

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. 17-40-S**
5 CHARLES FAGERSTROM) **NOTICE OF FINAL CEASE AND DESIST**
6) **ORDER TO PAY SUSPENDED CIVIL**
7) **PENALTY AND ASSESSING CIVIL**
8 Respondent.) **PENALTIES**
9 _____)

10 The Director of the Department of Commerce, Community, and Economic
11 Development, Division of Banking and Securities (“Administrator”), has conducted an
12 investigation into certain activities of Charles Fagerstrom (“Respondent”), and has
13 determined that Respondent violated certain provisions of the Alaska Securities Act, Alaska
14 Statute (AS) 45.55 *et seq.*

15 **I. BACKGROUND**

16 On April 14, 2017, the Administrator mailed a Temporary Cease and Desist Order
17 Effective Immediately, To Pay Suspended Civil Penalty, Assessing Civil Penalties, with Notice
18 of Hearing Rights and Notice of Final Cease and Desist Order (“Order”) to Respondent by
19 certified mail (tracking number 7015 0640 0001 7452 6002). The Administrator never received
20 a return receipt for that mailing. On May 22, 2017, the Administrator mailed the Order to
21 Respondent by certified mail (tracking number 7015 0640 0001 7452 6064). Having received
22 no return receipt for that mailing, on June 2, 2017, the Administrator mailed the Order to
23 Respondent by certified mail (tracking number 7016 2710 0000 2555 6562). On June 7, 2017
24 the Administrator personally met with Respondent, and the Administrator hand-delivered the

1 Order to Respondent. On June 14, 2017, the Administrator received the return receipts for
2 tracking numbers 7015 0640 0001 7452 6064 and 7016 2710 0000 2555 6562. To date,
3 Respondent has not requested a hearing.

4 II. FINDINGS OF FACT

5 1. Respondent is a shareholder and past president of Sitnasuak Native Corporation
6 (SNC).

7 2. SNC is organized pursuant to the Alaska Native Claims Settlement Act
8 (ANCSA), 43 U.S.C. 1601 *et seq.*

9 3. SNC has certified to the Administrator that it has more than 500 shareholders
10 and total assets exceeding \$1,000,000.

11 4. On June 28, 2016, Respondent entered into Consent Order No. 16-97-S
12 with the Department (attached as Exhibit 1), which imposed a \$1,500 civil penalty under AS
13 45.55.920(c) for violation of AS 45.55.139, 3 AAC 08.307, 3 AAC 08.315(a), and 3 AAC
14 08.355(2). Under the Order, Respondent was required to pay \$1,500 immediately, with an
15 additional \$1,500 suspended for five years, provided that Respondent comply with all
16 provisions of the Alaska Securities Act and associated regulations. Additionally, if Respondent
17 failed to comply with any term or condition of the Order, the suspended portion of the civil
18 penalty would be immediately due.

19 5. On February 2, 2017, Respondent sent a letter-to-the-editor of the Nome Nugget
20 (attached as Exhibit 2), in which he wrote: "Through the misuse of the discretionary proxy,
21 [J.E.] was able to unseat the shareholders' choice and elect his choice."

22 6. Respondent filed his letter-to-the-editor with the Administrator on February 2, 2017.
23 However, his filing was not preceded or accompanied by a dated, written proxy statement
24 disclosing additional information.

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IV. 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 3, 2017.
2. Respondent to file with the Administrator, for the next three years, the following:
proxies, consents or authorizations, proxy statements, or other materials relating to proxy solicitations required under AS 45.55.139 for examination and review 10 working days before a distribution to shareholders.
3. Respondent to pay an additional civil penalty in the amount of one thousand five hundred dollars (\$1,500) for a total amount due of three thousand dollars (\$3,000). This amount is immediately due to the Administrator.

Pursuant to AS 45.55.920(d), Respondent may obtain review of this Final Order in the Superior Court by filing a notice of appeal pursuant to the Alaska Rules of Appellate Procedure. Pursuant to Appellate Rule 602(a)(2), the notice of appeal must be filed within 30 day from the date this Final Order is mailed or otherwise distributed to Respondent. This Order is a publicly disclosable document.

IT IS SO ORDERED.

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

DATED: July 12, 2017

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