

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

v. :

Civil Action No. :

DEUTSCHE BANK SECURITIES INC., :

Defendant. :

CONSENT OF DEFENDANT DEUTSCHE BANK SECURITIES INC.

1. Defendant Deutsche Bank Securities Inc. (“DBSI” or “Defendant”) waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court’s jurisdiction over it and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as to personal and subject matter jurisdiction, which DBSI admits), DBSI hereby consents to the entry of the Judgment in the form attached hereto (the “Judgment”) and incorporated by reference herein, which, among other things:

- a. permanently restrains and enjoins DBSI from violations of Section 15(c) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78o(c)]; and
- b. provides that upon motion by the Commission the Court shall determine whether it is appropriate to order DBSI to pay a civil

penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

3. DBSI agrees that it shall comply with the following undertakings:

I. Key Definitions.

A. Eligible Auction Rate Securities. As used in this Consent, “Eligible ARS” shall mean auction rate securities that have failed at auction since February 13, 2008, and are still owned by an Eligible Customer.

B. Eligible Customers. As used in this Consent, “Eligible Customer” shall mean:

1. Natural persons who purchased Eligible ARS at DBSI and certain of its subsidiaries prior to February 13, 2008 and held those securities on February 13, 2008;
2. Legal entities forming investment vehicles for family members (such as an IRA, trust, family limited partnership, or similar entity) that purchased Eligible ARS at DBSI and certain of its subsidiaries prior to February 13, 2008 and held those securities on February 13, 2008;

3. Charities, endowments or foundations with Internal Revenue Code Section 501(c)(3) status that purchased Eligible ARS at DBSI and certain of its subsidiaries prior to February 13, 2008 and held those securities on February 13, 2008; and
4. Small to medium-sized businesses not otherwise covered by Paragraphs 3(I)(B)(2) and (3) above that had \$10 million or less in assets in their accounts with Deutsche Bank AG that purchased Eligible ARS at DBSI and certain of its subsidiaries prior to February 13, 2008 and held those securities on February 13, 2008.

II. Customer Notification Procedures.

- A. Notice. To the extent that it has not already done so in the Auction Rate Securities Material Information notice published on its website, no later than seven (7) business days from entry of the Judgment, DBSI shall make best efforts to identify and provide written notice to Eligible Customers, informing them of the relevant terms of this Consent. DBSI shall also provide written notice of the relevant terms of this Consent to any Eligible Customers identified subsequent to the Notice.

B. Customer Assistance Line and Internet Page. To the extent that it has not already done so in the Auction Rate Securities Material Information notice published on its website, no later than two (2) business days after entry of the Judgment, DBSI shall establish: (1) a dedicated toll-free telephone assistance line, with appropriate staffing, to provide information and to respond to questions concerning the terms of this Consent; and (2) a public Internet page on its corporate Web site(s), with a prominent link to that page appearing on Deutsche Bank Alex. Brown's relevant homepage(s), to provide information concerning the terms of this Consent and, via an e-mail address or other reasonable means, to respond to questions concerning the terms of this Consent. DBSI shall maintain the telephone assistance line and Internet page through December 31, 2009.

III. Buyback from Eligible Customers. DBSI shall make an offer to buy back Eligible ARS at par, plus accrued interest or dividends, if any, from Eligible Customers. For any Eligible Customer who accepts the offer between December 31, 2008 and June 30, 2009, DBSI will complete the purchase within seven business days of DBSI's receipt of his or her acceptance. However, Eligible Customers may request that DBSI purchase the Eligible ARS on

the next scheduled auction date after DBSI's receipt of his or her acceptance, in which case DBSI will complete the purchase within seven business days of that auction. Eligible Customers may revoke their acceptances of the offer up to and until the time of purchase. The buyback offer will conclude no later than June 30, 2009.

