

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 98351 / September 11, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21649

In the Matter of

MAXIMUS, INC.,

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Maximus, Inc. (“Maximus” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

SUMMARY

1. This matter involves annual reports and proxy statements filed by Maximus for fiscal years 2019 through 2021 that did not include required disclosures of related person transactions.

RESPONDENT

2. **Maximus, Inc.** is a Virginia corporation with its principal place of business in McLean, Virginia. Maximus's common stock is registered pursuant to Section 12(b) of the Exchange Act and trades on the New York Stock Exchange under the symbol "MMS." Maximus is required to file periodic reports, including annual reports on Form 10-K and quarterly reports on Form 10-Q, with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder.

FACTS

3. Exchange Act registrants filing Forms 10-K must furnish the information required by Item 404 of Regulation S-K. *See* Form 10-K, Item 13. Item 404(a) of Regulation S-K generally requires a description of transactions since the beginning of the registrant's last fiscal year in excess of \$120,000 in which the registrant was a participant and any "related person had or will have a direct or indirect material interest." For purposes of Item 404, a "related person" includes any immediate family members of the executive officers of the registrant, and "immediate family members" include siblings of executive officers. Disclosure of related person transactions "involving the employment of immediate family members" is required "when the threshold for disclosure has been met and the immediate family member has or will have a direct or indirect material interest." *See Executive Compensation and Related Person Disclosure*, Rel. No. 33-8732A, 71 Fed. Reg. 53,158, 53,201 n.449 (Sept. 8, 2006). Information required to be disclosed concerning any such related person transaction includes the name of the related person, the basis on which the person is a related person, the related person's interest in the transaction, and the approximate dollar amount of the related person's interest in the transaction.

4. Section 14(a) of the Exchange Act makes it unlawful to solicit any proxy in respect of any security (other than an exempted security) registered pursuant to Section 12 of the Exchange Act in contravention of such rules and regulations as the Commission may prescribe. Exchange Act Rule 14a-3 prohibits the solicitation of a proxy without furnishing information specified by Schedule 14A, including, for proxies involving the election of directors, related person transactions pursuant to Item 404 of Regulation S-K. *See* Exchange Act Rule 14a-101, Item 7(b).

5. Effective October 1, 2019, Maximus's Board of Directors appointed a business segment leader and longtime employee as an executive officer, as defined in Rule 405 under the Securities Act of 1933 and Rule 3b-7 under the Exchange Act. The officer's two siblings were also longtime employees of Maximus, and each received annual compensation in excess of \$120,000.

6. On November 26, 2019, Maximus filed a Form 10-K for its 2019 fiscal year (which ran from October 1, 2018, to September 30, 2019). The Form 10-K indicated that the related person transaction information required by Item 404 was incorporated by reference to Maximus's forthcoming proxy statement. On January 27, 2020, Maximus filed a definitive proxy statement that included the election of directors. The definitive proxy statement reported that Maximus "did not have any related person transactions" during fiscal year 2019. However, since the beginning of fiscal year 2019, the officer's siblings had been employees of Maximus and had each received annual compensation in excess of \$120,000.

7. On November 19, 2020, Maximus filed a Form 10-K for its 2020 fiscal year. Like the prior Form 10-K, the 2020 Form 10-K indicated that the related person transaction information required by Item 404 was incorporated by reference to Maximus's forthcoming proxy statement. On January 27, 2021, Maximus filed a definitive proxy statement that included the election of directors. That definitive proxy statement reported that Maximus "did not have any related person transactions" during fiscal year 2020. However, since the beginning of fiscal year 2020, the officer's siblings had been employees of Maximus and had each received annual compensation in excess of \$120,000.

8. On November 18, 2021, Maximus filed a Form 10-K for its 2021 fiscal year. Like the prior Forms 10-K, the 2021 Form 10-K indicated that the related person transaction information required by Item 404 was incorporated by reference to Maximus's forthcoming proxy statement. On January 26, 2022, Maximus filed a definitive proxy statement that included the election of directors. That definitive proxy statement reported that Maximus "did not have any related person transactions" during fiscal year 2021. However, since the beginning of fiscal year 2021, the officer's siblings had been employees of Maximus and had each received annual compensation in excess of \$120,000.

9. Each of the siblings of the executive officer received compensation from Maximus that exceeded \$120,000 in each fiscal year, and in each instance, the executive officer's siblings were related persons who had a direct or indirect material interest in the transactions. As such, Maximus was required to disclose the employment arrangements and certain information related to them in its Forms 10-K for fiscal years 2019, 2020, and 2021, and in its definitive proxy statements filed in January 2020, January 2021, and January 2022.

VIOLATIONS

10. As a result of the conduct described above, Maximus violated Section 13(a) of the Exchange Act and Rule 13a-1 thereunder, which, among other things, require every issuer of a security registered pursuant to Section 12 of the Exchange Act to file with the Commission information, documents, and annual reports as the Commission may require.

11. As a result of the conduct described above, Maximus violated Section 14(a) of the Exchange Act and Rule 14a-3 thereunder, which prohibits the solicitation of a proxy by an Exchange Act registrant without furnishing information specified by Schedule 14A.

COOPERATION AND REMEDIATION

12. In determining to accept the Offer, the Commission considered cooperation afforded the Commission staff by Respondent, including its self-reporting of this issue to Commission staff, and remedial acts promptly undertaken by Respondent.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations and any future violations of Sections 13(a) and 14(a) of the Exchange Act and Rules 13a-1 and 14a-3 thereunder.

B. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$500,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Maximus as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to D. Mark Cave, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

D. Respondent acknowledges that the Commission is not imposing a civil penalty in excess of \$500,000 based upon its cooperation in a Commission investigation. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay an additional civil penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Vanessa A. Countryman
Secretary