

STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION
25 CAPITOL STREET
CONCORD, NH 03301

CONSENT ORDER
IN THE MATTER OF:

State Street Bank and Trust Company

INV2017-00021

- I. For purposes of settling the above-captioned matter, and in lieu of further administrative proceedings, State Street Bank and Trust Company (“SSBT”) has submitted an offer of settlement, which the State of New Hampshire, Department of State, Bureau of Securities Regulation (the “Bureau”) has determined to accept. Accordingly, without admitting or denying the allegations and statements of law contained herein, SSBT does hereby consent to entry of this Consent Order and the sanctions contained therein:

BACKGROUND

1. SSBT is a Massachusetts bank headquartered at State Street Financial Center, One Lincoln Street, Boston, Massachusetts 02111-2900. SSBT provides custody and other asset servicing to pension plans, mutual funds and hedge funds located in New Hampshire (the “New Hampshire customers”). As part of these services, from late 1998 to about November 2015, SSBT billed certain of their New Hampshire customers for expenses, including expenses related to courier services, telephone, wire, SWIFT messaging and audit reporting.
2. Beginning in 2015, SSBT conducted an internal investigation of their expense charges. State Street ultimately determined that some of their New Hampshire customers had been overcharged for certain categories of expense. More specifically, with respect to certain categories of expense SSBT charged amounts in excess of the actual unit cost of the expense. The overcharged margin on expenses was not disclosed to or agreed to by the New Hampshire customers.
3. In November 2015, SSBT stopped billing for expenses it determined had been overcharged, conducted an internal investigation, reimbursed affected clients in full, including interest, and cooperated with government inquiries. SSBT reimbursed New Hampshire customers for the overcharged expenses, plus interest, in the total amount of approximately Nine Hundred Thousand Dollars, and SSBT reported their findings and reimbursement calculations and methodology to their New Hampshire customers in writing. SSBT has

ceased overcharging expenses and has undertaken to periodically review their expense charges to make sure they are in line with actual expenses incurred.

4. In 2017, the Bureau opened an investigation regarding this matter, and SSBT cooperated fully by explaining their overcharges and reimbursements, providing information requested by the Bureau, and establishing that they had remediated their affected New Hampshire customers.

THE LAW

II. The Bureau hereby makes the following statements of law under the New Hampshire Revised Statutes Annotated, N.H. RSA 421-B, and regulations thereunder and acknowledges that SSBT neither admits or denies the Bureau's jurisdiction thereunder:

1. SSBT is a "person" within the meaning of N.H. RSA 421-B:1-102(39) (formerly N.H. RSA 421-B:2, XVI).
2. Pursuant to N.H. RSA 421-B:5-501(c) (formerly N.H. RSA 421-B:3, I(c)), it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. SSBT violated this section.
3. Pursuant to N.H. RSA 421-B:6-604(d) (N.H. RSA 421-B:26, III), any person who, either knowingly or negligently, violates any provisions of this chapter may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation.

III. In view of the foregoing, SSBT agrees to the following:

1. SSBT agrees that this Order is entered into for purposes of resolving only the matter described herein. This Order shall have no collateral estoppel effect in any other lawsuit, proceeding, or action not described herein. Likewise, this Order shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by SSBT of which the Bureau has no knowledge at the time of the date of final entry of this Consent Order.
2. SSBT agrees not to take any action or make any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation in this Consent Order or create the impression that the Consent Order is without factual basis. Nothing in this provision affects SSBT's testimonial obligations or the right to take legal or factual positions in litigation or other legal proceedings in

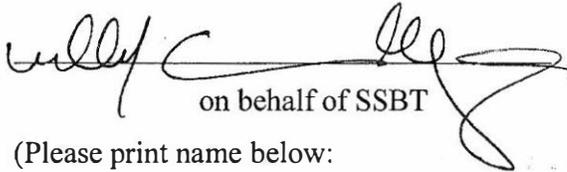
which the Bureau is not a party.

3. SSBT agrees to mail or transfer (by wire transfer or electronic funds transfer) within five (5) business days of the execution of this Agreement by both parties an administrative fine of Two Hundred and Fifty Thousand Dollars (\$250,000), plus a contribution to the New Hampshire Investor Education Fund of Seventy-Five Thousand Dollars (\$75,000), total (\$325,000). Payment of the total Three Hundred Twenty-Five Thousand Dollars (\$325,000) shall be made to the State of New Hampshire. Payment must be 1) made by business check, certified check, wire transfer, electronic funds transfer or postal money order; 2) made payable to the State of New Hampshire; and 3) if mailed, shall be mailed to the Bureau of Securities Regulation, Department of State, State House, Room 204, Concord, New Hampshire, 03301.
4. SSBT agrees that if it fails to meet any the undertakings set forth in this Consent Order, such a failure shall constitute a violation of this Consent Order pursuant to RSA 421-B:6-604 and may subject SSBT to enforcement action and penalties.

IV. Based on the foregoing, the Bureau deems it appropriate and in the public interest to accept and enter into this Order. **THEREFORE, IT IS HEREBY ORDERED THAT:**

1. SSBT pay an administrative fine, and contribution to the New Hampshire Investor Education Fund, in the total amount of Three Hundred and Twenty-Five Thousand Dollars (\$325,000) as outlined herein.
2. SSBT comply with all other undertakings outlined herein.

Executed this 6 day of May, 2018.


on behalf of SSBT

(Please print name below:

William J. Connelly

Entered this 2nd day of May, 2018.



Barry Glennon, Director
N.H. Bureau of Securities Regulation