

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. 19-38-S**  
5 Dominic Salvato ) **TEMPORARY CEASE AND DESIST**  
6 ) **ORDER EFFECTIVE IMMEDIATELY,**  
7 ) **ASSESSING CIVIL PENALTIES,**  
8 Respondent. ) **WITH NOTICE OF HEARING RIGHTS**  
9 ) **AND**  
10 ) **NOTICE OF FINAL CEASE AND DESIST**  
11 ) **ORDER**

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

18 **I. FINDINGS OF FACT**

- 19 1. Respondent is a shareholder of Sealaska Corporation (“Sealaska”).
- 20 2. Sealaska is organized under the Alaska Native Claims Settlement Act  
21 (“ANCSA”), 43 U.S.C. 1601 *et seq.*
- 22 3. Sealaska has certified to the Administrator that it has more than 500 shareholders  
23 and total assets exceeding \$1,000,000.
- 24 4. On November 2, 2018, Sealaska’s Board of Directors adopted “Resolution  
SC.Res.2018.25” that established the amount of Sealaska’s November 2018 Distribution to  
Shareholders. On November 16, 2018, Sealaska distributed to shareholders the full amount

1 established by Resolution SC.Res.2018.25 (the “Fall Distribution”).

2 5. Every year since 2014, Sealaska has offered \$25.00 to shareholders who return  
3 valid proxies to Sealaska by a certain date before Sealaska’s annual meeting (the “Voting  
4 Incentive”).

5 6. On or about February 2019, Respondent published a series of Facebook posts to  
6 the “Sealaska Shareholders Underground” (“SSU”), “Shareholders of Sealaska,” and  
7 “Sealaska Shareholders” Facebook pages.

8 7. On February 19, 2019, Respondent published two Facebook posts. The first  
9 Facebook post stated: “SSU is making a new rule for Sealaska’s [Board of Directors] election  
10 2019.” The second Facebook post stated: “An SSU survey found shareholders won’t be held  
11 to [board of directors] election rules.”

12 8. On February 27, 2019, Respondent published two Facebook posts. The first  
13 Facebook post stated: “This is a SCAM [*sic*]. By not allowing independent candidate [*sic*] to  
14 campaign until management offers shareholders \$25 (withheld from the last dividend) for  
15 returned proxies.” The second Facebook post stated: “I wish to bring to light . . . the issue of  
16 an illegal dividend by distributing funds not based on shares held.”

17 9. On February 28, 2019, Respondent published a Facebook post that stated: “When  
18 [proxies are] received [Sealaska] will release \$25 from your last dividend.”

19 10. On or about May 3, 2019, Sealaska distributed its 2019 proxy statement to  
20 shareholders by mail. The proxy statement contained the Voting Incentive.

21 11. Respondent did not file the Facebook posts with the Administrator concurrently  
22 with their distribution to shareholders.

23 12. Respondent did not file with the Administrator a dated, written proxy statement  
24 containing the disclosures required under 3 AAC 08.355.

1 13. Respondent stated to the Administrator that the “\$25.00” and “illegal dividend” he  
2 referred to in his Facebook posts were the Voting Incentive.

3 14. Respondent stated to the Administrator that the “last dividend” he referred to in his  
4 Facebook posts was the Fall Distribution.

5 15. Respondent stated to the Administrator that SSU is not affiliated with Sealaska, and  
6 does not make election rules for the Sealaska Board of Directors.

7 16. Respondent stated to the Administrator that the finding from the “SSU survey” he  
8 referred to in his Facebook posts was his opinion only, and that no other Sealaska shareholders  
9 were surveyed.

10 17. The Voting Incentive was an expense Sealaska incurred in conducting its annual  
11 meeting, and Sealaska did not offer the Voting Incentive in lieu of any portion of the Fall  
12 Distribution.

13 18. Alaska law and Sealaska bylaws do not prohibit Sealaska’s offering the Voting  
14 Incentives.”

## 15 II. CONCLUSIONS OF LAW

16 1. Respondent is subject to the filing requirements of AS 45.55.139 because he is a  
17 shareholder of Sealaska and Sealaska is subject to the filing requirements.

18 2. The Facebook posts are “proxy statements” as defined in 3 AAC 08.365(14)  
19 because they are communications that were made available to shareholders under  
20 circumstances reasonably calculated to result in the procurement, withholding or revocation of  
21 a proxy.

22 3. Respondent violated 3 AAC 08.307 by failing to file his proxy solicitations  
23 concurrently with the Administrator when he distributed them to shareholders.

24 4. Respondent violated 3 AAC 08.315(a) by materially misrepresenting that the

1 Voting Incentive was paid in lieu of a portion of the Fall Distribution, that the Voting Incentive  
2 was illegal, that SSU has the authority to establish election rules for the Sealaska Board of  
3 Directors, and that SSU conducted a survey of Sealaska shareholders.

4 5. Respondent violated 3 AAC 08.355 by failing to file with the Administrator  
5 required disclosures relating to proxy solicitation.

6 6. Respondent is subject to a civil penalty pursuant to AS 45.55.920(c) because he  
7 violated 3 AAC 08.307, 3 AAC 08.315(a), and 3 AAC 08.355.

8 **III. ORDER and NOTICE**

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

11 1. Pay a civil penalty in the amount one thousand five hundred dollars (\$1,500). This  
12 amount is immediately due to the Administrator.

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

15 Pursuant to AS 45.55.920(d), if Respondent desires a hearing, he must file his request  
16 for a hearing within 15 days after receipt of this Order. The request for a hearing must be in  
17 writing, must be directed to the Administrator, and must state the grounds for the request to set  
18 aside or modify the Order. This Order takes effect immediately, remains in effect until 10 days  
19 after the hearing is held, and becomes final if a hearing is not requested within 15 days after the

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STATE OF ALASKA  
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
DIVISION OF BANKING AND SECURITIES  
550 WEST SEVENTH AVENUE, SUITE 1850  
ANCHORAGE, ALASKA 99501  
(907)269-8140

1 receipt of this notice.

2 This Order is a publicly disclosable document.

3 **IT IS SO ORDERED.**

4 Julie Anderson, Commissioner  
5 Department of Commerce, Community and  
6 Economic Development

6 DATED: 12/13/19

/s/ Patrice Walsh

7 BY: Patrice Walsh, Director  
8 Division of Banking and Securities

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