

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 105804 / June 29, 2026**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22435**

---

<b>In the Matter of</b>	:	<b>NOTICE OF PROPOSED PLAN OF</b>
	:	<b>DISTRIBUTION AND OPPORTUNITY</b>
<b>The Vanguard Group, Inc. ,</b>	:	<b>FOR COMMENT</b>
	:	
<b>Respondent.</b>	:	
	:	

---

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission’s (the “Commission”) Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan of distribution (the “Proposed Plan”) for the distribution of monies paid in the above-captioned matter.

On January 17, 2025, the Commission issued the Order instituting and simultaneously settling administrative and cease-and-desist proceedings against the Respondent.<sup>1</sup> In the Order, the Commission found that Vanguard made misleading statements concerning potential tax consequences to investors in the Vanguard Investor Target Funds (“Investor TRFs”). 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. 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 \$14,700,000 in disgorgement and \$3,500,000 in prejudgment interest, which was deemed satisfied by Vanguard’s payments

---

<sup>1</sup> 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. Securities Act Rel. No. 11359 (Jan. 17, 2025).

totaling \$92,910,000 to settle related actions with state regulators. The Commission also ordered the Respondent to pay a \$13,500,000 civil money penalty to the Commission and created the Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 (“SOX”), so the penalty paid can be distributed to harmed investors. The Order further specified that the \$92,910,000 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 of \$40 million for Vanguard’s settlement of a class action pending against it in the Eastern District of Pennsylvania.<sup>2</sup> Because the court in the class action rejected the settlement, Vanguard was required to pay the additional \$40 million to the Fair Fund.

The Fair Fund includes the \$146,410,000.00 collected from the Respondent. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any interest accrued will be added to the Fair Fund.

## **OPPORTUNITY FOR COMMENT**

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission’s public website at <https://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Proposed Plan by submitting a written request to Wendy J. Kisch via email at [kischw@sec.gov](mailto:kischw@sec.gov). All persons who desire to comment on the Proposed Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission’s Internet comment form (<https://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov).

Comments submitted by email or via the Commission’s website should include “Administrative Proceeding File No. 3-22435” in the subject line. Comments received will be publicly available. Persons should submit only information they wish to make publicly available.

## **THE PROPOSED PLAN**

The Net Available Fair Fund<sup>3</sup> is comprised of \$146,410,000 in civil money penalties and payments from Vanguard to settle related actions with state regulators, plus any interest and

---

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

<sup>3</sup> All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

income earned thereon, less taxes, fees, and expenses. The Proposed Plan provides for the distribution of the Net Available Fair Fund to investors in non-tax advantaged investment accounts who were allocated excess capital gains by certain Vanguard target retirement funds during the Relevant Period and suffered a recognized loss as calculated by the methodology used in the Plan of Allocation.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.<sup>4</sup>

Vanessa A. Countryman  
Secretary

---

<sup>4</sup> 17 C.F.R. § 200.30-4(a)(21)(iii).