

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64472 / May 11, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-11701

<p>In the Matter of</p> <p>INVESCO FUNDS GROUP, INC.,</p> <p>Respondent.</p>

ORDER AMENDING
DISTRIBUTION PLAN AND
DIRECTING DISBURSEMENT

On July 6, 2007, the Commission published a notice of the Plan of Distribution (“Plan”) proposed by the Division of Enforcement in connection with this proceeding involving Respondent Invesco Funds Group, Inc. (“IFG”). See Exch. Act Rel. No. 56025A. The Commission received comments and, on May 23, 2008, the Commission approved the proposed Plan as modified. See Exch. Act Rel. No. 57860.

The Plan provides that a Fair Fund (“IFG Fair Fund”) consisting of \$325,000,000 in disgorgement and civil penalties, plus any accrued interest, less any amounts necessary to pay taxes due on Fair Fund earnings, together with any payments related to other fair fund plans, be transferred to Deutsche Bank Trust Company Americas (the “Bank”) to be distributed by the Fund Administrator to injured investors of specific Invesco mutual funds (the “Invesco Funds”) according to the methodology set forth in the Plan.

On November 20, 2009, the Commission ordered the transfer of the IFG Fair Fund monies, together with accrued interest of \$38,572,500.16, and funds totaling \$54,555,132.18 associated with two other fair fund plan payments, to the Bank and further ordered the Fund Administrator to then distribute all such monies totaling \$418,127,632.34 to investors as provided for in the Plan. See Exch. Act Rel. No. 60292A. The Independent Distribution Consultant (“IDC”) and the Fund Administrator subsequently distributed this amount to investors beginning on December 11, 2009. The Plan provides that any monies not distributed directly to investors (the “Residual”)¹ shall be distributed to the Invesco Funds in the same proportion as the amount of harm calculated on a fund-by-fund basis.

¹ This amount is net of any tax reserve, which will remain in the account pending satisfaction of tax liabilities.

A portion of the Residual is comprised of approximately \$3.7 million in Fair Fund monies that the Fund Administrator had originally distributed to an intermediary for application among the beneficial accountholders of an omnibus account that had been transferred to the intermediary from an acquired business. The intermediary subsequently returned this amount to the Fair Fund due to its inability, at that time, to extract the necessary information from the acquired business' primary system of records that would otherwise enable the intermediary to identify the beneficial accountholders of that account. However, the intermediary has since informed the Commission staff that it may be able to provide the Fund Administrator with the necessary information through its search of a second set of records that the acquired business had maintained. Consistent with the Plan's primary object to distribute funds to affected investors at the time of the misconduct and with the concurrence of the IDC and Invesco, the Plan is amended as follows:

- A. Additional Steps: The intermediary noted above, with the assistance of Invesco, the IDC, the Fund Administrator, and the Commission staff, if applicable, shall make further commercially reasonable best efforts under Section 8(a) of the Plan to provide the Fund Administrator with all available data concerning any identifying information of the omnibus account's beneficial accountholders (the "Additional Steps"). The intermediary shall employ such Additional Steps and provide any resulting data to the Fund Administrator within sixty (60) days after the issuance of this Order Amending Distribution Plan and Directing Disbursement.
- B. Issuance of Checks: No later than ten (10) business days after the completion of the Additional Steps, the IDC and Fund Administrator shall issue and mail checks to any beneficial accountholders that are identified as a result of the Additional Steps.
- C. Stale Dates for Issued Checks: Checks issued as a result of the Additional Steps shall have a stale date of 60 days after issuance. The IDC may, in his discretion, re-issue a check which was issued pursuant to this authorization, but only if the request for re-issuance is made before the stale date of the original check (i.e., within 60 days after the original issuance). Any check so re-issued will have a stale date no later than 30 days after the stale date of the originally issued check.
- D. Costs of Additional Steps: Invesco will pay, but shall be reimbursed from the Fair Fund, for the fees and expenses of the IDC and Fund Administrator that are attributable to the Additional Steps which are found not to be unreasonable by the Commission staff. Such reimbursable costs, however, are not to exceed \$500,000 ("Total Reimbursable Amount"). Fees and expenses of the IDC and the Fund Administrator which are not attributable to the Additional Steps, as determined by the staff of the Commission, shall be borne by Invesco in accordance with the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange

Act of 1934, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, dated October 8, 2004, and shall not be reimbursed from the Fair Fund. Accordingly, fees and expenses attributable to the Additional Steps but which exceed the Total Reimbursable Amount shall not be reimbursed.

- E. Amount to be Reserved from the Residual: The amount of \$4.2 million will be reserved from the Fair Fund (“Reserved Amount”) to pay: (1) any check issuances that result from the Additional Steps; (2) the Total Reimbursable Amount of the Additional Steps as described above; and (3) estimated tax liabilities of the Fair Fund.
- F. The Residual Distribution: The current balance of the Fair Fund less the Reserved Amount shall be considered the Residual and shall be distributed to the affected Invesco Funds in accordance with the Plan. Those Residual distributions may be made while the Additional Steps are being taken.
- G. Remaining Reserved Amount to be Disbursed to Treasury: Any checks issued pursuant to the Additional Steps which remain uncashed after their stale date or which are returned as undeliverable, shall be cancelled and returned to the Fair Fund. This amount plus any monies remaining from Reserved Amount shall then be disbursed to Treasury in accordance with Step 26 of the Plan.

Finally, the Plan provides for a process by which the IDC is to determine whether individuals or entities suspected of having market timing arrangements with IFG are nonetheless eligible for a distribution from the IFG Fair Fund. After the Fund Administrator had distributed the Fair Fund monies noted above following the Commission’s November 20, 2009 Order, the IDC determined that fifty-eight (58) additional investors were eligible to receive a distribution under this process and quantified their estimable distribution from the Fair Fund monies using a distribution methodology that is not otherwise described in the Plan. Because the Commission finds that this alternative methodology results in a reasonable approximation of these investors’ payments from the IFG Fair Fund, the Commission amends the Plan to allow the IDC’s use of this alternative distribution methodology and authorizes the IDC to distribute the quantified payments to such investors from the Fair Fund monies. Any checks issued as a result of this distribution shall have a stale date of 60 days after their issuance. The IDC may, in his discretion, re-issue a check which was issued pursuant to this authorization, but only if the request for re-issuance is made before the stale date of the original check (i.e., within 60 days after the original issuance). Any check so re-issued will have a stale date no later than 30 days after the stale date of the originally issued check. Except as provided in this paragraph, the IDC will not authorize any other payments. Finally, any issued checks which remain uncashed after their stale date or which are returned as undeliverable, shall be cancelled and returned to Fair Fund to be disbursed to Treasury in accordance with Step 26 of the Plan.

Accordingly, it is ORDERED that:

1. Pursuant to Rule 1105(g) of the Fair Fund Rules, 17 C.F.R. §201.1105(g), that the Plan is amended as described above, and approved with such amendments;
2. The Fund Administrator shall disburse the Residual as described in Paragraph F., above, to the affected Invesco Funds in the amount stated in the validated payment file of \$57,821,352.37; and
3. The Fund Administrator shall disburse payments to the 58 eligible investors referenced above from the IFG Fair Fund based on the IDC's use of the approved alternative distribution methodology in the amount stated in the validated payment file of \$26,838.97.

By the Commission.

Elizabeth M. Murphy
Secretary