to all holders. Hilton's chairman called the bid "inadequate."

First City Bancorp. of Texas disclosed losses on \$37.7 million in loans involving three prominent members of its board. It was the second major Texas energy bank to disclose problems on loans to insiders.

E.S.M. Government Securities former president, Ronald R. Ewton, and two others connected with the failed firm were arrested on charges of forging the will of the company's deceased chief financial officer.

A takeover of CBS is far from a foregone conclusion, according to a growing number of investment and broadcasting professionals. In any event, CBS faces a much stronger competitor in ABC, which is being acquired.

Irwin Jacobs has accumulated as much as 25% of Gulf & Western Industries' stock, but isn't expected to attempt a takeover of the company, investment sources said.

U.S. new-car sales rose 6.9% in late March, spurred by incentives on smaller models. Analysts said the auto makers would have trouble sustaining the relatively strong pace through the second quarter.

The dollar rose sharply amid expectations that the Fed today will report a big surge in the U.S. money supply. Gold in New York fell \$5.20 to \$316.80 an ounce, while stock and bond prices drifted lower.

Mortgage rates for conventional fixed-rate loans continued to rise during March. Lenders last week were quoting an average rate of 13.29%, up from 13.24% a month earlier. But rates for adjustable mortgages fell.

Equimark Corp. said it will sign agreements next week to sell 23 branch operations for \$32 million. The troubled bank holding concern has been struggling for a year to raise fresh capital.

The banking system faces a threat from the prospect of nonfinancial businesses getting into banking, Fed Chairman Volcker warned.

Crane Co. said it plans to spin off its unprofitable CF&I Steel Corp. subsidiary to shareholders.

Markets— Stocks: Volume 95,460,000 shares. Dow Jones Industrials 1256.06, off 7.62; transportation 591.56, off 7.64; utilities 154.13, off 0.41. Bonds: Dow Jones 20 bonds 73.11, up 0.07. Commodities: Dow Jones futures index 123.15, off 0.21; spot index 119.37, off 0.14.

dismissed a Pentagon report that may be developing a space-based defense system. The Soviet news agency, Tass, characterized the report as "a fantastic piece of fiction" aimed at getting Congress to provide more money to the Defense Department.

NATO's secretary general urged Western allies to keep an open mind about Reagan's Star Wars plan until research on the system is complete. Lord Carrington, who met with Reagan in Washington, predicted that the West would stand behind the plan.

Bishop Desmond Tutu led 25 other Anglican priests in a march to police headquarters in downtown Johannesburg. The clergy men appealed for the release of a colleague held without charge since October. Arrests weren't made. Separately, House Democrats urged pressure on South Africa until it moves to eliminate apartheid policies.

Japan will send a special envoy to Washington today in a bid to settle a mounting trade dispute with the U.S. Tokyo accused the Senate Finance Committee, which approved legislation to impose tariffs and quotas on Japanese goods, of proposing discriminatory action on trade.

Gromyko indicated that a summit between Reagan and Gorbachev was a good idea, a spokesman for Canadian Foreign Minister Clark, who is visiting Moscow, said. The Soviet foreign minister reportedly said, however, that Washington and Moscow are still far from agreeing on a time or place for the meeting.

Weinberger said the Soviet Union should pay compensation to the family of U.S. Army Maj. Arthur Nicholson, who was slain by a Soviet sentry in East Germany last week. The defense secretary also said Moscow should apologize rather than "just express regret" for the killing.

Israel released more than 750 Lebanese and Palestinian prisoners from the Ansar camp in southern Lebanon. The Israelis also have moved about 1,100 other inmates to a new detention center in Israel. Meanwhile, Israeli soldiers and a convoy of armored vehicles raided a Shiite Moslem town near Tyre in southern Lebanon.

El Salvador's rightist leader charged that the military had pressured people to vote for Duarte's Christian Democratic candidates in Sunday's National Assembly balloting, an election official said. Roberto d'Abusson denied making such a charge. Official voting results haven't been released.

The French government plans to institute proportional representation in parliamentary elections, replacing the winner-take-all majority system. Passage of the proposal, which besets the Socialist government's hopes of limiting left-wing losses in parliamentary elections next March, appears certain.

Sri Lanka said separatist guerrillas set off land mines under two jeeps in the country's eastern province, killing nine policemen and wounding 10 others. The guerrillas are fighting to establish an independent homeland for the Tamils in Sri Lanka's northern and eastern areas.

Revenue-sharing supporters warned local government officials that the program's survival in Congress may require better targeting of funds to the nation's neediest communities. Reagan has proposed ending the \$4.6 billion-a-year program and the Senate Budget panel last month voted to halve its funds.

The U.S. began gathering data on hazards associated with the use of three-wheeled, all-terrain recreational vehicles. The Consumer Product Safety Commission's action could lead to federal regulation of the vehicles or sanctions against their makers.

Toronto police charged four people with making false bomb-scare calls after a threat by Armenian extremists against the city's mass-transit system this week. Extensive searches of the transit system didn't discover any bombs, though ridership fell 35%, police officials said.

Died: Kelly Alexander Sr., 63, NAACP chairman, in Charlotte, N.C.

The ESM Scandal Is Unusual Only in Size

Overheated Outfits Like This Thrive in Balmy Resort; Hot Job in a Boiler Room

By MARTHA BRANNIGAN

Staff Reporter of The Wall Street Journal
FORT LAUDERDALE, Fla.—In 1911 this village of 150 souls suddenly ballooned with the arrival of 3,000 Midwesterners. They had bought farm land, sight unseen, from Florida Fruit Lands Co., run by a promoter named Richard J. Bolles. Only when they got here did they discover that the "prime" land was in the vergles— and under water. Mr. Bolles, suing in court that he had thought the sale was going to drain the land, got away really unscathed.

The case "set the tone for the next 50 or 60 years." In Fort Lauderdale, says Daniel Hobby, the head of the local historical society. Though the resort city has 150,000 people now, Mr. Hobby says, it remains "a frontier town, where anything is possible. It's got that boom mentality, and people aren't as cautious here as they would be in, say, Akron, Ohio."

The latest illustration of that is Fort Lauderdale's own E.S.M. Government Securities Inc., whose collapse last month triggered the failure of an Ohio savings and loan association, the temporary closing of some 70 others, a selloff of the dollar overseas, a surge in the price of gold and general alarm in world financial markets. The Securities and Exchange Commission has accused the company of a pattern of fraud, and two of its top officials have consented to injunctions barring them from violating securities laws.

Top Dog
A trustee now is overseeing liquidation of E.S.M., which is said to owe customers more than \$200 million. The trustee told a House subcommittee this week that E.S.M. principals maintained a lavish life style that included yachts, polo ponies and, in one case, a \$75,000 dog. Yesterday, three persons associated with E.S.M. were accused of forging a will of a former chief financial officer of the company. (See story on page 1.)

Some cities might be traumatized by such a scandal, but Fort Lauderdale has had experience. It is home to questionable business outfits of every sort, many operating high-pressure telephone sales offices known as boiler rooms. A local labor pool of valuable telephone solicitors supports the firms, which variously offer the unwary terrific deals on gold and silver, gems, second mortgages, oil and gas leases, thoroughbred horses, time-sharing vacations, or what have you.

"God, there's a gazillion of them," exclaims Charles Harper, the chief of the Securities and Exchange Commission's south Florida office. "This is the white-collar-fraud capital of the country."
It is a reputation to which many an entrepreneur has made his small contribution. There is Dick Vance, once a Fort Lauderdale radio personality popular with oldsters, who sold them millions of dollars in bargain-priced standby flights abroad. A prosecutor charged in Broward County Circuit Court in Fort Lauderdale last year that many customers got neither a trip nor a refund. Mr. Vance pleaded guilty to organized fraud and grand theft at a hearing where he was booed lustily by a crowd of what a prosecutor calls "condo people." He is in prison now.

