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

ORDER NO. 19-18-S
TEMPORARY CEASE AND DESIST ORDER EFFECTIVE IMMEDIATELY,
ASSESSING CIVIL PENALTIES, WITH
NOTICE OF HEARING RIGHTS
AND
NOTICE OF FINAL CEASE AND DESIST ORDER

IN THE MATTER OF:
ANITA ANDREWS; and
PETER ANDREWS

Respondents.

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 Anita Andrews and Peter Andrews (“Respondents”), and has determined that Respondents violated certain provisions of the Alaska Native Claims Settlement Act Corporations Proxy Solicitation and Stock Act, Alaska Statute (AS) 45.55 et seq. (“ANCSA Corporations Proxy Solicitations Act”).

I. FINDINGS OF FACT

1. Respondents are shareholders of Azachorok, Incorporated (“Azachorok”).
2. Azachorok is organized under the Alaska Native Claims Settlement Act (“ANCSA”), 43 U.S.C. 1601 et seq.
3. Azachorok has certified to the Administrator that it has more than 500 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...
with the Administrator on behalf of Respondents.

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

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

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

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

II. CONCLUSIONS OF LAW

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

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

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

4. Respondents violated 3 AAC 08.355 by failing to file with the Administrator required disclosures relating to proxy solicitation.
5. Respondents are subject to a civil penalty pursuant to AS 45.55.920(c) because they violated 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 Respondents to:

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

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

Pursuant to AS 45.55.920(d), if Respondents desire a hearing, they must file their 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.

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

DATED: December 20, 2019

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