

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: \*

JPMORGAN CHASE BANK, N.A. \* Securities Division Case No. 2016-0922

Respondent \*

\* \* \* \* \*

**CONSENT ORDER**

WHEREAS, the Maryland Securities Division (the “Securities Division”), pursuant to the authority granted in §11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2014 Rep. Vol. & Supp. 2016) (the “Act”), undertook an investigation with regard to possible violations of the Act by JPMorgan Chase Bank, N.A. (“JPM” or “Respondent”) in connection with the offer and sale in and from Maryland of securities (the “Fund Securities”) issued by certain mutual fund companies (the “Funds”); and

WHEREAS, based on the information presented by the Division, the Maryland Securities Commissioner (the “Commissioner”) has determined that Respondent has engaged in acts or practices constituting violations of Sections 11-503.1 and 11-510.1 of the Act; and

WHEREAS, in settlement of any proceeding that could be brought based upon Respondent’s violations of Sections 11-503.1 and 11-510.1 of the Act, the Commissioner has determined that it is in the public interest to issue this Consent Order; and

WHEREAS, the Fund Securities are issued by investment companies that are registered under the Investment Company Act of 1940, and are federal covered securities subject to federal

registration pursuant to Section 18(b)(2) of the Securities Act.

WHEREAS, Sections 11-503.1 and 11-510.1 of the Act and regulations promulgated under those sections of the Act require the Funds, as issuers of federal covered securities, to make notice filings with the Division and pay the fees required by Section 11-503.1 of the Act; and

WHEREAS, Respondent, on behalf of the Funds, prepared and filed notice filings for the Fund Securities; and

WHEREAS, Respondent has consented to the entry of this Consent Order as set forth below.

NOW THEREFORE, without the holding of a hearing in this matter, and upon consent of the parties hereto,

IT IS HEREBY AGREED AND ORDERED:

### **I. JURISDICTION**

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to § 11-701.1 of the Securities Act.
2. Respondent voluntarily waives any right to a hearing and appeal under the Act and the rules and regulations promulgated thereunder with respect to this Consent Order.
3. In the event that judicial intervention in this matter is sought by any party, Respondent consents to the jurisdiction of the Circuit Court for Baltimore City over any such proceeding and as to Respondent.

### **II. PARTIES**

4. Melanie Senter Lubin is the Securities Commissioner for the State of Maryland.

5. Respondent, a national banking association that is chartered by the Office of the Comptroller of the Currency through its Investor Services Division, was a service provider that, inter alia, was responsible, on behalf of the Funds, for making notice filings with the Division.

### **III. FINDINGS OF FACT**

The Commissioner finds the following facts:

6. Respondent's Investor Services Division, on behalf of the Funds, filed notices with the Commissioner pursuant to Section 11-503.1 of the Act and paid related notice filing fees pursuant to Section 11-501.1.

7. Between 2011 and 2014 Respondent filed 656 notices with the Commissioner that either contained incorrect sales information, were altered, wrongfully delayed and/or included incorrect fees.

8. In the course of this investigation, Respondent filed amended notice filings to resolve the errors made in connection with the original filings.

9. As of December 31, 2014, Respondent terminated its services provider operations and ceased filing notices on behalf of the Funds.

### **IV. CONCLUSIONS OF LAW**

The Commissioner concludes that:

10. The shares offered and sold by the Funds constitute "securities" within the definition at Section 11-101(r) of the Act.

11. Respondent's notice filings made on behalf of the Funds contained delays and defects which resulted in violations of Section 11-503.1 and delays in the proper payment of fees under Section 11-510.1 of the Act.

## V. CONSENT TO SANCTIONS

Respondent expressly agrees and consents, and it is ordered that:

12. Respondent shall pay to the Division a civil monetary penalty pursuant to Section 11-702 of the Act, in the amount of \$100,000, payable by wire transfer to the order of the Office of the Attorney General, which penalty has been submitted to and received by the Commissioner.

13. In the event that Respondent, or any successor or assign, resumes its service provider operations, Respondent, and its agents, agree to and will notify any successor or assign of this agreement to comply with all of the provisions of the Act, and the regulations promulgated under the Act, when they make future notice filings on behalf of the Funds.

14. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commissioner, or to which the Commissioner is a party, and without admitting or denying any of the Commissioner's findings of fact or conclusions of law herein, except as to the Commissioner's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Consent Order pursuant to Section 11-701.1 of the Act, including payment of the civil monetary penalty, as set forth above.

15. Further, this Consent Order: (a) is entered into solely for the purpose of resolving this investigation, and is not intended to be used for any other purpose; (b) is not intended to subject Respondent or its affiliates to any disqualifications, or form the basis of any regulatory organizations or various states' (including Washington, DC, Puerto Rico, Guam and the Virgin Islands) securities laws, including any disqualification from relying upon the registration exemptions or safe harbor provisions; (c) is not intended to disqualify Respondent or its affiliates or any current or former officers, directors, trustees, agents, members, partners or employees of

Respondent and Respondent's affiliates from any business that they are otherwise qualified or licensed to perform; (d) for any person or entity not a party to this Consent Order, this Consent Order does not limit or create any private rights or remedies against Respondent, limit or create liability of Respondent, or limit or create defenses of or for Respondent to any claims; and (e) is not intended to create a disqualification under Rule 506(d)(1), Rule 262(a) and Rule 504(b)(3) under the Securities Act of 1933.

#### **VI. CONSEQUENCES OF VIOLATION OF CONSENT ORDER**

16. If Respondent fails to comply with any term of this Consent Order, the Securities Commissioner may declare this Consent Order to be null and void. The Commissioner may then proceed with full administrative and/or judicial proceedings to enforce this Consent Order against Respondent, or to sanction Respondent for violating an order of the Commissioner, and may take any other action authorized under the Act or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Commissioner or the court finds that Respondent has violated this Consent Order, the facts and the violation of the Act set forth and incorporated in this Consent Order shall be deemed admitted and may be introduced into evidence against Respondent.

#### **VII. MODIFICATION OF TERMS OF THIS CONSENT ORDER**

17. The terms of this Consent Order may only be modified by a subsequent order issued by the Commissioner.

#### **VIII. JURISDICTION RETAINED**

18. Jurisdiction shall be retained by the Commissioner for the purpose of enabling any party to this Consent Order to apply for such further orders and directions as may be

necessary or appropriate for the construction or enforcement of this Consent Order.

The provisions of this Consent Order shall become binding when this Consent Order has been executed by each party and is issued by the Commissioner.

**DATE OF THIS ORDER:**

\_\_\_\_\_, 2017

**SO ORDERED:**

\_\_\_\_\_  
Melanie Senter Lubin  
Securities Commissioner

**BY CONSENT:**

\_\_\_\_\_  
JPMorgan Chase Bank, NA

**By:** \_\_\_\_\_

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

On this \_\_\_\_\_ day of \_\_\_\_\_, 2017, personally appeared \_\_\_\_\_  
\_\_\_\_\_ signer of the foregoing Consent Order, who did duly acknowledge to  
me that he/she was authorized to execute the same on behalf of JPMorgan Chase Bank, NA, and  
acknowledged the same to be his/her free act and deed.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_