

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940

Release No. 2828 / January 13, 2009

INVESTMENT COMPANY ACT OF 1940

Release No. 28582 / January 13, 2009

SECURITIES EXCHANGE ACT OF 1934

Release No. 59237 / January 13, 2009

Administrative Proceeding File No. 3-13337

The United States Securities and Exchange Commission (“Commission”) today issued an Order Instituting Administrative and Cease and Desist Proceedings Pursuant to Sections 9(b) and 9(f) of the Investment Company Act of 1940, Section 203(f) of the Investment Advisers Act of 1940 and Section 15(b) of the Securities Exchange Act of 1934 against Diane M. Keefe of Wilton, Connecticut and New York, New York.

The Division of Enforcement (Division) alleges in the Order that in 2003, when Keefe was the portfolio manager of the Pax World High Yield Fund, she created and labeled a set of notes “investment committee meeting” and represented them to be notes of nine Pax World High Yield Fund investment committee meetings that purportedly occurred from February 1999 to August 2003. The Division further alleges that these notes, which reflected investment advice, were false in that they consisted of notes of three-way conversations that never occurred. In fact, according to the Order, the date of the first purported meeting reflected in the notes Keefe created pre-dates Keefe’s employment at Pax World by at least two months; those notes nevertheless represent that an investment committee meeting occurred and that Keefe was in attendance. The Division further alleges that Keefe created the notes after Pax World’s compliance liaison asked Keefe in August 2003 for notes of the Fund’s investment committee meetings in connection with a routine examination being conducted by the Commission staff at that time. The Division also alleges that these false investment committee notes remained in the Fund’s files maintained by Pax World for approximately one year. As a result of this conduct, the Division alleges that Keefe violated Section 34(b) of the Investment Company Act, which prohibits the making of any untrue statement of material fact in any document the keeping of which is required pursuant to Section 31(a). Rule 31a-1(b)(11) requires that every registered investment company maintain files of all advisory material received from the investment adviser, any advisory board or advisory committee, or any other persons from whom the investment company accepts investment advice. The Division alleges that Keefe was a person from whom the Fund accepted investment advice and that the investment committee notes constitute advisory material for purposes of Rule 31a-1(b)(11).

A hearing will be scheduled before an Administrative Law Judge to determine whether the allegations in the Order are true, to provide Keefe an opportunity to dispute the allegations, and to determine what, if any, remedial action is appropriate in the public interest pursuant to Sections 9(b)

and 9(f) of the Investment Company Act, Section 203(f) of the Advisers Act, and Section 15(b) of the Exchange Act. The Order requires the Administrative Law Judge to issue an initial decision no later than 300 days from the date of service of the Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.