Sweet Deal?
Another case involves John Rees Common, 67, who is under federal indictment in Fort Lauderdale for allegedly persuading a professional sugar dealer to buy tons of sugar that Mr. Common didn't have to sell. (He has pleaded innocent.)
Some figures pop up again and again. In 1953 Jack L. Rose signed a federal consent order agreeing to stay out of the precious-metals business; a Fort Lauderdale firm he ran had closed down owing investors \$5.8 million, an official of the Commodity Futures Trading Commission says. Now Mr. Rose is in prison for violating the order by masterminding precious-metals sales offices in three other states. When he

Please Turn to Page 20, Column 1

consultant Michael Evans, "but the rest of the economy remains in relatively strong shape."
The average weekly hours worked in private non-farm business, dropped slightly in February, and such drops normally are a bearish sign. But, probably more important, new claims for unemployment insurance have declined, and the Conference Board's index of help-wanted ads is inching up. Such signs, according to Data Resources economists, reinforce expectations that the economy will create 2.5 million jobs this year—the second-largest gain (after last year's 4.2 million) since 1973.

The labor force continues to grow, preventing a sharper drop in the unemployment rate.

SUMMER RESTALS of vacation homes are heavily in demand.
Business is "extremely brisk, very lively, infinitely better than last year," says Tina Fredericks, a vacation-home broker on New York's Long Island. Renters are shopping earlier than usual and are plunking down record sums, according to brokers in several regions. Manioking (N.J.) Agency says that Jersey Shore properties are going for 10%, 15% or even 20% more than last year: one five-bedroom house on the Atlantic commands \$20,000 for six weeks, up from \$16,500 a year ago.

Demand for Cape Cod rentals exceeds the supply, says Joseph Throckmorton, of the C.W. Jacoby Agency in Falmouth, Mass. "Every year prices tend to go up quite a bit," he adds. "This is no exception." In Camden, Maine, Camden Associates Real Estate says prices have risen about 15% from last year's on Maine properties.

ENTREPRENEURIAL STUDIES take off at colleges.
Such courses, by one University of Washington professor's count, now are formally offered at about 240 U.S. colleges, up from just half a dozen or so in 1967. The courses cover such matters as new-venture development, venture-capital management and corporate internal venturing. Dull stuff? Not to today's students, for whom risk-taking business starters "are like the rock stars of the '60s," says Bernard Tenenbaum, assistant director of the University of Pennsylvania's Wharton Entrepreneurial Center. At least four schools—Pennsylvania, Babson, Baylor and the University of Southern California—even allow students to major in entrepreneurship.

Still, the courses don't appear to be growing fast enough to accommodate all the demand. Enrollment in New York University's entrepreneurial courses has surged to about 230, from 30 in 1982, but "the demand far outstrips the supply," an official says.
NYU offers to put \$5,000 into any student venture that is approved by an actual venture capitalist. But to date (the offer is new this academic year) nobody has qualified.

ITALIAN FOOD is the favorite non-American cuisine of 14% of adult Americans when eating out, a Gallup survey finds. Fewer people favor Chinese food (12%), Mexican (8%), French (7%) or Japanese (2%).

CARPET-FIBER PRODUCERS try to perk up sales by pushing new credit-card programs for carpet retailers. Most carpet sales—an estimated \$5.5 billion—are for cash. But the programs put no immediate magic into carpets. "Right now our industry is stalled like a massive locomotive, seemingly unable to move," says a Du Pont fibers official.

USERS OF SNUFF and chewing tobacco have higher-than-normal blood pressure, say Ohio State University researchers. And Duke University scientists discover that those products are high in sodium, an element linked to high blood pressure.

PROGRAMMING CHANGES on TV this fall will probably be heaviest on ABC.

Troubled by sagging ratings, ABC may replace nearly one-third of its 22 hours of prime-time shows. NBC is expected to introduce four or five new hours of shows, CBS three to five. Although the 1985-86 TV season won't start until Sept. 22, the networks plan to preview their new series for advertisers next month. Foote, Cone & Belding, the ad agency, expects the networks' new shows to be targeted at a "well-paid, self-indulgent baby-boom audience." One result: more shows about well-paid, self-indulgent baby-boomers.

The networks are expected to play down slapstick in favor of serious fare, mostly about life in latter-day families—those with commuter marriages, for example. Programmers also will bank heavily on suspense shows. Movie magsate Steven Spielberg will make "Amazing Stories" for NBC, and CBS plans to revive "The Twilight Zone."

Several stars from past hits will try for comebacks. These include Ed Asner and Suzanne Sommers.

BRIEFS: To fight drunk driving, the Providence (R.I.) Journal joins the ranks of newspapers that print lists of violators. ... Hunting for customers for Outdoorsman vehicles, GM offers hunting rifles as sales incentives.

By BILL HOLT
Staff Reporter of The Wall Street Journal
NEW CASTLE, Ky.—71 year tobacco industry owes country lawyer Neil M. Berry.

As a young attorney in 1960, Mr. Berry drafted the set up the federal government price-support program. Tobacco's tentacles reach deep into the South. In Kentucky, revenues from the program known simply as "The Prog" state's \$2.1 billion tax but indirectly account for its jobs. Kentucky's rulers, politicians would suffer if program went up in smoke.

Mr. Berry, a nonsmoker, knows the debt. "I and just about everything Henry County wouldn't be without the program," draw old attorney, whose modest five sits on the courthouse.

Unexpected Threat
But after decades as the cow, tobacco price support fierce attack. Ironically, the isn't coming from Washington. Smoking activist and Rea traction budget-cutters are out the program, but from tobacco country.

Under the complicated formula, the government sets sales prices for tobacco an amount that each farmer in Kentucky, for example, faranted a minimum price ave \$1.75 a pound for burley, the tobacco that adds flavor blends. (Growers of the other lighter-colored, blander flue-cured tobacco grow more states such as North Carolina slightly less.)

However, slackening cigarette demand and rising foreign have left tobacco ware North Carolina to Missouri but billion pounds of unwanted '82, big tobacco grower claims, under the program, run dollars in federal loans to buy surplus tobacco at the support crops are gambling that companies will buy the surplus price-support levels.

Climbing Costs
But that hasn't happened. Interest and storage costs owed i culture Department's Commo Corp. on the ballooning surplus a bigger bite out of farmers' come with each new crop. "We to the time," says David Buckley's agriculture committee the program could self-destruct.

Tobacco's zero hour could come as December, when farmers begin voting on whether to reprogram for three more years. In these triennial votes have had support for the program. But farmers such as William Lacy, about 10,000 pounds of burley Kentucky, aren't so sure they're United.

Standing in the fragrant glow New Deal Farmers Tobacco Co. Lexington, Ky., one morning, and about a dozen other farmers the program as they walk to s maining sales of their 1984 tobacco auctions are generally fair, with farmers and companies bantering over the auctioneer's gun patter. But on this day, Mr. Lacy's colleagues aren't smiling as about their federal debt.

Rising Assessment
When the warehouse writes farmers' checks at the end of the each is assessed nine cents a cover his share of the interest o's debt. That payment comes 50-cent-a-pound profit that burley average as a result of the price system. The assessment will r cents a pound on next year's crop keep climbing as long as the pile tobacco remains.

"If this debt becomes too burdensome," Mr. Lacy says worriedly, "it will right up." The other farmers' heads in agreement and say they vote to extinguish the program rather let it drag them down.

But extinguishing it would cost payers a bundle. Under the price rules, Commodity Credit Corp. loans are nonrecourse credits. So farmers dump the program and the government's only collateral is wanted tobacco; it isn't any other on the farmers. Currently, growers owe the department nearly \$1 billion.

Though Mr. Lacy and the other, say they surely would like to sh debt, they are ambivalent about the program. "The program's all the ever known," says Holman Rice, a Sterling, Ky., burley grower, Lacy's neighbor.

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Bank stocks are fit to be bought again, some analysts say, Page 61.

Big Steel experts collapse soon of coordinated collective bargaining, 6.

College students are showing a new flair for entrepreneurship, 35.

Barter grows as a cash-saving tactic, but caution is urged, 35.

Debate on Nicaragua offers a glimpse of how the White House works, 62.

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Chinese take up Western fashions that once were banned, 37.

The administration can't get to first base in defense budget reform, 32.

Star-struck states lure movie companies with colorful locations, 30.

In Fort Lauderdale, the Scandal Of ESM Is Unusual Only in Size

Continued From First Page
gets out, he will face pending state fraud charges in Nassau County, N.Y., for alleged involvement in a precious-metals company there.

Gold, silver and such seem especially popular in Fort Lauderdale. The Federal Bureau of Investigation says it is looking into 22 south Florida precious-metals companies, along with 14 concerns selling oil and gas leases. The state comptroller's office says it has well over 120 boiler-room operations of all types under scrutiny.

