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IN THE MATTER OF:

STIPULATION AND AGREEMENT

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AQUILA MUNICIPAL TRUST

No. ST-18-8488-S

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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, Aquila Municipal Trust (the “Trust”) of 120 West 45th Street, Suite 3600, New York, New York 10036 is an open-end management investment company formed under Massachusetts law. The Trust offers various series of securities to the public;

WHEREAS, Aquila Narragansett Tax-Free Income Fund (the “Fund”) is a series of the Trust established on October 11, 2013;

WHEREAS, the securities issued by the Trust and the Fund 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, the Trust and the Fund relied on two third party service providers, the most recent being BNY Mellon Investment Servicing (US) Inc./ClearSky Services, to make the filings required by Section 36b-21(c) of the Act;

WHEREAS, in conjunction with an inquiry by the Securities and Business Investments Division (the “Division”) of the Department of Banking, the second service provider self-reported, and the Trust confirmed, that in 2015 and 2016, sales of the Fund had been made to two Connecticut purchasers at a time when no exemption was available for such sales and no notice filing for the Fund had been made under Section 36b-21(c) of the Act;

WHEREAS, a curative notice filing was made for the Fund on June 22, 2018;

WHEREAS, the Trust desires to settle the matters involving the filing delinquencies regarding the Fund described herein and voluntarily enters 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 and the Trust acknowledge that this Stipulation and Agreement is in lieu of any court action or administrative proceeding against the Trust, its trustees, officers, employees, agents or representatives adjudicating any issue of fact or law on the specific matters described herein;

WHEREAS, the Trust, 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;

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, the Trust shall remit to the department via check payable to “Treasurer, State of Connecticut” the sum of three thousand dollars (\$3,000), one thousand five hundred dollars (\$1,500) of which shall constitute reimbursement for past due notice filing fees and one thousand five hundred dollars (\$1,500) of which shall constitute an administrative fine;
2. The Trust 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 the Trust 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 the Trust 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 the Trust and the Commissioner.

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

Dated at Hartford, Connecticut
this 25th day of January 2019.

_____/s/_____
Jorge L. Perez
Banking Commissioner

I, Charles E. Childs, III, state on behalf of Aquila Municipal Trust, 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 Aquila Municipal Trust and that Aquila Municipal Trust agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein.

Aquila Municipal Trust

By _____/s/_____

Print Name Here: Charles E. Childs, III
Title: Executive Vice President & Secretary

On this 10th day of January 2019, personally appeared Charles E. Childs, III, signer of the foregoing Stipulation and Agreement, who, being duly sworn, did acknowledge to me that he was authorized to execute the same on behalf of Aquila Municipal Trust and acknowledged the same to be his free act and deed, before me.

_____/s/_____
Notary Public
My Commission Expires: March 17, 2019