

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES
550 WEST SEVENTH AVENUE, SUITE 1850
ANCHORAGE, ALASKA 99501
PHONE: (907) 269-8140

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STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

In the matter of:)
FRANKLIN STRATEGIC) ORDER NO: 15-474-S
MORTGAGE PORTFOLIO) ORDER IMPOSING A CIVIL PENALTY
AND CONSENT TO ORDER
Respondent.)

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Administrator”), has conducted an investigation into certain business activities of Franklin Strategic Mortgage Portfolio (“Respondent”), and has determined that Respondent violated certain provisions of the Alaska Securities Act, Alaska Statute (AS) 45.55, by offering and selling securities in Alaska without the securities first being registered with the Administrator, federally covered in compliance with Alaska law, or exempt from registration.

Respondent agrees that the Administrator has jurisdiction over Respondent and these matters pursuant to the Alaska Securities Act.

Respondent wishes to resolve and settle this matter with the Administrator. As evidenced by the authorized signature on this Order, Respondent consents to the entry of this Order imposing a civil penalty. Respondent waives its right to a hearing under AS 45.55.920(d).

I. FACTS

1. Respondent is an open-end investment company with an address of One Franklin Parkway, San Mateo, California, 94403.

1 covered securities under 15 U.S.C. 77r(b)(2) (1933 Act) and subject to the filing
2 requirements of AS 45.55.075.

3 2. Respondent sold federal covered securities in the State of Alaska from February 2,
4 2014 to November 23, 2014 without filing the required renewal of its notice filing and
5 paying the required filing fee in violation of AS 45.55.075.

6 3. Respondent is subject to a civil penalty under AS 45.55.920(c) for violations of the
7 Alaska Securities Act that were not knowing or intentional.

8 **III. ORDER**

9 Pursuant to AS 45.55.920(c), and on the basis of the Findings of Fact, Conclusions of
10 Law and Respondent's consent to the entry of this Order, the Administrator ORDERS

11 Respondent to:

- 12 1. Pay a civil penalty in the amount of one thousand dollars (\$1,000).
13 2. Comply with all provisions of the Alaska Securities Act, including associated
14 regulations.

15 **IT IS SO ORDERED.**

16 CHRIS HLADICK, Commissioner
17 Department of Commerce, Community
18 and Economic Development

19 June 1, 2015

20 Date

20 /s/ Kevin Anselm

21 Kevin Anselm, Director
22 Division of Banking and Securities

23 **Corporate Consent to Entry of Order**

24 I, Steven J. Gray, state that I am the Vice President and Assistant Secretary of
Franklin Strategic Mortgage Portfolio ("Respondent"); that I am authorized to act on its

1 behalf; that I have read the foregoing Order and that I know and fully understand the Order's
2 contents; that Respondent has been advised of the right to a hearing and expressly waives any
3 right to a hearing in this matter; that Respondent voluntarily and without any force or duress,
4 consents to the entry of this Order, without admitting or denying the allegations and
5 conclusions stated herein; that Respondent understands that the Administrator reserves the
6 right to take further actions to enforce this Order or to take appropriate action upon discovery
7 of other violations of the Alaska Securities Act; and that Respondent will fully comply with
8 the terms and conditions stated herein.

9 Respondent further assures the Administrator that Respondent and its members,
10 officers, employees and agents will only effect securities transactions in Alaska in full
11 compliance with the terms of this Order, the Alaska Securities Act (AS 45.55) and
12 regulations (3 AAC 08).

13 Respondent understands that this Order is a publicly disclosable document.

14 Franklin Strategic Mortgage Portfolio

15 5/19/15
16 Date

By: /s/ Steven Gray

17 Name: Steven J. Gray

18 Title: Vice President and Assistant Secretary

19
20 **ACKNOWLEDGEMENT**

21 A notary public or other officer completing this certificate verifies only the identity of the
22 individual who signed the document to which this certificate is attached, and not the
23 truthfulness, accuracy, or validity of that document.

24 STATE OF California
COUNTY OF San Mateo

On May 19, 2015 before me Maria Celeste Vera Cruz Dela Rosa personally appeared Steven Gray who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the

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1 within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized
2 capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

3 I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing Paragraph is
4 true and correct.

5 WITNESS my hand and official seal.

6 (NOTARY SEAL)

/s/ Maria Celeste Vera Cruz Dela Rosa

Maria Celeste Vera Cruz Dela Rosa, Notary Public

My commission expires: 06/16/2015

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9 Contact Person:
10 David Newman
11 Securities Examiner
(907) 269-7678



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