Jeremiah Foley can discuss boiler rooms with some authority. He worked in one from 1978 to 1981, selling promotional items to businesses. Mr. Foley says he worked the phones 12 hours a day and soon was making \$1,700 a week in commissions.

"We'd sell pens worth five cents for 69 cents," he says. "We'd promise them a gold watch, and it was the same as you'd get at a flea market for \$2. We'd tell them they were getting a diamond prize, and it was an industrial-grade thing that looked like rock salt."

In short, Mr. Foley says, "It was outright lying." But, he adds, "when you start making that kind of money, you can justify your morality." He began to worry about getting arrested, however, and got out of the business.

Fort Lauderdale outfits run the gamut from big-time fraud to borderline silliness. Before E.S.M., the last big scandal was the demise of International Gold Bullion Exchange. When authorities closed it in 1983, they found its vault full of money bags stuffed with paper and wooden blocks painted gold.

Some 23,000 investors lost roughly \$75 million in the debacle, but the firm went out in style. On a \$140,000 business trip to Hawaii, its two principals—brothers William and James Alderdice—chartered a helicopter so they could fly over a volcano and toss their business cards into its crater, according to an official of Florida's state attorney's office. James Alderdice is in federal prison now, having pleaded guilty to fraud and theft charges; William, while free on bond, was murdered by a man he had befriended in a county jail.

Then there is Robinson-Taylor Co., a mail-order house that offers cures for maladies ranging from obesity to impotence. "Terrific breasts," reads one ad, promising results after a single application of Breast Formula XP-39.

Mitchell K. Friedlander, the company's gregarious president, says sales were running \$2.2 million a month until the Postal Service and the Food and Drug Administration last year launched a "witch hunt." The Postal Service, alleging false advertising, got a court order halting the firm's mail delivery; the FDA barred the company from selling certain items. Mr. Friedlander is fighting both agencies in court.

He says he moved to what he calls "sleeze-bag Fort Lauderdale" because he likes the weather and the water. Company headquarters are set along a honky-tonk strip of topless bars, gas stations and convenience stores, and the walls of Mr. Friedlander's stylish office are lined with garish posters of company ads. "The Pill

for Sex," says one. "Baldness Cure?" suggests another. "The Overnight Tanning Pill," announces a third.

"There's nothing wrong with being aggressive or flamboyant in ads as long as they're true," Mr. Friedlander explains. "Everyone pulls up a little bit."

Views differ on how Fort Lauderdale wound up this way. Some say the combination of balmy weather and gaudy wealth somehow creates an atmosphere that attracts slippery operators. Others cite the proximity of the Caribbean and offshore bank havens. The city's transient population is sometimes mentioned, along with the supposed cash pool of retirees who liquidated their holdings to come South.

Or maybe it's just momentum. "Once you get that kind of community started, it feeds itself," says Caroline Heck, an assistant U.S. attorney in Miami. "There's a collegial atmosphere about it." Frustrated law-enforcement people tell of breaking up one con game, only to find two or three new ones pop up.

Whatever the explanation, the area now has such a reputation that some boiler rooms here use mailing addresses elsewhere to avoid making customers suspicious. One local outfit claims to be based in Anchorage, Alaska.

It is a reputation that isn't really justified, in the view of Joseph Siclari, an official of the Fort Lauderdale/Broward County Chamber of Commerce. "A sophisticated business person knows you find schemes all over the place," he says. "Any high-growth area is going to have this kind of thing. People come in to try to make a quick killing."

Mayor Robert Dressler agrees. What occupies him just now is an influx of a different nature — Fort Lauderdale's annual invasion of the college students. "At this point," the mayor says, "our main problem is trying to deal with spring break."

Uniroyal Asks Holders To Pass 2 Measures To Block Takeovers

By a WALL STREET JOURNAL Staff Reporter
NEW YORK—Uniroyal Inc. is asking shareholders to approve two anti-takeover measures at its annual meeting April 16.

The chemical, plastic and rubber-product concern is proposing staggered terms for its 12 directors. Only three directors would stand for reelection annually, making it more difficult to gain control of the board.

Uniroyal also wants holders to approve a "fair-price" measure under which each holder would receive the same per-share price if the company were acquired. The measure also calls for any acquisition to be approved by 80% of the shares instead of the current two-thirds.

Batterymarch Financial Management, a Boston pension management concern, said it plans to vote against the proposal. Batterymarch's 62,000 Uniroyal shares represent less than 1% of Uniroyal's 33.9 million shares outstanding.

Supporters Warn Revenue Sharing Is in Jeopardy

By JHANN S. LURLIN

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Congressional supporters of revenue sharing warned local government officials that the program may not survive unless funds are better targeted to ensure they go to the nation's neediest communities.

President Reagan has proposed killing the \$1.6 billion-a-year program in fiscal 1986, a year before it was due to expire. Last month, the Senate Budget Committee voted to halve the amount of revenue sharing to be paid in each of the next two years.

The "no-strings" aid program, begun during the Nixon administration, provides funds to about 39,000 localities. The funds typically are used for public safety, public works and poverty programs.

Without major changes in the formula used to determine the amount of aid to localities, revenue sharing "is in deep trouble in this Congress," Rep. Barbara Boxer (D., Calif.) told elected officials from cities, towns and counties at a House Government Operations subcommittee hearing. All but one of six other Democratic and Republican subcommittee members shared her support for revenue sharing;

several agreed its funding formula should be tightened.

Currently, the least-affluent communities get the most revenue-sharing dollars. But there "could be a more equitable formula," said Rep. Sander Levin, a Michigan Democrat. However, he noted, previous efforts to alter the formula have failed.

Local officials expressed interest tentatively in better targeting aid to avoid a wave of service cuts and property tax increases they claim would result if the revenue-sharing program were to be killed. But some cautioned that a narrowed formula could crimp political support for the program.

"I don't want the baby thrown out with the bath water," said James McNulty, mayor of Scranton, Pa. Less-needy communities could be "a lobbying force on our side," he added.

Rep. Ted Weiss, a New York Democrat who heads the subcommittee, criticized the local officials for failing to get constituents to lobby lawmakers outside the subcommittee on revenue sharing's merits.

Nevertheless, the program does enjoy some Republican support. Pennsylvania Republican Sen. John Heinz has introduced a bill to extend it through fiscal 1991, and two GOP House members are backing measures to extend it through fiscal 1989.

America West Traffic Rises

PHOENIX—America West Airlines said March traffic more than doubled to 181.6 million revenue passenger miles from the year-earlier 80.5 million miles.

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OF THE COUNTRY'S
OUTSTANDING RESORTS
FOR YOUR NEXT
MEETING

NR

March 29, 1985

Ms. Phyllis Meadows
U.S. Securities and Exchange
Commission
Suite 500 East
5757 Wilshire Blvd.
Los Angeles, California 90036-3648

Dear Ms. Meadows:

RE: Edward S. Jacobs et al.

Reference is made to our telephone conversation of March 26, 1985.

Enclosed you will find copies of the following items:

Memorandum 3/14/85, Alaska Energy Trust; Alaska letter to New Mexico 2/28/85, Petro-Tech; Schultz letter to William Lloyd 12/4/84 with 7/21/84 attachment; letter of Paul Benioff 10/21/84 with Alaska reply 11/7/84; Alaska letter to SEC, Los Angeles, 9/25/84; Alaska Temporary C&D, Energy Research Group Corp. et al. (85-7) 9/19/84; Wisconsin letter to N. W. Helmer, 9/6/84; Edward S. Jacobs mailgram to Alaska 8/7/84; Alaska Temporary C&D (85-2), Petro-Tech et al. 9/27/84; Petro-Tech references with disclaimer by R. Thomas Wire; Alaska Temporary C&D (84-14), Charles R. Able, Alaska Energy Trust et al. 3/14/84; Alaska memorandum 3/14/84, Alaska Energy Trust et al.; contact with Charles H. Young, Soldotna, Alaska, 3/9/84 with copy of envelope used by Petro-Tech to solicit Young (Young is the Alaska resident who was solicited in both the Alaska Energy Trust and the Petro-Tech orders); David P. Williams, Basic Geological Review, 6/21/84; Alaska letter to Ohio Securities Division Re: Petro-Tech, 7/26/84; Alaska memorandum Re: Alaska Energy Trust, 3/7/84; Alaska memorandum Re: Alaska Energy Trust, 2/22/84; Geological Report of Robert S. Kuhn received 7/23/84 (cover page only); Ohio permit, 6/18/79, for Williston Oil and Development Corporation; Petro-Tech letter "Dear Participant" received 7/23/84; Petro-Tech lease information-Kansas, page 1 only; Petro-Tech lease information-Ohio, pages 1 and 2; in-house list of some oil and gas companies which have come to the attention of the Alaska Division of Banking and Securities.

