

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 104916 / March 2, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22435

In the Matter of	:	
	:	ORDER APPOINTING FUND
	:	ADMINISTRATOR, SETTING
The Vanguard Group, Inc.,	:	ADMINISTRATOR’S BOND AMOUNT,
	:	AND AUTHORIZING THE APPROVAL
Respondent.	:	AND PAYMENT OF THE FEES AND
	:	EXPENSES OF ADMINISTRATION

On January 17, 2025, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, and Section 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)¹ against The Vanguard Group, Inc. (“Vanguard” or the “Respondent”). In the Order, the Commission found that Vanguard made misleading statements concerning potential tax consequences to investors in the Vanguard Investor Target Retirement Funds (“Investor TRFs”) in taxable accounts. In November 2020, Vanguard made a recommendation to lower the minimum initial investment amount for a separate series of Vanguard target date retirement funds designed for institutional investors (“Institutional TRFs”) that resulted in historically larger capital gains distributions and tax consequences for certain retail investors in the Investor TRFs who held them in taxable accounts. According to the Order,

¹ Securities Act Rel. No. 11359 (Jan. 17, 2025)

Vanguard distributed misleading statements in prospectuses for Investor TRFs, that failed to disclose the potential for increased capital gains distributions for certain investors resulting from the redemptions of fund shares by newly eligible investors switching from the Investor TRFs to the Institutional TRFs. The Commission further found that Vanguard failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and rules thereunder with respect to the accuracy of the funds' disclosures.

The Commission ordered the Respondent to pay \$14.7 million in disgorgement and \$3.5 million in prejudgment interest, which would be deemed satisfied by Vanguard's payments totaling \$92.91 million to settle related actions with state regulators. The Commission also ordered the Respondent to pay a \$13.5 million civil money penalty to the Commission, and created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 ("SOX"), so the penalty collected can be distributed to harmed investors (the "Fair Fund"). The Order further specified that the \$92.91 million in settlement proceeds paid by Vanguard would be received and accepted by the Commission and added to the Fair Fund pursuant to Section 308(b) of SOX.

In addition, Vanguard's settlement agreements with state regulators included an offset in the amount of \$40 million for Vanguard's settlement of a class action pending against it in the Eastern District of Pennsylvania ("Class Action Settlement").² The Order specified that if the Court rejected the Class Action Settlement, Vanguard would be obligated to pay the \$40 million offset into the Fair Fund pursuant to Section 308(b). Because the Court in the class action rejected the Class Action Settlement, an additional \$40 million was added to the Fair Fund.

² *In re Vanguard Chester Funds Lit.*, Case No. 2:22-cv-955-JFM (E.D. Pa.).

The Fair Fund consists of the \$146,410,000.00 collected from the Respondent in accordance with the Order and has been deposited in a Commission-designated account at the U.S. Department of the Treasury. Any accrued interest will be added to the Fair Fund.

The Division of Enforcement (the “Division”) now seeks the appointment of Simpluris, Inc. (“Simpluris”) as the fund administrator and requests that the administrator’s bond be set at \$146,410,000.00. Simpluris is included in the Commission’s approved pool of administrators.

The Division further requests that the Commission authorize the Office of Financial Management (“OFM”), at the direction of an Assistant Director of the Office of Distributions, to pay the Fund Administrator’s fees and expenses from the Fair Fund, so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

Accordingly, IT IS HEREBY ORDERED that:

- A. Simpluris is appointed as the Fund Administrator, pursuant to Rule 1105(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Commission’s Rules”);³
- B. Simpluris shall obtain a bond in accordance with Rule 1105(c) of the Commission’s Rules,⁴ in the amount of \$146,410,000.00;
- C. the Fund Administrator will submit invoices to the Commission staff for services rendered, in accordance with Rule 1105(d) of the Commission’s Rules;⁵ and
- D. at the direction of an Assistant Director of the Office of Distributions, OFM is authorized to pay the Fund Administrator’s fees and expenses from the Fair

³ 17 C.F.R. § 201.1105(a).

⁴ 17 C.F.R. § 201.1105(c).

⁵ 17 C.F.R. § 201.1105(d).

Fund, in accordance with Rule 1105(e) of the Commission's Rules,⁶ so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁷

Vanessa A. Countryman
Secretary

⁶ 17 C.F.R. § 201.1105(e).

⁷ 17 C.F.R. § 200.30-4(a)(17) and 17 C.F.R. § 200.30-4(a)(21)(vi).