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*
IN THE MATTER OF: *
*
PARNASSUS FUNDS *
*
THE PARNASSUS INCOME FUNDS *
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STIPULATION AND AGREEMENT
No. ST-23-20213-S

WHEREAS, the Banking Commissioner (the “Commissioner”) is responsible for administering Chapter 672a of the Connecticut General Statutes, the Connecticut Uniform Securities Act (the “Act”) and Sections 36b-31-2 *et seq.* of the Regulations of Connecticut State Agencies (the “Regulations”) promulgated under the Act;

WHEREAS, Parnassus Funds (“PF”) of One Market Street, Suite 1600, San Francisco, California 94105 is an open-end management investment company formed under Massachusetts law on April 2, 1984 as a Massachusetts business trust. PF offers various portfolios of securities to the public;

WHEREAS, The Parnassus Income Funds (“PIF”), also of One Market Street, Suite 1600, San Francisco, California 94105, is an open-end management investment company formed under Massachusetts law on August 1, 1990 as a Massachusetts business trust. PIF also offers various portfolios of securities to the public;

WHEREAS, the securities issued by PF and PIF would be deemed “covered securities” within the meaning of Section 18(b)(2) of the federal Securities Act of 1933;

WHEREAS, Section 36b-21(c) of the Act provides, in part, that: “(1) Any person who offers or sells a security that is a covered security under Section 18(b)(2) of the Securities Act of 1933 shall file with the commissioner . . . a notice for each series or portfolio prior to the initial offer of such security in this state, provided such notice requirement does not apply to any offer or sale described in subdivision (9) or (12) of subsection (b) of this section. The notice shall contain such information as the commissioner may require and shall be accompanied by a consent to service of process as required

by subsection (g) of section 36b-33 and, except as provided in subdivision (4) of this subsection, a nonrefundable fee of five hundred dollars . . . (3) any notice filed pursuant to this subsection relating to a redeemable security issued by an open end management company, as defined in the Investment Company Act of 1940, shall be valid until December thirty first of the calendar year in which it was first filed, without limitation as to the number of shares or aggregate amount. Such notice may be renewed annually thereafter upon submission of such information as the commissioner may require together with a nonrefundable fee of five hundred dollars”;

WHEREAS, during the relevant time period, both PF and PIF relied on a third party service provider, Blue Sky MLS, Inc. (“BSMLS”), to make the filings required by Section 36b-21(c) of the Act;

WHEREAS, on December 31, 2018, BSMLS advised the Securities and Business Investments Division (the “Division”) of the State of Connecticut Department of Banking that then notice filings for the following portfolios (the “Five Portfolios”) should be terminated: 1) Parnassus Endeavor Fund now known as Parnassus Value Equity Fund (a portfolio of PF); 2) Parnassus Fund (a portfolio of PF now known as Parnassus Mid Cap Growth Fund as of May 1, 2020); 3) Parnassus Mid-Cap Fund (a portfolio of PF); 4) Parnassus Core Equity Fund (a portfolio of PIF); and 5) Parnassus Fixed Income Fund (a portfolio of PIF);

WHEREAS, as a result of BSMLS terminating the notice filings for the Five Portfolios, no renewal notice filings were in effect for calendar years 2019, 2020 and 2021;

WHEREAS, in January, 2021, BSMLS submitted initial filings for the Five Portfolios, requesting that the notice filings be made effective as of February, 2021. BSMLS did not address the filing gap, and, for this reason, the Division deferred action on the applications while it awaited a response from BSMLS;

WHEREAS, PF and PIF maintain that they never authorized BSMLS to request that the notice filings for the Five Portfolios be terminated in Connecticut;

WHEREAS, PF and PIF have since retained the services of another third party service provider to handle their state investment company notice filings. The new service provider refiled the notices for the Five Portfolios and forwarded the associated fees on March 21, 2022;

WHEREAS, PF and PIF desire to settle the matters involving the filing delinquencies described herein and voluntarily enter into this Stipulation and Agreement;

WHEREAS, Section 4-177(c) of Chapter 54 of the Connecticut General Statutes permits the resolution of a contested case by stipulation or agreed settlement;

WHEREAS, the Commissioner, PF and PIF acknowledge that this Stipulation and Agreement is in lieu of any court action or administrative proceeding against either trust, its trustees, officers, employees, agents or representatives adjudicating any issue of fact or law on the specific matters described herein;

WHEREAS, PF and PIF, through their respective execution of this Stipulation and Agreement, voluntarily waive any rights each may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Stipulation and Agreement;

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, Parnassus Funds and The Parnassus Income Funds shall jointly and severally remit to the department via check payable to “Treasurer, State of Connecticut” the sum of eight thousand five hundred dollars (8,500), five thousand dollars (\$5,000) of which shall constitute reimbursement for past due notice filing fees and three thousand five hundred dollars (\$3,500) of which shall constitute an administrative fine;
2. Parnassus Funds and The Parnassus Income Funds 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 Parnassus Funds and The Parnassus Income Funds 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;
4. Nothing in this Stipulation and Agreement shall be construed as limiting the Commissioner's ability to take enforcement action against Parnassus Funds or The Parnassus Income Funds based upon evidence of which the Commissioner was unaware on the date hereof relating to a violation of the Act or any regulation or order under the Act; and
5. This Stipulation and Agreement shall become binding when executed by Parnassus Funds, The Parnassus Income Funds and the Commissioner.

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

Dated at Hartford, Connecticut
this 29th day of June 2023.

_____/s/_____
Jorge L. Perez
Banking Commissioner

I, Marc Mahon, state on behalf of Parnassus Funds, 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 Parnassus Funds and that Parnassus Funds agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein.

Parnassus Funds

By _____/s/_____

Title: Treasurer & Executive Vice President

State of: California

County of: Contra Costa

Subscribed and sworn (or affirmed) before me on this 8th day of June, 2023 by Marc Mahon proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

_____/s/_____

Notary Public
Commission Expires Sept. 03, 2024

I, Marc Mahon, state on behalf of The Parnassus Income Funds, 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 The Parnassus Income Funds and that The Parnassus Income Funds agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein.

The Parnassus Income Funds

By _____ /s/ _____

Title: Treasurer & Executive Vice President

State of: California

County of: Contra Costa

Subscribed and sworn (or affirmed) before me on this 8th day of June, 2023 by Marc Mahon proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

_____ /s/ _____

Notary Public
Commission Expires Sept. 03, 2024