INV.
PE-Tech
E.W. —

Ms. Phyllis Meadows

-2-

March 29, 1985

If you have any questions or if we can furnish additional materials from our files, including solicitation materials of some of these companies, please do not hesitate to contact us.

Sincerely,

Edward C. Watkins
Securities Examiner

ECW/me2246M
032985A
Enclosures

Body Dumped On Beach Is Identified

A man whose bullet-riddled body was found on Montara State Beach in San Mateo County has been identified as Ronaldson L. Ewing, 27, a self-described Sausalito commodities speculator.

Ewing, who police said was chairman of a company he called Alaska Oil and Gas Company, which he ran out of his Sausalito waterfront home, was identified by his mother, Nora Ewing of San Francisco, according to the San Mateo County coroner's office.

Investigators said Ewing's company promotional brochure offered Alaskan oil and gas leases to speculators and also listed an office in Anchorage.

San Mateo County Sheriff's Lieutenant Richard McKillip said the victim had been shot four times, in the back and arms, with a .33-caliber revolver. He said investigators had no motive in the killing, but spent yesterday talking to business associates in Sausalito and San Francisco, where police said he had connections with another oil company.

Detectives said Ewing, who attended Balboa High School in San Francisco during the 1970s, apparently also speculated in gold and silver. Christopher Robenstrunk, a Mill Valley bullion trader, said in a telephone interview that he had negotiated several transactions with Ewing in recent months, but for business reasons declined to elaborate.

Ewing was last seen about 2 a.m. Tuesday in Sausalito by a business associate, investigators said. Several hours later, the body was found by a passerby on the Montara Beach, north of Half Moon Bay.

The victim had apparently been shot at the top of a nearby cliff, dragged to the shoreline, stripped of his clothing and pushed into the waves. The body washed ashore a short time later and was found 300 yards from the victim's bloody clothes.

S.F. CHRONICLE PAGE 2

COMPANY

COMMENTS

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

Temp. C & D. WA, 2/16/84.

Alaska Capital Corporation
22761 Pacific Coast Highway
Malibu, California 90265

*GRONZI, RICK
LONGMIRE, VICTORIA - SECRETARY
O'HAVER, RONALD - CEO
THOMAS, DDN*

C & D ME, 8/29/83. Same ~~street~~ address as Alcor Corporation and Federal Land Information Corporation. AK Temp. C & D, 3/14/84. Postal Service search warrant executed 3/84. D&R, CA Department of Real Estate, 5/10/84. ID default judgment, 4/3/85. MI revocation, ~~8/28/85~~ and CTD 10/24/85.

Alaska Consumer Protection Bureau

See Trans-Petro.

Alaska Energy Group Ltd., Inc.
11600 N.E. 2nd Avenue
Miami, Florida 33181
Sargo, David - Reg. Agent

Florida C & D, 3/6/84.

Alaska Energy Trust
11754 Wilshire Blvd., Suite 200
Los Angeles, California 90025

2/15/84 offer to OH resident. 3/2/84 offer to California resident. 2/85 offer to SC resident. AK Temp. C & D, 3/14/84. Same address as Stanford Group. See Energy Research Group.

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

Incorporated in AK, 12/30/82. Involuntarily dissolved, 4/5/84, for failure to maintain registered agent. Inquiries by NJ and WI.

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., C & D IA, 12/19/83. C & D MN, 9/3/83. C & D MO, 3/14/83. Two C & D Orders TX, 2/17/84. SC C & D, 4/18/84. On 11/25/83, Terry J. Risenhoover and Vic Gainer, who are associated with ALLI, became the initial directors of a new AK corporation, Alaskan Crude Corporation along with N.K. Goff. See TXA Investments, Inc. FTC has Preliminary Injunction. D&R CA Dept. of Real Estate, 7/30/84. ID Consent Judgment, 5/10/84.

COMPANY

COMMENTS

Alaska Land Leasing, Inc. (Continued)

5655 Lindero Canyon Road
Suite 408
Westlake Village, CA 91362
818/889-9061

Presently in receivership. Receiver's report to court indicates continuing criminal investigation.

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

Post card solicitation of Alaska resident, 3/84.

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

Donald G. Banning, President

Alaska Oil Development Corporation

See Federal Property Record, Inc.

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

AK C & D, 3/15/84. See National Land Services, Corporation. On 4/1/85, a FGJ at Miami, FL indicted 14 people associated with Alaska Oil Leases (Anchorage Daily News, 4/2/85, pg. C9; Postal Inspection Service Law Enforcement Report, Spring 1985, pgs. 9, 10), *INCLUDE LYNNE SIMON and LYNNE ALEXANDER NAMED IN AK C&D. TRIAL SCHEDULED 12/16/85.*

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

The Alaska Oil Lottery
Milton, Connecticut

Maryland resident solicited, 3/84.

Alaska Petroleum Leasing Corp.
5781 W. Sunrise Blvd.
Plantation, Florida 33313
Bienstock, Robert - Vice President
Kane, Cheryl, Director
Nabridge, Jerold - Secretary

C & D IA, 12/19/83. AL Inquiry, 4/12/84, Securities Commission. MI Final C & D, 5/1/85, GA C & D, 5/29/85.

Alaska Petroleum Leasing Corporation
7501 N.W. Fourth Street, Suite 208
Plantation, Florida 33317
1/305/583-4002
~~Bienstock, Robert~~
~~Nabridge, Jerold~~
~~Meyer, Hank~~
~~Reed, Alan~~

WI inquiry, 5/16/85. \$30,000 WI investor. Alabama C & D, 3/20/84. *BIENSTOCK, ROBERT; NABRIDGE, JEROLD; MEYER, HANK; REED, ALAN.*

COMPANY

COMMENTS

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

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

Alaskan Crude Corporation

See Alaska Land Leasing, Inc., also Scott and Wangenheim

Alaskan Oil & Gas
San Francisco, California

Inquiry 2/84 Minnesota Securities Division.

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

Inquiry Minnesota Securities Division, 1/30/84.

Alaskan Oil and Gas Company
Penthouse #2
1207 Bridgeway
Sausalito, California 94965

ARCO requested this company to ensure that references to Atlantic Richfield or its subsidiaries were not made in connection with solicitations. Chairman Ronaldson Ewing found murdered on a San Mateo County Beach, CA (San Francisco Chronicle, 5/10/84, pg. 2). MO C & D, 4/13/84.

Alaskan Oil & Gas Incorporated
65 Cazneau
Sausalito, California 94965

Missouri C & D, 4/13/84

Alaskan Petroleum Corporation
5574 Everglade Street
Ventura, California 93003
*aka Alaskan Petroleum Corporation of Nevada, Artic Petroleum Corporation of California
by com 133

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. NE C & D, 5/18/85. See First National Service & Energy Corporation. ID complaint, 2/21/84. *SEE PACIFIC INVESTMENT CORPORATION. AZ C+D 10-10-85!*

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

Associated with National Land Service Company, same address. Arrests by New York Bureau of Securities, 4/24/84. See National Land Services Corporation. Sidney Emrich, Joseph Wander, Janet Koch, Albert Barbuzza, James Hughes indicted by N.Y. Grand Jury 9/84-WSJ, 9-11-84, pg. 17.

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

Formed as a CA corporation, 12/29/82 and qualified to do business in AK, 7/11/83. Corporate purpose "gas/oil/mineral leases." Officers/Directors - Federick Von Musser, Aldo Vidali, Ron O'Haver, Charles Able, Roger Rushworth, Roger Chaffin, Edward Cargile, Viktoria Longmire, Jairo Cuellar.

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

COMPANY

COMMENTS

American Oil & Gas Corporation
American-Standard Oil & Gas
Corporation
Laguna Hills, CA

KS inquiry, 9/5/85 (Steve Hulsupple,
913/296-3307).

