



BancWest Investment Services, Inc. (“BWIS”) has entered into a settlement with the Securities and Exchange Commission (“SEC”) relating to the disclosure regarding the selection of mutual fund share classes in Investment Advisory client accounts. A full copy of the SEC Settlement Order can be found here: <https://www.sec.gov/litigation/admin/2020/34-90585.pdf>.

The Order requires BWIS to reimburse affected clients for certain 12b-1 and service fees it received during March 2014 through December 2016 (the “Relevant Period”) in the amount of \$286,450, along with prejudgment interest of \$44,982, and to pay a civil penalty of \$75,000. The refunds are expected to be distributed to eligible current and former advisory clients in 2021, with the exception of de minimis refunds. “De minimis refunds” refers to refunds of 12b-1 and service fees paid by accounts that are now closed, when the amount of the 12b-1 and service fees to be refunded, plus interest, totals less than \$10.

The Order also notes remedial acts promptly undertaken by BWIS and cooperation afforded the Commission staff. Although not detailed in the Order, in 2017, BWIS instructed the one third-party model provider that was making the fund and share class selections that paid BWIS 12b-1 and service fees that they were not limited to a certain subset of funds and to use the lowest-cost share class possible. Also in 2017, BWIS worked with that model provider to move affected clients to a lower-cost share class where available. BWIS has also maintained a longstanding practice of rebating mutual fund 12b-1 and service fees in retirement accounts and, more recently, has expanded the rebating practice to non-retirement accounts.

Affected clients do not need to do anything to receive their payments. Current clients who are eligible to participate will receive a credit in their open BWIS account. Former clients who are eligible to participate will receive a check at their last known address in BWIS’s records, unless their refund is less than the “de minimis” amount.

If you have any questions about this notice, please call BWIS at 1 800-338-3919.