- IV. Reimbursement for Related Loan Expenses. DBSI shall make its best efforts to identify Eligible Customers who took out loans from DBSI, between February 13, 2008 and the date of the Judgment, that were secured by Eligible ARS that were not successfully auctioning at the time the loan was taken out from DBSI. DBSI shall refund to those Eligible Investors any interest associated with the Eligible ARS based portion of those loans in excess of the total interest and dividends received on the ARS during the duration of the loan. Such refunds shall occur no later than June 30, 2009.
- V. Relief for Customers Who Sold Below Par. DBSI shall make reasonable efforts to identify any Eligible Customers who sold auction rate securities below par between February 13, 2008 and the date of this Consent. By June 30, 2009, DBSI shall pay any such identified Eligible Customers the difference between par and the price at which the Eligible Customer sold the auction rate securities.

VI. Relief Efforts for Institutional and Other Customers. DBSI shall use its best efforts to provide, by December 31, 2009, liquidity solutions to institutional and other customers not covered by Paragraph 3(I)(B) above who purchased Eligible ARS from DBSI prior to February 13, 2008. Though DBSI shall use its best efforts to offer opportunities to the institutional and other customers not covered by Paragraph 3(I)(B) above to liquidate Eligible ARS, DBSI is under no obligation to offer to purchase ARS from these customers.

VII. Customer Priority. DBSI shall not take advantage of liquidity solutions with regard to a particular series of ARS in its own inventory without making these opportunities available to its institutional and other customers holding the same ARS in their accounts and that have placed a limit order to sell such securities at the same price or better, or otherwise have informed DBSI of their intention or willingness to sell such securities at the same price or better. This provision will be in effect until December 31, 2009.

VIII. Consequential Damages Claims.

A. Special Arbitration Procedures. DBSI shall consent to participate, at the Eligible Customer's election, in the special arbitration procedures as briefly described below. Under these procedures, a public arbitrator, under the

auspices of the Financial Industry Regulatory Authority (“FINRA”), will be available for the exclusive purpose of arbitrating any Eligible Customer’s consequential damages claim, as described on the FINRA website at www.finra.org/ArbitrationMediation/P116972. These arbitrations will be governed by the procedures described briefly below:

1. Arbitrator. Arbitration shall be conducted by a single public arbitrator.
2. Forum Fees. DBSI will pay all forum fees associated with the arbitration for Eligible Customers.
3. Burden of Proof. Eligible Customers shall bear the burden of proving by a preponderance of the evidence the existence and amount of consequential damages suffered as a result of the illiquidity of the Eligible ARS. Although it may defend itself against consequential damage claims, DBSI shall not argue against liability related to the sale of ARS for the illiquidity of the underlying ARS position or use as part of its defense any decision by the Eligible Customer not to sell its ARS position before the

relevant settlement date, or borrow money from DBSI.

4. Other Damages. Eligible Customers who elect to use the special arbitration procedures provided for in this Consent shall not be eligible for punitive damages, or any other type of damages other than consequential damages.

B. Other Proceedings/Relief. All customers, including but not limited to Eligible Customers who avail themselves of the relief provided pursuant to this Consent, may pursue any remedies against DBSI available under the law. However, those customers that elect to utilize the special arbitration procedures set forth above are limited to the remedies available in that process and may not bring or pursue a claim relating to ARS in another forum.

IX. Reports.

A. Beginning August 17, 2009, and then quarterly thereafter, DBSI shall submit a written report detailing its progress with respect to its obligations pursuant to this Consent. The report shall be submitted to Tami S. Stark, Esq., Assistant Regional Director, U.S. Securities and Exchange Commission, Philadelphia Regional Office, 701 Market

Street, Suite 2000, Philadelphia, PA 19106, or as directed in writing by the SEC Staff. Such reports shall continue until the quarter ended December 31, 2009.