American Oil and Gas Leasing Corp.
Wells Fargo Bank Building
16055 Ventura Blvd., Suite 924
Encino, California 91436
Atkinson, Mickey - PRESIDENT
Kalan, Alex
Rice, Eddie T. - CHIEF FIN. OFFICER

Washington resident solicited by this firm.
MI order to revoke exemptions, 9/4/85. AL
injunction, 8/14/85. *NO C+D 10-21-85.*
ME CRD INQUIRY 12/5/85.

Anchorage Research Management Co.

See Alaska Land Leasing, Inc.

Anthony Franklin Company
17802 Sky Park Circle, Suite 110
Irvine, CA. 92714
800/228-4970
Leo, Tony

Some past or present relationship with
Hedge-Spec., investment corporation
(6/85).

Apache Group, Inc.
8530 Wilshire Blvd., Suite 200
Beverly Hills, California 90211
Phillips, Austin - Broker

AK Temp. C & D, 9/12/84, permanent, 10/30/84.
Offered Boone County, WV coal investment
program. Associated with Continental Coal
Corporation and Gold Star Mining Corporation.

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

C & D Iowa, 12/19/83. Allegedly a
sister company of Omni International.
Ohio Securities Section inquired.

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

Inquiry by Minnesota Securities Division,
1/30/84. Ohio C & D, 3/27/85 (Located
Coral Springs, Florida).

Arctic Petroleum Corporation of
California

See Alaskan Petroleum Corporation.

Argentex Investments, Inc.
18200 Von Korman Ave., Ste. 600
Irvine, California 92715
Bourgis, John
Jawhari, Natar
Kregos, Ted

AK investor, 5/85, sold platinum futures
contract and received NSF check, \$8,722.38.
Check made good, 6/10/85. Argentex attorney
advised, 7/9/85, it is no longer in business.

Arizona Petroleum Research Corporation
aka Petroleum Research Corporation

AZ Corp. Commission looking for AZ investors,
6/23/85. See Petroleum Research Corporation.

*American Petroleum Research Corporation
California - original company
Vanessa, etc.*

*Firm with "650-500" no longer in
business. All of its assets are
now under the control of the
Federal.*

COMPANYCOMMENTS

Asset Recovery, Inc.

Involves Charles Weller, formerly with ALLI. Purportedly will recover oil/gas filing fees for 40% of amount due (10/85). See ALLI, Domestic Land Resources, Inc. X

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

The firm retained the services of an Anchorage, AK 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. MT C & D, 6/14/83. Dundee Associated with Altanex Associates, 20225 N.E. 15 Court, N. Miami Beach, FL 33179 and received TX C & D, 7/8/85.

Banque DuPont
23441 South Pointe Drive, Ste. 190
Laguna Hills, California 92653
714/830-4932
Feinberg, Richard-Acct. Exec.
Gardner, H. L.-Exec. V.P.
Gish, Charles-Exec. V.P.
Kirby, Jonathon-Salesman
Michael, Robert C.-Geologist

Inquiry from CA, 3/11/85. Offering for \$2,000 an undivided interest in 560 acre federal lease held by Banque DuPont using name IRA 1984 Partnership. Associated with Energy Research Associates, Inc., Currency Brokers (USA), Inc., Newport Beach, CA, Inter-Holdings, NY. WI Order of Prohibition, 6/19/85.

Barrington Aims Whitney, Ltd.
Arlington Heights, Illinois

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

Bass Oil Co.
2213 Van Owen Street
Canoga Park, California 91307
818/716-5211
Bass, Donald-President
Daehon, Adam
Green, Alfred
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. Purportedly entered into drilling program with ARCO in MT, 5/24/85. Inquiries by Los Angeles News and Los Angeles Times 5/29/85, 5/30/85-reported mail fraud and fraud by wire investigations. Phone disconnected. Had KY drilling program.

Brady, Donald
Los Angeles, California
New York, New York
212/714-1450

5/20/85, offered to put OR ALLI investor in contact with companies who could buy his leases. See Western Resources, Wichita, KS and Mobile Research, Houston, TX.

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

COMPANYCOMMENTS

Bryant Parker, Inc.
Los Angeles, CA
Knight, David C.

See Parker Bryant, Inc.

Burton, Edwards & Co., Inc.

See Force Petroleum, Inc.

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, NV 89106. In November 1982, the Alaska Division of Securities declined to register this program.

Caltex Oil Company, Inc.
2401 East 17th Street
Santa Anna, California 92701
Christian, John Sr.-Director of Mktng.
Montgomery, Eugene-President

NE C & D, 3/4/85. Offering unregistered oil recovery device.

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

CA Corporation formed, 12/20/82, qualified to do business in AK, 8/16/83. C & D AK, 2/3/84. See Delta Oil Co. and Worldwide Exploration, Inc. MI C & D, 6/22/84, Final, 9/7/84. SEC permanent injunction enjoining Chapin Financial Group (CFG) of San Rafael, CA and others (Lit. Rel. 10785 and 10786, 6/13/85; 33 SEC Docket 504). Not known if CFG affiliated with Chapin and Associates, Inc. ID complaint, 11/21/84.

Citizens Oil & Gas
4630 Campus Drive., Suite 111
Newport Beach, California 92660
Broderick, Michael
Jenkins, Lance, Accounting Rep.
Murray, Al
King, Wayne
Parsons, John Carl
Solomon, Janara

Inquiry MA Securities Division, 5/25/84. ND C & D Blue Sky L. Rep. 172,192 (3/8/85). Minn. C & D, 9/19/84. KS C & D, 6/7/85. See Quaker Petroleum Industries. Graham W. Kline, Geologist (formerly with Alcor). WI order of prohibition, 4/12/85. Parsons arrested, 9/27/85, on KS warrant. - LA (CA) Times, 9/27/85. ME C & D, 10/85. See Federal Energy Corporation.

Commonwealth Management Corporation
Texas

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

COMPANYCOMMENTS

*where's other
your other
quotation?
mark?*

Dallas Group (The)
(0012 S) 10201 Plano Road, Suite 105
Dallas, TX 75238
214/349-9808
Oran, Schrank R.
Scott, Robert C.

AK man invested \$12,000 for three KY wells (9/85). Purports to have "Oregon Sales Office, 503/826-1029." AK Temp. C & D, 10/15/85.

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

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

Delta Pacific Recovery, Inc.
Sacramento, CA

See Heritage Market Research, Inc.

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

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

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

Deseret Investment Mining, Inc.
1240 State College Blvd., Ste. 260
Anaheim, California 92806
800/334-0854, ext. 870
714/491-5004
Nichols, Hugh - agent

VA resident who did not buy solicited to buy Alaska oil lease. Claimed office at 323 6th Avenue, Fairbanks, AK 99701 which is "Bonanza Mail Services." 7/85, firm advised CA Dept. of Corporations it is out of business.

Domestic Land Resources, Inc.

CA corporation formed 7/15/83 by Charles Weller, formerly of ALLI. See Asset Recovery, Inc.

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

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

Dynasty Management Company, Inc.
Las Vegas, Nevada

AK resident solicited by this firm, 11/83 and was told that Dynasty Management, Inc. was a TX corporation. MT C & D, 8/31/83; MO C & D, 10/20/83. ID complaint, 2/21/84.

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

COMPANY

COMMENTS

Eagle Oil & Gas Company (Continued)

Corporation. See U.S. Oil and Gas Corporation. Eighteen people sentenced for mail fraud and conspiracy USDC-Florida on 4/9/85. Public loss of more than \$56,000,000. Postal Inspection Service Law Enforcement Report, Spring 1985, pg. 10.

East-West Oil & Gas Corporation
315 Fifth Avenue
New York, New York 10016
212/889-2400
800/847-4132
Goldberg, Paul-Chairman
James, Richard
Paez, Julie-Acct. Ex.
Palmer, Dean

Barrow, Alaska resident lost \$3,250. Money was to be used to bid on oil and gas parcels (1983). Phone solicitation. ID complaint, 2/21/84. Gershuny, David; Shore, Steven M.; Clark, James R.; Barbarind, LanLe; Shapiro, Robert L.; Campbell, Frank. X

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

Has offered BLM lottery program.

Empire Petroleum Systems, Inc.

See Petroleum International Drilling, Inc. NY corporation. ID complaint, 2/21/84.

Energy International Drilling
256 S. Robertson Blvd., Suite 7647
Beverly Hills, CA 90211

See Petroleum International Drilling, Inc.

