ORDER NO. 14-1170-S
ORDER TO CEASE AND DESIST
ASSESSING 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 Ukpeagvik Inupiat Corporation (“UIC”) and David Leavitt, Jr. (collectively, the “Respondents”), and has determined that Respondents violated certain provisions of the Alaska Securities Act, Alaska Statute (AS) 45.55.

Respondents agree that the Administrator has jurisdiction over Respondents and these matters pursuant to the Alaska Securities Act.

Respondents wish to resolve and settle this matter with the Administrator. As evidenced by the authorized signatures on this Order, Respondents consent to the entry of this Order assessing civil penalties based on the Conclusions of Law and Order. Respondents waive their right of appeal under AS 45.55.920(d).

I. FACTS

1. UIC is a corporation organized pursuant to the Alaska Native Claims Settlement Act (“ANCSA”), 43 U.S.C. 1601 et seq., and maintains its headquarters at 1250 Agvik Street, Barrow, Alaska, 99723.
2. Mr. Leavitt is a resident of Barrow, Alaska and a UIC shareholder.

3. Pursuant to AS 45.55.139, ANCSA corporations with 500 or more shareholders and total assets exceeding $1,000,000 must file with the Administrator all annual reports, proxies, consents or authorizations, proxy statements, or other proxy solicitations distributed and made available by any person to 30 or more Alaska resident shareholders concurrently with distribution of those materials to shareholders.

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

5. Pursuant to 3 AAC 08.345(b)(1)(G), UIC board of director proxy solicitations must be preceded or accompanied by a dated, written proxy statement that includes a description of each nominee of the board and if that nominee has any criminal convictions, except traffic violations or other minor offenses, within the last five years that are material to an evaluation of the nominee’s ability or integrity.

6. A minor offense includes only those violations enumerated in Rule 2 of the Alaska Rules of Minor Offense Procedure.

7. On June 5, 2009, Mr. Leavitt pled guilty to importing alcohol to a local option area (AS 04.11.499), a class A misdemeanor, and was sentenced to 20 days in jail, with 20 days suspended, and a $300 fine was imposed. Mr. Leavitt did not pay the fine and it was sent to collections.

8. On March 19, 2014, Mr. Leavitt signed a candidate application for the UIC board of directors and wrote “no” in response to a question as to whether he had any criminal convictions within the last five years. Previously, Mr. Leavitt failed to disclose the criminal conviction in his 2011 UIC candidate application as well.²

¹ In October 1997, Barrow, Alaska voted to go damp by a vote of 911 to 789.
² Mr. Leavitt was elected to the UIC board in 2011.
9. Sometime after Mr. Leavitt filed his candidate application, UIC’s board of directors met to discuss whether to disclose Mr. Leavitt’s criminal conviction in UIC’s proxy statement for its upcoming annual meeting on June 7, 2014.

10. On May 16, 2014, UIC sent out its proxy statement and knowingly and intentionally omitted Mr. Leavitt’s criminal conviction from his candidate disclosures.

11. On June 7, 2014, Mr. Leavitt was elected to the UIC board of directors.

12. UIC and Mr. Leavitt have fully cooperated with the Administrator in its investigation into this matter.

II. CONCLUSIONS OF LAW

1. UIC and Mr. Leavitt are subject to the filing requirements of AS 45.55.139.

2. UIC and Mr. Leavitt must make certain mandatory disclosures in proxy solicitations including those described in 3 AAC 08.345(b).

3. Mr. Leavitt’s criminal conviction is not a minor offense because it is not included in the violations enumerated in Rule 2 of the Alaska Rules of Minor Offense Procedure.

4. Mr. Leavitt’s criminal conviction is material to his ability and integrity because it stems from a local option law determined by the Barrow community and he subsequently failed to pay the imposed fine.

5. UIC violated 3 AAC 08.345(b)(1)(G) by knowingly and intentionally failing to disclose Mr. Leavitt’s criminal conviction in its 2014 proxy statement.

