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**IN THE MATTER OF:**

**VOLUMETRIC FUND, INC.**

**STIPULATION AND AGREEMENT**

**No. ST-20-202033-S**

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**WHEREAS**, Volumetric Fund, Inc. (“VFI”) of 87 Violet Drive, Pearl River, New York 10965 is an open-end management investment company formed under New York law on September 12, 1986. Prior to its New York incorporation, the fund operated as a private limited partnership under the name The Volumetric Investment Society. VFI has been offering securities to the general public since September 3, 1987, and is a no-load fund that does not charge commissions or sales charges. Commencing in 2020, VFI retained an outside Connecticut registered broker-dealer to distribute its shares;

**WHEREAS**, the Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act;

**WHEREAS**, on September 17, 2020, VFI self-reported, through a newly retained third party service provider, that, since its incorporation, VFI had made sales of securities to persons having a Connecticut nexus. The majority of the purchasers purchased their shares at a time when they were located in New York State, and subsequently relocated to Connecticut. According to the newly retained third party service provider, VFI had been under the impression that securities filings were only required in its home state;

**WHEREAS**, the staff of the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”) conducted a follow-up review of the information and documents supplied by VFI and its service provider. The Division ascertained that, of the six currently existing Connecticut shareholders of VFI, only three had purchased their shares while they resided in Connecticut;

**WHEREAS**, on September 21, 2020, VFI submitted a curative filing and associated fee to the Division to ensure its compliance going forward;

**WHEREAS**, VFI has represented to the Division that, once it was made aware of the error in its notice filing practices, it hired several professional firms in the financial services industry to provide regulatory guidance and professional advice, to wit, an outside law firm, a third party filing service and a broker-dealer to assume responsibility for the future distribution of fund shares. Volumetric has also represented to the Division that it would follow the guidance and advice of these professional firms going forward to ensure compliance with Connecticut filing requirements;

**WHEREAS**, Section 36b-16 of the Act provides that: “No person shall offer or sell any security in this state unless (1) it is registered under sections 36b-2 to 36b-34, inclusive, (2) the security or transaction is exempted under section 36b-21, or (3) the security is a covered security provided such person complies with any applicable requirements in subsections (c), (d) and (e) of section 36b-21”;

**WHEREAS**, the Commissioner believes that a violation of Section 36b-16 of the Act would support the imposition of administrative proceedings against VFI pursuant to Section 36b-27 of the Act;

**WHEREAS**, an administrative proceeding initiated under Section 36b-27 of the Act would constitute a “contested case” within the meaning of Section 4-166(4) of the General Statutes of Connecticut;

**WHEREAS**, Section 4-177(c) of the General Statutes of Connecticut and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by stipulation or agreed settlement, unless precluded by law;

**WHEREAS**, VFI desires to settle the matters described herein and voluntarily enters into this Stipulation and Agreement;

**WHEREAS**, the Commissioner and VFI acknowledge that this Stipulation and Agreement is in lieu of any court action or administrative proceeding against VFI, its officers, directors, employees, agents or representatives adjudicating any issue of fact or law on the matters described herein and is being made to settle only the matters described herein;

**WHEREAS**, without admitting or denying the allegations contained herein, VFI expressly consents to the Commissioner’s jurisdiction under the Act and to the terms of this Stipulation and Agreement;

**WHEREAS**, VFI, through its execution of this Stipulation and Agreement, voluntarily waives any rights it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Stipulation and Agreement;

**AND WHEREAS**, VFI specifically assures the Commissioner that the violations alleged in this Stipulation and Agreement shall not occur in the future.

**NOW THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:**

1. No later than the date this Stipulation and Agreement is executed by the Commissioner, VFI shall remit to the department via check payable to “Treasurer, State of Connecticut” the sum of ten thousand dollars (\$10,000), five thousand dollars (\$5,000) of which shall constitute reimbursement for past due securities filing fees and five thousand dollars (\$5,000) of which shall constitute an administrative fine;
2. VFI shall refrain from offering or selling securities in or from Connecticut absent compliance with Section 36b-16 of the Act, including timely compliance with the filing requirements in Section 36b-21(c) of the Act;
3. Execution of this Stipulation and Agreement by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against VFI based upon a violation of this Stipulation and Agreement or the basis for its entry if the Commissioner determines that compliance is not being observed with the terms hereof; and
4. This Stipulation and Agreement shall become binding when executed by VFI and the Commissioner.

**IN WITNESS WHEREOF**, the undersigned have executed this Stipulation and Agreement on the dates indicated.

Dated at Hartford, Connecticut  
this 19<sup>th</sup> day of January, 2021.

\_\_\_\_\_/s/\_\_\_\_\_  
Jorge L. Perez  
Banking Commissioner

I, Jeff Gibbs, state on behalf of Volumetric Fund, Inc. that I have read the foregoing Stipulation and Agreement; that I know and fully understand its contents; that I am authorized to execute this Stipulation and Agreement on behalf of Volumetric Fund, Inc.; and that Volumetric Fund, Inc. agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein.

Volumetric Fund, Inc.

By \_\_\_\_\_/s/\_\_\_\_\_  
Jeff Gibbs  
President

Date: 1/6/2021