

1  
2 STATE OF OREGON  
3 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
4 DIVISION OF FINANCE AND CORPORATE SECURITIES

5 BEFORE THE DIRECTOR OF THE  
6 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

7 In the Matter of:

S-09-0008

8 Keeley Funds, Inc.

9 ORDER TO CEASE AND DESIST,  
10 ORDER ASSESSING SECURITIES NOTICE  
11 FILING FEES, AND  
12 CONSENT TO ENTRY OF ORDER

13 Respondent.

14 WHEREAS the Director of the Department of Consumer and  
15 Business Services (hereinafter, "the Director") has conducted an  
16 investigation of certain business activities conducted by Keeley  
17 Funds, Inc. ("Keeley Funds" or the "Issuer"), and has determined  
18 that Keeley Funds offered and sold securities in the State of  
19 Oregon in violation of the Oregon Securities Law; and

20 WHEREAS Keeley Funds wishes to resolve and settle this  
21 matter with the Director;

22 NOW THEREFORE, as evidenced by the authorized signatures  
23 subscribed on this Order, Keeley Funds hereby **CONSENTS** to entry  
24 of this Order to Cease and Desist upon the Director's Findings  
25 of Fact and Conclusions of Law as stated hereinafter.

26 //

//

//



1 **FINDINGS OF FACT**

2 The Director **FINDS** that:

3 1. Keeley Funds, Inc. is a Maryland corporation with a  
4 principal place of business at 401 South LaSalle Street, Suite  
5 1201; Chicago, IL 60605. Keeley Funds, Inc. is an open-ended  
6 management investment company registered under the Investment  
7 Company Act of 1940 (the "1940 Act").

8 2. John L. Keeley, Jr., is Director and President of  
9 Keeley Funds.

10 3. On May 17, 1993 the Keeley Small Cap Value Fund, Inc.,  
11 an open-ended mutual fund, was incorporated in Maryland,  
12 registered under the 1940 Act on July 27, 1993, and commenced  
13 operations on October 1, 1993.

14 4. On December 31, 2007, Keeley Small Cap Value Fund, Inc.  
15 merged into a newly created series of the Keeley Funds  
16 designated Keeley Small Cap Value Fund.

17 5. As a mutual fund registered under the 1940 Act, Keeley  
18 Funds, Inc. and Keeley Small Cap Value Fund, Inc. are exempt  
19 from state securities registration pursuant to section 18 of the  
20 Securities Act of 1933 ("1933 Act"). Those funds are, however,  
21 subject to the notice filing provisions of Section 18(b)(2) of  
22 the 1933 Act and ORS 59.049(1), which requires that an issuer  
23 annually file notice with Oregon's Division of Finance and  
24 Corporate Securities (the "Division") on NASAA Form NF ("Form  
25 NF") and pay a five hundred dollar (\$500) fee when securities  
26 are offered or sold in Oregon. Pursuant to ORS 59.049 and OAR

Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4387



1 441-049-1001(6), all notice filings expire one year from the  
2 date of filing and must be renewed.

3 6. On February 15, 2006, Keeley Small Cap Value Fund, Inc.  
4 filed the necessary Form NF and paid the applicable fee for its  
5 shares of beneficial interest (the "Shares"). The Division  
6 issued a Notice of Filing for the Shares, effective as of  
7 February 15, 2006.

8 7. On December 27, 2006, Keeley Small Cap Value Fund, Inc.  
9 properly renewed the notice filing pursuant to the procedures  
10 set forth under OAR 441-049-1021(6) and paid the applicable fee.  
11 The Division issued a Notice of Filing for the Shares, effective  
12 as of February 15, 2007.

13 8. On December 28, 2007 the Issuer filed an amended Form  
14 NF with the Division indicating a name change from Keeley Small  
15 Cap Value Fund, Inc. to Keeley Funds, Inc.