Energy Research Associates, Inc.
23441 South Pointe Dr., Ste. 190
Laguna Hills, California 92753
(Same address as Banque DuPont)
840 Newport Center Drive, #675
Newport Beach, California 92660
(prior to Laguna Hills address)
469 N. Crescent Drive, Ste. 10442
Beverly Hills, California 90213
(as of 2/28/85)

See Banque DuPont

Gish, Charles - Exec. V.P.
Gardner, H.C.
Michael, Robert C. - Geologist

Energy Research Group Corp.
16573 Ventura Blvd., Suite 201
Encino, California 91436
Coronado, CA?

See Petro-Tech. KS C & D, 11/1/84, Blue Sky L. Rep. (CCH) ¶172,136. Finalized, 2/23/85, vacated and replaced with consent order, ¶172,186. Scott James former ALLI salesman president soliciting former ALLI purchasers. See Trans-Petro. Associated with Alaska Energy Trust and Stratford

COMPANYCOMMENTS

Energy Research Group Corp. (Continued)

Group. One known AK investor \$17,000. KS order involves Terry Shutt, Northeast Exploration, Barrara Bartlett, Rimrock Production Corp., Robert L. Murdock, William H. Harrington.

Federal Energy Corporation
North Miami, FL

OH woman one year ago purchased AK federal oil & gas lease from Citizens Oil & Gas. Solicited 10/85 by FEC who for a 3% "retaining fee" will attempt to sell lease to large oil company. 3% based on offering price of \$100 an acre.

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.)

Alaska Temp. C & D, 3/14/84.

Federal Land Management Corporation
Newbury Park, California

Search warrants were executed by postal inspectors, 11/83. Solicitations to AK resident, 11/83.

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

MN C & D, 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
Kane, David
Kane, Linda

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

See Alaska Land Leasing, Inc. above. T.J. Risenhoover of ALLI was president of Federal Lease Filing Corporation. PA resident who invested \$6,000 for 80 acres solicited, 3/21/85, by Wyoming Exploration, Inc. to "unitize" into larger units for \$850 an acre. D & R, CA Dept. of Real Estate, 4/2/84.

Federal Lease Filing Corporation
Lake Tahoe, Nevada

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

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

MO Order of Suspension, 3/23/84. Lottery program. Blue Sky L. Rep. (CCH) 1171,953.

COMPANYCOMMENTS

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

Seventy year old TX resident invested \$25,000, 12/83. Firm also known as The Petroleum Corporation. Principal Lawrence Gollin. FL corporation, ID complaint, 2/21/84. Spencer, Thorsensen.

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

12/20/83, AK C & D, 3 Blue Sky L. Rep. (CCH) 1171,901. Associated with Barrington Aims Whitney, Ltd., and Trans-Alaska Energy Corporation. FTC TRO, 3/84. TRO by IL, 5/15/84. Swain named in SEC v. Alvin Petroleum, Inc., et al., USDC - ND, IL, 7/1/85, 33 SEC Docket 1142; Permanent Injunction, 8/26/85, 33 SEC Docket 1614.

First National Service⁺ Energy Corporation
5574 Everglades Street
Ventura, CA 93603
~~Gittleman, Arlene~~
~~Wilson, Blake~~

NE C & D, 8/28/85. See Alaskan Petroleum Corporation. *GITTLEMAN, ARLENE; WILSON, BLAKE. SEE PACIFIC INVESTMENT CORPORATION AZ CTD 11-13-85.*

Force Petroleum, Inc.
Richardson, Texas
Burton, Edwards & Co., Inc.
Sherman Oaks, California
~~Niesslein, Ray~~
~~Steinberg, Daniel H.~~

WI Order of Prohibition, 1/3/85. Offer or sale of unregistered working interests in oil and gas leases. *NIESSELEIN, RAY; STEINBERG, DANIEL H.*

Frontier Exploration Corporation

C & D by Iowa, 12/19/83. FL corporation, ID complaint, 2/21/84.

General Minerals Corporation
Woodland Hills, California

See Petro-Tech.

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

Mail solicitation to AK resident, 6/84. Offer of Ohio oil wells. AK Temporary C & D, 9/11/84. Same address as Golden Bear Resources, Inc. Gerald Benson Associated with.

Golden Bear Resources, Inc.
32129 W. Lindero Canyon Rd., Ste. 107
Westlake Village, California 91361
Benson, Gerald - Gen. Mgr.
Molinari, Richard - President
Treat, Robert - V.P.

NM C & D, 3/19/85, for sales of OH interests. Same address as General Resources. Benson formerly ALLI. MT C & D 11/29/84.

COMPANY

COMMENTS

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

C & D AK, 10/13/83. No known AK sales. D&R, 5/14/84, CA Dept. of Real Estate. FL corporation, ID complaint, 2/21/84. Snyderman, Leonard.

Hedge Spec., Investment Corporation
5000 Birch Street, Suite 3000
Newport Beach, California 92660
Welch, Peter S., Jr.

Agents have been in ND. Seem to be selling \$1.00 an acre federal leases for \$10.00. ND hearing scheduled, 5/13/85. ND resident solicited, 6/85. Some relationship past or present with Anthony Franklin Company.

Heritage Market Research, Inc.
Airport Business Park
17802 Sky Park, Suite 107
Irvine, CA 92774

Cobalt investment program. MT C & D, 1/24/84. AK Temp. C & D, 5/3/84, permanent, 6/1/84. Heritage used as reference Delta Pacific Recovery, Inc., Sacramento, CA. Delta received C & D from MT, 12/12/83, and Temp. C & D from IL, 9/28/83. *MT C&D 1/10/85 TO CAYCO INTERNATIONAL LARRY COLE, DON GOULD + ORAKE DAYTON - DEFERRED DELIVERY OF STRATEGIC METALS.* *COLE, LARRY*

315 South Lincoln St.
Santa Maria, CA 93454
Cole, Larry
Gould, Don - President
Mason, Richard
Smith, Willie C.

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

3/84, Tucson, AZ 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.

Kimberly Land and Minerals Corporation
61 Merrick Way
Coral Gables, Florida 33134
Hogan, William F. - Reg. Agent

Florida C & D, 3/6/84

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, NV (per NV Sec. of State, 9/4/84). Parker-Bryant dealt in KS oil leases. No known AK offers. VA inquiry, 5/85. See Parker-Bryant, Inc.

COMPANYCOMMENTS

Leland Capitol Corporation
Dallas, Texas 75201

Offers and sales made to AK residents prior to FTC complaint being filed. C & D MN, 12/1/83. ID complaint, 2/21/84.

Magnum Exploration
Levy, Arthur S.

This firm solicited a Homer, AK resident in August 1983. No known sales in AK. FL C & D, 12/25/83. ID complaint, 2/21/84. FL corporation.

Masters Management Company

See Alaska Land Leasing, Inc.

Masters Securities

See Alaska Land Leasing, Inc.

Micallef Energy & Development
Corporation
aka M.E.D.C.O.
6535 Vista del Mar, Suite E
Playa del Rey, California 90293
213/822-0590
Micallef, Gregory E. - President
Treasurer, Secretary
Paris, Jim
Skinner, Michael E. - V.P.
Vilardi, John

Dealing in AK federal oil and gas leases. MT C & D, 1/10/85 (CO drilling program). As of 4/12/85, there were no State of AK oil leases in the name of Micallef Energy & Development Corporation.

Donkle, Daniel - former ALLI salesman
Hagstrom, Adolph
Krause,
Lukens, Bob
Porteous, Douglas
Some individuals named above and left personally hold State of AK oil leases. CA corporation formed, 6/8/85, qualified to do business in AK, 7/26/85.

Mobile Research
Houston, Texas

5/85, OR ALLI investor offered \$50,000 for his ALLI leases. Might be associated with Western Resources, Inc., Wichita, KS.

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. AK C & D, 3/14/84. Same address Eagle Oil & Gas Company. Arrests by NY Bureau of Securities, 4/24/84. See Alaska Trans Trading Company and Federal Land Report, Inc.

110 E. 23rd Street
New York, New York

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

California resident solicited, 4/84.