B. The reporting deadlines set forth above may be amended or modified with written permission from the SEC staff.

4. DBSI agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that DBSI pays pursuant to the Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. DBSI further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that DBSI pays pursuant to the Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. The Commission reserves the right to move the Court for the imposition of a civil penalty in the event it believes that DBSI has not satisfied its obligations under this Consent. Any such motion will be made within 90 days after December 31, 2009, unless extended by mutual agreement. In determining whether to seek a penalty, the Commission will take into consideration the extent to which DBSI has carried out its obligations under this Consent, taken appropriate remedial steps, paid financial penalties to other authorities for the conduct at issue, and cooperated with the Commission and other regulators in their investigations. Upon any such motion of the Commission, the Court shall determine whether it is appropriate to order a civil penalty pursuant to Section

21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the civil penalty. DBSI further agrees that in connection with the Commission's motion for civil penalties, and at any hearing held on such a motion: (a) DBSI will be precluded from arguing that it did not violate the federal securities laws as alleged in the Complaint; (b) DBSI may not challenge the validity of the Judgment, this Consent, or its related Undertakings; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

6. DBSI waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

7. DBSI waives the right, if any, to a jury trial and to appeal from the entry of the Judgment.

8. DBSI enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce DBSI to enter into this Consent.

9. DBSI agrees that this Consent shall be incorporated into the Judgment with the same force and effect as if fully set forth therein.

10. DBSI will not oppose the enforcement of the Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

11. DBSI waives service of the Judgment and agrees that entry of the Judgment by the Court and filing with the Clerk of the Court will constitute notice to DBSI of its terms and conditions. DBSI further agrees to provide to counsel for the Commission, within thirty days after the Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that DBSI has received and read a copy of the Judgment.

12. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against DBSI in this civil proceeding. DBSI acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. DBSI waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. DBSI further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any

disciplinary proceeding before the Commission based on the entry of the injunction in this action, DBSI understands that it shall not be permitted to contest the factual allegations of the Complaint in this action.

13. DBSI understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegation in the complaint or order for proceedings." 17 C.F.R. § 202.5. In compliance with this policy, DBSI agrees: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; and (ii) that upon the filing of this Consent, DBSI hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint. If DBSI breaches this agreement, the Commission may petition the Court to vacate the Judgment and restore this action to its active docket. Nothing in this paragraph affects DBSI's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

14. DBSI hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by DBSI to defend against this action. For these purposes, DBSI agrees that it is not the prevailing party in this action since the parties have reached a good faith settlement.

15. In connection with this action and any related judicial or administrative proceeding or investigation commenced by the Commission or to which the Commission is a party, DBSI: (i) agrees to appear and be interviewed by Commission staff at such times and places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or trials, or in connection with any related investigation by Commission staff; (iii) appoints DBSI's undersigned attorney as agent to receive service of such notices and subpoenas; (iv) with respect to such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the testimony reimburses DBSI's travel, lodging, and subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consents to personal jurisdiction over DBSI in any United States District Court for purposes of enforcing any such subpoena.

16. DBSI agrees that the Commission may present the Judgment to the Court for signature and entry without further notice.

17. DBSI agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Judgment.

DEUTSCHE BANK SECURITIES INC.

By: Robert E. Rile
Name: ROBERT E. RILE
Title: Managing Director

On 28 May, 2009, Robert Rice, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent with full authority to do so on behalf of Deutsche Bank Securities, Inc as its Managing Director

Norma Jean Clark

Notary Public

Commission expires: 02/22/13

NORMA JEAN CLARK
Notary Public State of NY.

County of NY

01CL6122719

Approved as to form:

Christian J. Mixer, Esq.

Christian J. Mixer, Esq.

MORGAN, LEWIS & BOCKIUS LLP

1111 Pennsylvania Avenue, NW

Washington, DC 20004

Attorney for Deutsche Bank Securities Inc.

DEUTSCHE BANK SECURITIES INC.

By: Joseph Polizzotto
Name: Joseph Polizzotto
Title: Managing Director

On Nov 1, 2009 Joseph Polizzotto, a person known to me,
personally appeared before me and acknowledged executing the foregoing Consent with full
authority to do so on behalf of Deutsche Bank Securities Inc. as its Managing
Director.

Andrew Winkler
Notary Public Andrew Winkler
Commission expires: 7/2011

