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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF  
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND  
SECURITIES, BUREAU OF SECURITIES  
COMPLIANCE AND  
EXAMINATIONS

DOCKET No. 17 0077 (SEC-CAO)

v.

VANGUARD ADVISERS INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Securities Compliance and Examinations ("Bureau"), has conducted an investigation of the business practices of Vanguard Advisers Inc. ("Vanguard") and officers and employees. Based on the results of its investigation, the Bureau has concluded that Vanguard has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et. seq. ("1972 Act"). Vanguard, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order ("Order").

**BACKGROUND**

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.
3. Vanguard, CRD #106715, was, at all times material herein, a Pennsylvania corporation with an address at 100 Vanguard Boulevard, V26, Malvern, Pennsylvania 19355.

4. From in or about July 1995 through the present, Vanguard has been registered as an investment adviser with the United States Securities and Exchange Commission (SEC) under Section 203(c) of the Investment Advisers Act of 1940 and is a federally covered adviser as defined under Section 102(f.1) of 1972 Act, 70 P.S. §1-102(f.1).

5. From in or about September 1996 through the present, Vanguard has been Notice Filed in Pennsylvania as an investment adviser pursuant to Section 301(f) of 1972 Act, 70 P.S. §1-301(f) and is subject to the Notice Filing requirements of Section 303 of the 1972 Act, 70 P.S. §1-303.

6. From in or about February 2017 until the present, Vanguard, due to administrative error, employed an investment adviser representative who, although registered as an investment adviser representative in Arizona, was not registered as an investment adviser representative in Pennsylvania.

#### **VIOLATION**

7. By engaging in the acts and conduct set forth in paragraphs 4 through 6 above, Vanguard employed one investment adviser representative in violation of Section 301(c.1)(1)(ii) of the 1972 Act, 70 P.S. §1-301(c.1)(1)(ii).

#### **RELIEF**

8. Within 30 days of the Effective Date of this Order, as defined in paragraph 14, Vanguard shall pay the Department an administrative assessment in the amount of \$23,480.00. Payment shall be made by certified check or money order made payable to the “Department of Banking and Securities” and shall be mailed or delivered in person to the Bureau of Securities Compliance and Examinations located at 17 N. Second Street, Ste., 1300, Harrisburg, PA 17101

9. Should Vanguard fail to comply with any and all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to Vanguard's right to a hearing pursuant to the 1972 Act.

#### **FURTHER PROVISIONS**

10. Consent. Vanguard hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. Vanguard, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

11. Entire Agreement. This Order contains the entire agreement between the Department and Vanguard. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and Vanguard.

12. Binding Nature. The Department, Vanguard, and all officers, owners, directors, employees, heirs and assigns of Vanguard intend to be and are legally bound by the terms of this Order.

13. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

14. Effectiveness. Vanguard hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order ("Effective Date").

15. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against Vanguard in the future regarding all matters not resolved by this Order.

(b) Vanguard acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

16. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

17. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

18. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

19. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

**WHEREFORE**, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examinations and Vanguard Advisers Inc., intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES  
BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS**

Redacted

~~Joseph J. Minisi~~  
Joseph J. Minisi, Deputy Secretary for Securities

Date:

12/20/17



**FOR VANGUARD ADVISERS INC.**

Redacted

\_\_\_\_\_  
(Officer Signature)

Michael Kimmel

\_\_\_\_\_  
(Print Officer Name)