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

)	ORDER NO. 16-229-S
IN THE MATTER OF:)	
)	TEMPORARY CEASE AND DESIST
BARBARA MAZONNA)	ORDER EFFECTIVE IMMEDIATELY,
)	ASSESSING CIVIL PENALTIES,
)	WITH NOTICE OF HEARING RIGHTS
)	and
)	NOTICE OF FINAL CEASE AND DESIST
I	Respondent.)	ORDER
)	

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities ("Administrator"), has conducted an investigation into certain activities of Barbara Mazonna ("Respondent"), and has determined that Respondent violated certain provisions of the Alaska Securities Act, Alaska Statute (AS) 45.55 *et seq*.

I. FINDINGS OF FACT

- 1. Respondent is a shareholder of Sitnasuak Native Corporation ("SNC").
- 2. SNC is organized pursuant to the Alaska Native Claims Settlement Act ("ANCSA"), 43 U.S.C. 1601 *et seq*.
- 3. SNC has certified to the Administrator that it has more than 500 shareholders and total assets exceeding \$1,000,000.
- 4. On April 27, 2016, another SNC shareholder posted a copy of a discretionary proxy postcard dated March 15, 2016 on Facebook. That same day, in response to the shareholder's post, Respondent posted a comment, which read: "The shareholders VOTED [sic] [G.K.] and others in. These people named above used Discretionary [sic] votes to place [T.S.] on [the SNC]

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Board of Directors]. It wasn't true voting by the shareholders. It was made by this select few known as the Sitnasuak Six. Its [sic] not so difficult to understand. It wasn't the shareholders [sic] choice!! [sic]. You read about [T.S.] in the Nome Nugget recently. Why does the [Sitnasuak Board of Directors support such a person? [. . .]."

- 5. SNC held its annual meeting on June 4, 2016.
- 6. The Administrator received a timely request for investigation after the SNC annual meeting.
- 7. Respondent did not file her Facebook post with the Administrator concurrently with its distribution to shareholders.
- 8. Respondent did not file with the Administrator a dated, written proxy statement containing the disclosures required in 3 AAC 08.355.
- 9. The Administrator attempted to contact Respondent by telephone and certified mail over a period of several months, but has received no response as of the date of this order.
- 10. SNC allows shareholders to use discretionary proxies and to cumulate votes in the election of directors.
- 11. Current law allows a shareholder to delegate voting rights through a discretionary proxy to another shareholder, who may then cumulate votes in the election of directors. When shareholders vote via discretionary proxies, they consent to the cumulation of their votes and to the proxyholder's voting according to the proxyholder's discretion. No votes are counted until the proxyholder exercises discretion to vote the proxy how he or she chooses.

II. **CONCLUSIONS OF LAW**

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

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- 2. Respondent's Facebook post is a "proxy solicitation" as defined in 3 AAC 08.365(16) because it is a communication to shareholders under circumstances reasonably calculated to result in the procurement, withholding, or revocation of a proxy.
- 3. Respondent violated 3 AAC 08.307 by failing to file her proxy solicitation concurrently with the Administrator when she distributed it to shareholders.
- 4. Respondent violated 3 AAC 08.315(a) by materially misrepresenting that the election of T.S. to SNC's Board of Directors was not "true" voting, and that T.S. was not the shareholders' choice, as discretionary proxies and the cumulation of votes are permitted by law and SNC rules.
- 5. Respondent violated 3 AAC 08.355 by failing to file with the Administrator required disclosures relating to proxy solicitation.
- 6. Respondent is subject to a civil penalty pursuant to AS 45.55.920(c) because she violated AS 45.55.139, 3 AAC 08.307, 3 AAC 08.315(a), and 3 AAC 08.355.

III. ORDER and NOTICE

Pursuant to AS 45.55.920, and on the basis of the Findings of Fact and Conclusions of Law, the Administrator ORDERS Respondent to:

- Pay a civil penalty in the amount of one thousand five hundred dollars (\$1,500).
 This amount is immediately due to the Administrator.
- 2. Comply with all provisions of the Alaska Securities Act, including associated regulations.

Pursuant to AS 45.55.920(d), if Respondent desires a hearing, she must file her request for a hearing within 15 days after receipt of this Order. The request for a hearing must be in writing, must be directed to the Administrator, and must state the grounds for the request to set aside or modify the Order. This Order takes effect immediately, remains in effect until 10 days

after the hearing is held, and becomes final if a hearing is not requested within 15 days after the receipt of this notice.

This Order is a publicly disclosable document.

IT IS SO ORDERED.

Chris Hladick, Commissioner
Department of Commerce, Community and
Economic Development

DATED: April 19, 2017 /s/ Kevin Anselm

BY: Kevin Anselm, Director Division of Banking and Securities