<u>COMPANY</u>	<u>COMMENTS</u>
Newport Investment Counselors 4500 Campus Drive Newport Beach, California 714/756-0414	5/85, reported as in the oil and gas lease business.
Newport Investments 1501 West Cliff Drive Newport Beach, California	5/85, reported as in the oil and gas lease business.
North American Lease Acquisition Corporation 1011 Ives Datney Road, Suite 210 North Miami Beach, Florida 33179 Corujo, Marilyn - Reg. Agent	C & D's Maine, 12/15/83, Florida, 3/6/84.
North American Lease Acquisition, Inc. West Bloomfield, Michigan Cogley, Francis Divozzo, Thomas Grace, Gerald Hachigian, Edward	Indictment, 6/4/85, of four individuals at left by FGJ Detroit, MI. Indictment involved AK oil and gas leases (Detroit Free Press, 6/5/85).
North American Mineral Exchange Los Angeles, California 818/883-5656	Tucson, Arizona resident solicited, 2/6/84.
North American Resource Corp. (NARC)	11/21/83 C & D IA to NARC and Transworld Resources Corp. Complaint filed against the same firms, 10/31/83, by ID in ADA County file 83-436. FBI executed simultaneous search warrants at "offices" of North American Resource Corp. in Anchorage, AK (phone drop) and FL. Appears related to Westchase Petroleum Exploration, Inc.
Northwest Asset Corporation P.O. Box 17265 Denver, Colorado 99701 Kane, David - President	Inquiry by TX Securities Commission, 3/6/84. Associated with USA Resources, Inc. and TXA Investments, Inc. See Artic Oil & Gas Corporation.
Omni International Cowden, Gary Pincus, Neil Seligman, Harold	See Artic Oil & Gas Corporation. FL corporation, ID complaint, 2/21/84.

COMPANY

COMMENTS

PRC Lease Acquisition Corporation
1900 E. Flamingo, Suite 262
Las Vegas, NV 89119
Snyder, Lyn

AL Temp. C & D, 10/11/85. See Petroleum Research Corporation.

Pacific Basin Exploration
Incorporated
P.O. Box 11689
Marina del Rey, CA 90295
4676 Admiralty Way, Suite 832
Marina del Rey, CA 90292
213/822-2524 & 800/272-3363

On 11/1/83, mailed and made telephone offer to AK resident for oil and gas lease located in the Utah "overthrust fault." AK C & D (Temp.), 12/2/83.
Alpha, Andrew
Sprafke, Tom - Agent

Pacific Northwest, Inc.
Gold, Kenneth Alan

FL C & D, 3/6/84. See National Land Service Corporation above. Indictment by AZ of Pacific & Kenneth Alan Gold, 6/6/84. See National Land Services Corp. FGJ Miami, 6/4/85, indicted nine associated individuals (Anchorage Daily News, 6/5/85, pg. C-10). Five of the indicted charged again, Trans World Resources Corporation, 9/85.

Parker-Bryant
Lake Tahoe, Nevada

See Knight-Anderson

Parker-Bryant, Inc.
Knight, David C. - President
Koscaz, Gary - Salesman
Schubert, Andrew, M. - Salesman

8/5/85
6/4/85, AZ issued proposal for C & D for offering LPs in TX and KS oil and gas wells. David Knight previously associated with ALLI, United Arctic Oil. NM C & D 7/24/85 to Bryant Parker, Inc. and Knight.

^N
Penington, Scott
_A

VA Inquiry, 8/2/85 (Joe Turner).

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

Inquiry, 1/12/84, from Mr. and Mrs. Steve Larson, Box 2208B, Harlan Star Route, Blodgett, OR 97326.

Petro Corp.
Tulsa, OK
Aurora, CO

ME reported, 9/4/85, firm making "gifts" of its own shares. Abe and Sue Anderson.

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

Missouri C & D, 4/6/84.

Petrogroup, Incorporated
Santa Monica, California 90401
Dunn, Austin A., Jr. - V.P.

Final C & D Michigan, 10/9/84.

*PACIFIC INVESTMENT CORPORATION
2804 LAFAYETTE
NEWPORT BEACH, CA. 92665*

*ROY CURTIS, PRODUCER. 12/85 CONV. IS
REPORTED TO "MAGNATES" DENALI CLUB
(AK) LAWS FOR INVESTORS. COMPANY,
ALASKAN PETROLEUM CORPORATION AND
-14- FIRST NATIONAL SECURE ENERGY
CORPORATION HAVE AZ C&D 10/85.*

Alaska
ECW/wfs0539W103185L

COMPANYCOMMENTS

Petrolaska Corporation
 8383 Wilshire Blvd., Ste. 224
 Beverly Hills, California
 P.O. Box 2794
 Anchorage, AK 99510

Formed as AK corporation, 8/11/83. Purpose "oil and gas extraction." Incorporator Stanley M. Clark, address shown at left. Registered agent William O. Vallee, 4430 W. 7th Avenue, Suite 1, Anchorage, AK 99510. Not known if 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.

Petroleum International Drilling, Inc.
 9300 Wilshire Blvd., Suite 470
 Beverly Hills, California 90212
 Gillogly, Sherman - President
 Mickens, Charles - Salesman

NM C & D, 5/28/85, for unregistered oil and gas programs in Henderson-County, KY. A DE Corp. Associated with Empire Petroleum Systems, Inc., and Daniel J. McCarthy of Tulsa, OK. ME reports, 9/26/85. Now doing business as Energy International Drilling, Inc., 256 S. Robertson Blvd., Suite 7647, Beverly Hills, CA 90211. Selling LP interests in KY well. ME C & D, 10/85.

Petroleum Leasing Corporation of
 America
 9400 South Dadeland Blvd., #412
 North Miami, Florida 33181
 Gillaspie, Richard
 Matzner, Gary C. - Reg. Agent

FL C & D, 3/6/84. FL corporation. ID complaint, 2/21/84.

Petroleum Research Corporation (00075)
 1900 E. Flamingo Road, Suite 262
 Las Vegas, Nevada 89109
 5 Triad Center, Suite 675
 Salt Lake City, UT 84180
 Chase, Jim - Agent
 Drake, Dennis - Agent
 Hourny, Jake - Agent
 Marshall, Donald A. - President
 Poulin, Chris - Agent
 Simpson, Michael J.
 Stout, Wayne - Agent

NE C & D, 6/13/85, Blue Sky L. Rep. (CCH) ¶72,248. See AZ Petroleum Research Corporation. MT C & D, 5/13/85 (located Salt Lake City, Utah). MI order to summarily revoke exemptions, 6/12/85. AL C & D, 1/25/85; NM C & D, 2/6/85; NM Temp. C & D, 9/7/84; AK Temp. C & D, 9/13/85. Purportedly 100% owner of Petroleum Research Securities Corporation, an NASD registered B/D. Purportedly owner of PRC Drilling Corporation, a NV corporation with pending registration for \$10,000,000 of LP interests. Has same logo as Petroleum Research Bureau, 1261 Record Crossing, P.O. Box 35346, Dallas, TX. 75235. 9/23/85. NE requested information concerning PRC Leasing Association Corporation, same Las Vegas address. MD C to 11/12/85; NC DENIAL OF REGISTRATION FOR PRC DRILLING PARTNERSHIP 1985 LTD., 1/9/86.

COMPANYCOMMENTS

Petroleum Research Corporation (00075)
(Continued)

address as Petroleum Research Corporation. Uses DHL to pick up investors money. ID complaint, 2/21/84, ADA county file 84710. NV corporation, see PRC lease acquisition corporation. See Rocky Mountain Petroleum.

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

Offers oil and gas "joint ventures" on properties located in KS and OH. AK Temp. C & D, 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. KS C & D to Energy Research Group, et al., (11/1/85), Blue Sky L. Rep (CCH) ¶72,135.

Quaker Petroleum Industries

KS Sec. Division, 7/31/85, Quaker apparently operated by John Carl Parsons (Citizens Oil & Gas) and is offering to buy oil and gas leases from previous purchasers. Address of Quaker is unknown, operating by phone.

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

Materials mailed to WI Securities Commissioner, 7/10/84. Lottery Filing Service. Same address as United Petrosearch, Ltd. ID complaint, 2/21/84. WI Corp. Engle, Fred

Rimrock Production Corp.

See Energy Research Group Corp.

Rocky Mountain Petroleum
Scott, Steve

ID (10/85) has heard that Donald Marshall of Petroleum Research Corporation funded Scott to establish Rocky Mountain Petroleum.

Royalty Star Petroleum
Tustin, CA
Tulsa, OK

10/21/85 offering unestablished oil & gas programs in KS.

Sate Energy Corporation
New York City, N. Y.