16 9. On February 15, 2008, the Issuer's then in effect  
17 Notice of Filing expired and the Issuer failed to timely renew  
18 the Shares. On November 19, 2008, the Division received a  
19 renewal notice on Form NF and fee for the Shares.

20 10. From February 15, 2008 to November 19, 2008 the Issuer  
21 sold approximately sixteen million, three hundred sixty-two  
22 thousand, seven hundred twenty one dollars (\$16,362,721) worth  
23 of the Shares in Oregon.

24 11. From February 15, 2008 to November 19, 2008 the Issuer  
25 failed to file the required notice on Form NF or pay the  
26 applicable fee to the Division.

Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4387



1 12. In December 2008, the Division issued a new Notice of  
2 Filing for the Issuer effective as of November 19, 2008.

3 **CONCLUSIONS OF LAW**

4 The Director **CONCLUDES** that:

5 13. The Shares that Keeley Funds offered and sold in Oregon  
6 were federal covered securities as defined by ORS 59.015(5).

7 14. Keeley Funds sold federal covered securities in the  
8 State of Oregon during the nine-month period from February 15,  
9 2008 to November 19, 2008 without filing the required notice and  
10 paying the required notice fees in violation of ORS 59.049(1).

11 15. Because of its failure to timely file the required  
12 notice filing and fees, Keeley Funds is subject to paying treble  
13 notice filing fees pursuant to ORS 59.049(6).

14 **ORDER**

15 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

16 16. Pursuant to ORS 59.245, Keeley Funds is **ORDERED TO**  
17 **CEASE AND DESIST** from:

18 a. Selling federal covered securities in the State  
19 of Oregon in violation of ORS 59.049 by failing to file the  
20 appropriate notice and pay the appropriate filing fee; and

21 b. Violating any provision of ORS Chapter 59 or  
22 Oregon Administrative Rules Chapter 441.

23 17. Pursuant to ORS 59.049(6), the Director hereby **ORDERS**  
24 Keeley Funds to make retroactive Form NF notice filings with the  
25 Division for the period between February 15, 2008 to November  
26 19, 2008 and to pay to the Division the notice filing fee of



1 five hundred dollars (\$500). The Issuer must pay the fee in  
2 full and file the retroactive Form NF filings with the Division  
3 within thirty (30) days of the Director's signing of this Order.

4 18. While the Issuer may be subject to paying treble notice  
5 fees pursuant to ORS 59.049(6), the Director is not assessing  
6 treble notice fees because the Issuer brought this matter to the  
7 Director's attention and has cooperated with and assisted the  
8 Division in resolving the matter.

9 19. The entry of this Order in no way limits further  
10 remedies which may be available to the Director under Oregon  
11 law.

12 Dated this 20<sup>th</sup> day of February, 2009 at Salem,  
13 Oregon.

14 CORY STREISINGER, Director  
15 Department of Consumer and Business Services

16   
17 \_\_\_\_\_

18 David Tatman, Administrator  
19 Division of Finance and Corporate Securities

20 //  
21 //  
22 //  
23 //  
24 //  
25 //  
26 //

Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4387





1 Keeley Funds understands that this Consent Order is a  
2 public document.

3 Dated this 10 day of February, 2009.

4  
5 By: Ruth A Look

6 Office Held: authorizing agent  
7 (POA)

8 **CORPORATE ACKNOWLEDGMENT**

9 There appeared before me this 10th day of  
10 February, 2009, Ruth A Look who was first  
11 duly sworn on oath, and stated that she is an officer of Keeley  
12 Funds, Inc. and that she is authorized and empowered to sign this  
13 Consent to Entry of Order on behalf of Keeley Funds, Inc., and  
14 to bind Keeley Funds, Inc. to the terms hereof.



15 Signature of Notary [Signature]

16 My commission expires: 1-6-2013

17 Division of Finance and Corporate Securities  
18 Labor and Industries Building  
19 350 Winter Street NE, Suite 410  
20 Salem, OR 97301-3881  
Telephone: (503) 378-4387



21  
22  
23  
24  
25  
26