6. Mr. Leavitt violated 3 AAC 08.345(b)(1)(G) by knowing and intentionally failing to disclose his criminal conviction in his 2011 and 2014 UIC candidate applications.

7. UIC is subject to a civil penalty pursuant to AS 45.55.920(b) because it knowingly and intentionally failed to disclose Mr. Leavitt’s criminal conviction in its 2014 proxy statement.
8. Mr. Leavitt is subject to a civil penalty pursuant to AS 45.55.920(b) because he knowingly and intentionally failed to disclose his criminal conviction in his 2011 and 2014 UIC candidate applications.

III. ORDER

The Administrator, pursuant to AS 45.55.920, hereby ORDERS:

1. UIC to CEASE AND DESIST from omitting mandatory disclosures in its proxy solicitations.

2. Mr. Leavitt to CEASE AND DESIST from failing to make required disclosures in his ANCSA candidate applications.

3. UIC and Mr. Leavitt to comply with all provisions of the Alaska Securities Act, including associated regulations.

4. UIC to pay a civil penalty in the amount of one thousand dollars ($1,000).

5. Mr. Leavitt to pay a civil penalty in the amount of five hundred dollars ($500), with five hundred dollars ($500) suspended for a period of five years. If Mr. Leavitt commits any violation of the Alaska Securities Act, the suspended portion of the civil penalty will be immediately due.
6. UIC to publish a notice satisfactory to the Administrator in its shareholder newsletter that discloses Mr. Leavitt’s criminal conviction and states that the criminal conviction should have been disclosed in UIC’s 2014 proxy statement.

IT IS SO ORDERED.

FRED PARADY, Acting Commissioner
Department of Commerce, Community and Economic Development

DATED: January 9, 2015

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

Consent to Entry of Order

I, Price E. Brower, state that I am the Chairman of Ukpeagvik

Inupiat Corporation (“UIC”); that I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the Order contents; that UIC has been represented by counsel in this matter; that UIC acknowledges violation of the Alaska Securities Act; that UIC has been advised of the right to a hearing; that UIC voluntarily and without any force or duress, consents to the entry of this Order, without admitting or denying the factual allegations stated herein; that UIC expressly waives any right to a hearing in this
matter; that UIC understands that the Administrator 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 UIC will fully comply with the terms and conditions stated
herein.

UIC understands that this Order is a publicly disclosable document.

DATED: 12/16/2014 /s/ Price E. Brower
Ukpeagvik Inupiat Corporation

Name: Price E. Brower
Title: Chairman of the Board

SUBSCRIBED AND SWORN TO before me this 16th day of December, 2014 at
Barrow , Alaska .

/s/ Harriet M. Reich
Notary Public in and for Alaska

Harriet M. Reich
Notary Printed Name
My commission expires: 3/9/2015

Consent to Entry of Order

I, David Leavitt, Jr., state that I am a shareholder of the Ukpeagvik Inupiat
Corporation; that I have read the foregoing Order and that I know and fully understand the
Order contents; that I have been represented by counsel in this matter; that I acknowledge
violation of the Alaska Securities Act; that I have been advised of the right to a hearing; that I
voluntarily and without any force or duress, consent to the entry of this Order, without
admitting or denying that factual allegations stated herein; that I expressly waive any right to
a hearing in this matter; that I understand that the Administrator 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 stated herein.

I understand that this Order is a publicly disclosable document.

David Leavitt, Jr.

SUBSCRIBED AND SWORN TO before me this 17th day of December, 2014 at
Anchorage, Alaska.

/s/ Anita R. Tardugno
Notary Public in and for Alaska

Anita R. Tardugno
Notary Printed Name
My commission expires: 1/1/2016

Approved as to form and content:

12/17/2014 /s/ Walter Featherly
Walter Featherly
Attorney for Ukpeagvik Inupiat Corporation
and David Leavitt, Jr.

Contact Person:
David Newman
Securities Examiner
(907) 269-7678