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

Scott and Wangenheim
32107 W. Lindero Canyon Road, Ste. 221
Westlake Village, California 91316
818/991-6133

Michael Scott and Herbert Wangenheim former ALLI salesmen. 9/84, had plans to "unitize" leases held by ALLI investors. CA. D & R, 2/17/85.

COMPANYCOMMENTS

Scott Petroleum
642 Venice Blvd.
Venice, California
213/821-5231

Might be associated with Western Resources, Inc., Wichita, KS.

Shaviovik River General Partnership

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

Smith Webber Exploration, Inc.
6520 Lake Blue Drive
Miami Lakes, Florida 33014
Horne, Joseph - Reg. Agent

FL C & D, 3/6/84.

Southeast Oil & Gas, Inc.
2455 East Sunrise Blvd., #513
Ft. Lauderdale, Florida 33304
Weston, Albert - Reg. Agent

FL C & D, 3/6/84.

Spearman Company, The
Los Angeles, California

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

Stanford Group
11754 Wilshire Blvd., Suite 200
Los Angeles, California 90025
213/477-0571

Same address as Alaska Energy Trust. Mailed offer to AK. See Energy Research Group.

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

FL C & D, 10/25/83; MI C & D, 10/24/83. Same address as Eagle Oil & Gas Company.

TXA Investments, Inc.; TXA Energy Corp.
P.O. Box 4034
28990 Pacific Coast Highway
Malibu, California 90265
Burglin, Cliff - Director
Caulfield, Thomas - Acct. Exec.
Hochman, Bruce - President
Haas, Gordon - Vice President
Kane, David
Kane, Linda

Offers "Partnerships," Cliff Burglin, Fairbanks, AK, "Managing General Partner." MT C & D for TX oil program, 3/20/84. Associated with Alaska Land Leasing, Inc. people. Bankruptcy filed ND - TX, 9/4/84. In Re: TXA Energy Corporation (same address on Pacific Coast Highway), Case No. 384-31345-F-11. MI final C & D, 5/1/85. CA D & R, 3/26/85.

Texas Rose Petroleum
North Dallas, TX
Cain, Jerry L. - VICE PRESIDENT
Phillips, "Randy"
MATTHEWS, PHILLIP R. - PRESIDENT

Inquiry SEC Ft. Worth, 10/10/85. Cain and Phillips reported to have previously been with ALLI and have returned to CA after raising \$3,000,000 - \$4,000,000 through Texas Rose Petroleum. KS C&D inquiry, 10/16/85. MD C & D, 8/20/85. NM C & D, 7/2/85.

NM C&D INQUIRY 11/11/85. MN C&D 7/2/85

COMPANY

COMMENTS

Trans Alaska Development Corp.
Palisades Park, NJ
Simoncic, John
Weiss, Monte

Alabama C & D, 3/2/85

Trans Alaskan Energy Corporation
Miami Beach, Florida
Van Nyes, California
Chicago, Illinois
NISSEN, MICHAEL P.

12/19/83, inquiry by ID resident who had been solicited. David Swain identified as chairman. See Federal Property Record Company, Inc. and Barrington Aims Whitney, Ltd. FTC TRO 3/84. OH C & D, 8/85. ID complaint, 2/21/84.
Nissen, Michael P.

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 Investment, Inc.
North Miami, Florida
-Tashman, Stephen
Dundee, Michael-

Alabama C & D, 3/2/85.

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

Sale in 5/84 of Partnership interest in an OH well to a CA 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 Canada

See Western Resources

Trans-Petro
16573 Ventura Blvd., Suite 201
Encino, California 91436
818/906-1445

Apparently has mailing list of ALLI people from which solicitations are being made. See Energy Research Group Corp.

Trans World Petroleum
, California

4/12/84, NM seeking information OH wells. Solicitation brochures do not have identifying data.

COMPANY

COMMENTS

Trans World Resources Corporation
Hollywood, Florida 33024

Final order to deny or ~~revoke~~ exemptions and C & D MI, 2/27/84. ~~See~~ fraud and FBW count indictment FGJ Miami, 9/85 - Ken Kramer, Richard Calabrese, Robert Street, Carl Seigel, Kenneth Shaw, David Fredericks, David Laurence, Charles Mason, Howard Malkin. See Pacific Northwest, Inc.

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

See Alaska Land Leasing.

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

Inquiry received, 1/31/84, from SD resident. Inquiry TX Securities Division, 3/6/84. Associated with Northwest Asset Corporation. Associated with TXA Investments, Inc.

U.S. Oil and Gas Corporation

FL corporation. D&R CA. Department of Real Estate, 6/21/84. See Eagle Oil & Gas Company.

United American Mineral Corporation

Inquiry 12/21/83, by Ultima Insurance Services, Inc., Pasadena, CA. Description of planned activity would indicate intent to sell secondary leases in federal oil and gas properties in AK.

United Arctic Oil, Inc.
1100 Glendon Avenue, Suite 2101
Los Angeles, California 90024
Bryant, David - Chief Exec. Officer
Sullivan, Pat - Account Representative

Made solicitations in AK. See Knight-Anderson, Parker-Bryant, Inc. C & D IA, 11/23/84.
Bryant, Alan - Account Representative
Anderson, Jerry W. - President
Knight, David C. - V.P.
Bohan, Terrance - Sales Rep.

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

Sent mail solicitation to AK state representative. AK C & D, 4/3/84, finalized, 5/7/84. Same address as Resource Service Company, Inc. WI corporation. ID complaint, 2/21/84. *See also 11/4/84*
Engle, Fred *see also 11/4/84*

Universal Management Group
1850 Union Street, Suite 272
San Francisco, California 94123
1/800/334-0854 ext. 962
Anderson, Jim - Accountant
Baxter, George - Sales

4/85, mailed "Unitization" materials to AK resident who holds a WY oil and gas lease. "Suite 272" is a box number for a private mail service. 800/334-0854 is a NC exchange (as of 6/13/85).

TRINITY CAPITAL CORPORATION

*INQUIRY BY CA INVESTOR 12-30-85
IN CONJUNCTION WITH INQUIRY
CONCERNING CITIZENS OIL + GAS CORPORATION.*

COMPANYCOMMENTS

WESCO Resources
550 University Avenue, Suite 202
Odessa, Texas 87761
915/362-0118
Honaker, Douglas

Might be associated with Western Resources, Inc., Wichita, KS

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

C & D AK, 12/15/83. Company was active in WI and CO. See North American Resource Corp. TX corporation. ID complaint, 2/21/84. Marchant, Harold; Richardson, William C.; Davis, Robert, Groves, D. Jean; Cerf, Charles.

Western Petroleum
9101 Wilshire Blvd., Suite 710
Beverly Hills, California
Parker, Charles-Sales Representative

1/18/85, Solicited Alaska Senior Securities Examiner for drilling program with 20% return.

Western Resources, Inc.
321 E. Williams, #100
Wichita, Kansas
316/266-5902 (answering service)
212/714-1450 (NYC)
Gandolfo, Georgette
Taylor, Roger
Thomas, Kevin
Middleton, Robert
Brady, Donald

3/85, Taylor calls victim (previous lease buyer) to buy Prudhoe Bay, AK lease where Taylor is allegedly drilling; victim refuses and Thomas calls back inviting victim to join in drilling with WRI. Express mail service picks up the check which is sent to Gandolfo's account at a N.J. bank. - NM Securities Bureau. Company holds no state oil leases as of 4/12/85. 5/85, Middleton and Brady offered to buy ALLI leases from OR investor, using same phone numbers as at left. Now known as Trans-Canada per NY, 7/85. See Mobile Research, WESCO Resources.

Worldwide Exploration, Inc.
11050 Santa Monica Blvd.
Santa Monica, California 90025

AK Temp. C & D, 6/1/84, final, 11/5/84 (84-19). Involves Scott & Chapin. See Delta Oil Co. and Chapin & Associates, Inc.

Wyoming Exploration, Inc.
2922 Santa Monica Blvd.
Santa Monica, California 90404
Francisco, James-President
Otis, Tim
Smith, Jason W.-Vice President
Stinson, Chuck - Vice President

Inquiry by ID resident, 2/19/85. Firm contacting earlier lease purchasers. PA resident who paid \$6,000 for 80 acres to Federal Lease Filing Corporation solicited, 3/21/85, to "unitize" at \$50 an acre. See Federal Lease Filing Corporation (Malibu, CA). 5/85, mailed materials to AK. NE C & D, 8/85. MO C & D, 9/9/85.