

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. 19-18-S**
5 ANITA ANDREWS; and) **TEMPORARY CEASE AND DESIST**
6 PETER ANDREWS) **ORDER EFFECTIVE IMMEDIATELY,**
7) **ASSESSING CIVIL PENALTIES, WITH**
8) **NOTICE OF HEARING RIGHTS**
9) **AND**
10) **NOTICE OF FINAL CEASE AND DESIST**
11 Respondents.) **ORDER**
12 _____)

13 The Director of the Department of Commerce, Community, and Economic
14 Development, Division of Banking and Securities (“Administrator”), has conducted an
15 investigation into certain activities of Anita Andrews and Peter Andrews (“Respondents”),
16 and has determined that Respondents violated certain provisions of the Alaska Native Claims
17 Settlement Act Corporations Proxy Solicitation and Stock Act, Alaska Statute (AS) 45.55 *et*
18 *seq.* (“ANCSA Corporations Proxy Solicitations Act”).

19 **I. FINDINGS OF FACT**

- 20 1. Respondents are shareholders of Azachorok, Incorporated (“Azachorok”).
- 21 2. Azachorok is organized under the Alaska Native Claims Settlement Act
22 (“ANCSA”), 43 U.S.C. 1601 *et seq.*
- 23 3. Azachorok has certified to the Administrator that it has more than 500
24 shareholders and total assets exceeding \$1,000,000.
4. On or about January 16, 2019, Respondents distributed a letter to over 200
Azachorok shareholders by mail.
5. On January 16, 2019, the former CEO of Azachorok electronically filed the letter

1 with the Administrator on behalf of Respondents.

2 6. The letter stated: “[J L., H. P., and F. H.] distributed the [Azachorok] Annual
3 Shareholder Meeting Packet without full board approval” The letter also stated: “[J.L.,
4 H.P., and F.H.] have spent approximately \$1 million on legal fees to remove [the Former CEO
5 of Azachorok].”

6 7. Respondents did not file with the Administrator a dated, written proxy statement
7 containing the disclosures required under 3 AAC 08.355.

8 8. Respondents stated to the Administrator that, as of March 7, 2019, Azachorok had
9 not distributed its annual meeting packet or its proxy to shareholders.

10 9. As of February 25, 2019, Azachorok had spent less than \$150,000.00 on legal fees to
11 investigate and remove the Former CEO of Azachorok.

12 **II. CONCLUSIONS OF LAW**

13 1. Respondents are subject to the filing requirements of AS 45.55.139 because they are
14 shareholders of Azachorok and Azachorok is subject to the filing requirements.

15 2. The letter distributed by Respondents is a “proxy statement” as defined in 3 AAC
16 08.365(14) because it is a communication that was made available to shareholders under
17 circumstances reasonably calculated to result in the procurement, withholding, or revocation of
18 a proxy.

19 3. Respondents violated 3 AAC 08.315(a) by materially misrepresenting that the
20 Azachorok Annual Meeting Packet and Proxy were distributed to shareholders, and that
21 Azachorok had spent \$1,000,000.00 on legal fees to remove the Former CEO of Azachorok.

22 4. Respondents violated 3 AAC 08.355 by failing to file with the Administrator
23 required disclosures relating to proxy solicitation.
24

1 5. Respondents are subject to a civil penalty pursuant to AS 45.55.920(c) because they
2 violated 3 AAC 08.315(a), and 3 AAC 08.355.

3 **III. ORDER and NOTICE**

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

6 1. Pay a civil penalty in the amount of one thousand dollars (\$1,000) each. This
7 amount is immediately due to the Administrator.

8 2. Comply with all provisions of the ANCSA Corporations Proxy Solicitations Act and
9 associated regulations.

10 Pursuant to AS 45.55.920(d), if Respondents desire a hearing, they must file their
11 request for a hearing within 15 days after receipt of this Order. The request for a hearing must
12 be in writing, must be directed to the Administrator, and must state the grounds for the request
13 to set aside or modify the Order. This Order takes effect immediately, remains in effect until 10
14 days after the hearing is held, and becomes final if a hearing is not requested within 15 days
15 after the receipt of this notice.

16 This Order is a publicly disclosable document.

17 **IT IS SO ORDERED.**

18 Julie Anderson, Commissioner
19 Department of Commerce, Community and
Economic Development

20 DATED: December 20, 2019

21 /s/ Patrice Walsh
22 BY: Patrice Walsh, Director
23 Division of Banking and Securities
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