

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

IN THE MATTER OF:)
CHARLES FAGERSTROM)
Respondent.)
ORDER NO. 16-97-S
ORDER TO CEASE AND DESIST,
IMPOSING CIVIL PENALTIES
AND
CONSENT TO 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 Charles Fagerstrom (“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 or about March 2, 2016, Respondent anonymously distributed a proxy solicitation (attached as Exhibit 1) to shareholders, which states: “Director [G.K.] was the shareholders [sic] choice, and would have retained her seat if the Discretionary Proxy votes were not used.” It further states: “[B.D.] was the shareholders [sic] choice, and would have been elected to the board if the Discretionary Proxy votes were not used.” Finally, the proxy

1 solicitation states: “In 2015, the SNC Board of Directors denied three eligible shareholders to
2 be on the SNC Annual Meeting Proxy. There was not a valid reason given to any of the three,
3 and the only option they had was to run as a ‘write-in candidate.’”

4 5. On or about April 28, 2016, Respondent distributed a second proxy solicitation
5 (attached as Exhibit 2) to shareholders, which states: “Say no to ISIS style leadership on the
6 [SNC] board of directors.”

7 6. On about April 28, 2016, Respondent anonymously distributed a third proxy
8 solicitation (attached as Exhibit 3) to shareholders.

9 7. None of the proxy solicitations distributed by Respondent were filed with the
10 Administrator concurrently with their distribution to shareholders.

11 II. CONCLUSIONS OF LAW

12 1. Respondent is subject to the filing requirements of AS 45.55.139.

13 2. Respondent violated 3 AAC 08.307 by failing to file proxy solicitations
14 concurrently with the Administrator when he distributed them to shareholders.

15 3. Respondent violated 3 AAC 08.315(a) by materially misrepresenting: that [G.K.]
16 would have retained her board seat if discretionary proxies were not used; that [B.D.] would
17 have been elected to the board if discretionary proxies were not used; that the only option
18 available to the three shareholders denied the ability to appear on SNC’s annual meeting proxy
19 was to run as write-in candidates; and that members of the SNC board of directors have
20 engaged in “ISIS style leadership.”

21 4. Respondent violated 3 AAC 08.355(2) by anonymously distributing proxy
22 solicitations.

23 5. Respondent is subject to a civil penalty pursuant to AS 45.55.920(c) because he
24 violated AS 45.55.139, 3 AAC 08.307, 3 AAC 08.315(a), and 3 AAC 08.355(2).

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III. ORDER

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

1. Respondent to CEASE AND DESIST from distributing proxy solicitations for the SNC annual meeting scheduled for June 4, 2016.

2. Respondent to comply with all provisions of the Alaska Securities Act, including associated regulations.

3. Respondent to pay a civil penalty in the amount of one thousand five hundred dollars (\$1,500), with one thousand five hundred dollars (\$1,500) suspended for a period of five years. If respondent commits any violation of the Alaska Securities Act during this period, the suspended portion of the civil penalty will be immediately due.

4. Respondent to issue notice satisfactory to the Administrator to SNC shareholders of this Order within 48 hours of this Order.

This Order is a publicly disclosable document.

IT IS SO ORDERED.

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

DATED: June 28, 2016

/s/ Kevin Anselm
BY: Kevin Anselm, Director
Division of Banking and Securities

Consent to Entry of Order

I, Charles Fagerstrom , state that I have read the foregoing Order, that I am aware of the right to a hearing and appeal in this matter and have waived the same.

I admit to the jurisdiction of the Department of Commerce, Community and Economic Development, Division of Banking and Securities (“Department”) and further consent to entry of this Order by the Department as settlement of the issues contained in this Order. I admit to violation of the Alaska Securities Act.

I understand that the Department reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Alaska Securities Act, and that I will fully comply with the terms and conditions of this Order, the Alaska Securities Act and associated regulations.

I enter into this Order voluntarily and understand that this Order is a public document.

5/27/2016

Date

/s/ Charles Fagerstrom

Charles Fagerstrom

SUBSCRIBED AND SWORN TO before me this 27 day of May, 2016 at Nome, Alaska.

/s/ Janet Oquilluk

Notary Public in and for Alaska

Janet Oquilluk

Notary Printed Name

My commission expires: May 5, 2019

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