

1 STATE OF ALASKA  
2 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
3 DIVISION OF BANKING AND SECURITIES

4 IN THE MATTER OF: ) **ORDER NO. 17-162-S**  
5 SUSETTNA KING ) **NOTICE OF FINAL CEASE AND DESIST**  
6 ) **ORDER ASSESSING CIVIL PENALTIES**  
7 )  
8 Respondent. )  
9 \_\_\_\_\_ )

10 The Director of the Department of Commerce, Community, and Economic  
11 Development, Division of Banking and Securities (“Administrator”), has conducted an  
12 investigation into certain activities of Susettna King (“Respondent”), and has determined that  
13 Respondent violated certain provisions of the Alaska Securities Act, Alaska Statute (AS)  
14 45.55 *et seq.*

15 **I. BACKGROUND**

16 On April 20, 2018, the Administrator sent a Temporary Cease and Desist Order Effective  
17 Immediately, Assessing Civil Penalties, with Notice of Hearing Rights and Notice of Final  
18 Cease and Desist Order (“Order”) to Respondent by certified mail, restricted delivery  
19 (tracking number 7015 0640 0001 7452 6071). On May 17, 2018, the Administrator received  
20 the unclaimed Order. Having received the unclaimed Order, on June 14, 2018, the  
21 Administrator mailed the Order by first class mail. As of the date of this Order, the  
22 Administrator has not received a returned Order and Respondent has not requested a hearing.

23 **II. FINDINGS OF FACT**

24 1. Respondent is a shareholder of Kootznoowoo Incorporated (KI).

1           2. KI is organized pursuant to the Alaska Native Claims Settlement Act  
2 (ANCSA), 43 U.S.C. 1601 *et seq.*

3           3. KI has certified to the Administrator that it has more than 500 shareholders  
4 and total assets exceeding \$1,000,000.

5           4. On May 12, 2017, an accounting firm hired by KI issued a report and letter to  
6 KI's Board of Directors, which included audit finding for KI for the year-end December 31,  
7 2016. The letter stated: "[T]he general manager had a payroll balance of 8,105 at the end of  
8 2015 and received additional payroll advances in 2016 before this balance was repaid." The  
9 letter further stated: "Though the payroll advances were signed by a board member we  
10 recommend internal controls be established over payroll advances to ensure they are tracked  
11 and repaid in a timely manner." At this time, [S.L.] was the general manager of KI. KI  
12 shareholders [E.B.] and [P.L.] were current board members of KI and were running as  
13 independent candidates in the 2017 annual election.

14           5. On or about June 2, 2017, KI included the letter from the accounting firm in the  
15 proxy materials sent out to shareholders.

16           6. On June 6, 2017, [L.J.B.], a KI shareholder running as an independent candidate for  
17 KI's Board of Directors, posted a copy of a flyer on Facebook. The flyer had a heading that  
18 stated: "VOTE YES for REMOVAL OF DIRECTORS FOR NON BOARD/INDEPENDENT  
19 CANDIDATES [*sic*]." The flyer listed E.B., L.J.B., [H.F.], [E.J.], P.L. and S.L. as independent  
20 candidates. That same day, in response to L.J.B.'s post, Respondent posted a comment on  
21 Facebook, which stated: "What are your thoughts with certain individuals that miss handled  
22 [*sic*] over \$17,000.00?"

23           7. On June 8, 2017, Respondent posted another Facebook post, which stated: "WE  
24 CANNOT AFFORD TO BRING THEM BACK!! [*sic*] Over \$8,000 in 2015. Over \$9,000 left

1 [K.I.], as E.B. board member & S.L. [ . . . ], signatures to the bank.” That same day,  
2 Respondent posted another Facebook post, which stated: “I want to know what the board is  
3 going to do? E.B. signing off on this money [sic] S.L. not paying any of it back.

4 8. Respondent did not file her Facebook posts with the Administrator concurrently  
5 with their distribution to shareholders.

6 9. Respondent did not file with the Administrator a dated, written proxy statement  
7 disclosing additional information.

8 10. S.L. remitted the payroll advances to KI.

9 11. No independent candidate listed on the flyer was a board member who authorized  
10 the payroll advances.

### 11 III. CONCLUSIONS OF LAW

12 1. Respondent is subject to the filing requirements of AS 45.55.139 because she is a  
13 shareholder of KI and KI is subject to the filing requirements.

14 2. Respondent’s Facebook post is a “proxy solicitation” as defined in 3 AAC  
15 08.365(16).

16 3. Respondent violated 3 AAC 08.307 by failing to file her proxy solicitations  
17 concurrently with the Administrator when she distributed them to shareholders.

18 4. Respondent violated 3 AAC 08.315(a) by materially misrepresenting that any of the  
19 independent candidates mishandled \$17,000.00 from KI.

20 5. Respondent violated 3 AAC 08.355 by failing to file with the Administrator  
21 required disclosures relating to proxy solicitation.

22 6. Respondent is subject to a civil penalty pursuant to AS 45.55.920(c) because she  
23 violated AS 45.55.139, 3 AAC 08.307, 3 AAC 08.315(a), and 3 AAC 08.355.

