

OFFICE OF THE ATTORNEY GENERAL
BUREAU OF SECURITIES
STATE OF NEW JERSEY
153 HALSEY STREET
P.O. BOX 47029
NEWARK, NEW JERSEY 07101

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BUREAU OF SECURITIES
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IN THE MATTER OF:

Deutsche Bank Securities Inc.

CRD #2525

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CONSENT ORDER

BEFORE MARC B. MINOR, BUREAU CHIEF

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities (“Bureau Chief”) by the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (“Securities Law”), and after investigation, review, and due consideration of the facts and statutory provisions set forth below, the Bureau Chief has determined that civil monetary penalties and other remedies be assessed against Deutsche Bank Securities Inc. (“DBSI”).

WHEREAS, the New Jersey Bureau of Securities (the “Bureau”) is the State agency with the responsibility to administer and enforce the Securities Law; and

WHEREAS, N.J.S.A. 49:3-67 authorizes the Bureau Chief from time to time to issue such Orders as are necessary to carry out the provisions of the Securities Law, upon a finding that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policies and provisions of the Securities Law; and

WHEREAS, DBSI is a broker-dealer registered with the Bureau; and

WHEREAS, coordinated investigations into DBSI’s activities in connection with DBSI’s marketing and sale of auction rate securities (“ARS”) have been conducted by a

multi-state task force; and

WHEREAS, DBSI has provided documentary evidence and other materials, and provided regulators with access to information relevant to their investigations; and

WHEREAS, Deutsche Bank AG (as parent entity of DBSI) has entered into a Settlement Term Sheet dated August 31, 2008 (the "Settlement") with the North American Securities Administrator's Association ("NASAA"), which recommends to NASAA members the settlement terms intended to resolve the investigation into the marketing and sale of auction rate securities by DBSI; and

WHEREAS, DBSI and the Bureau Chief wish to resolve these issues in accordance with the terms of the Settlement and without the expense and delay that formal administrative proceedings would involve; and

WHEREAS, DBSI consents to the form and entry on this Consent Order without admitting or denying the allegations set forth herein. Accordingly, DBSI waives the following rights:

- a. To be afforded an opportunity for hearing on the Bureau Chief's findings and conclusions of law in this Consent Order after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2); and
- b. To seek judicial review of, or otherwise challenge or contend, the validity of this Consent Order; and

WHEREAS, DBSI agrees that for purposes of this matter, or any future proceedings to enforce this Consent Order by the Bureau Chief, this Consent Order shall have the same effect as if proven and ordered after a full hearing held pursuant to N.J.S.A. 52:14B-1 et seq.; and

WHEREAS, DBSI will pay \$15,000.00 to NASAA in consideration of the costs associated with NASAA's assistance in the investigation; and

WHEREAS, the provisions set forth in this Consent Order constitute the entire agreement between the Bureau and DBSI, and shall supersede any conflicting provisions contained in the Settlement.

FINDINGS OF FACT

The Bureau Chief makes the following findings of fact:

1. DBSI admits the jurisdiction of the Bureau, neither admits nor denies the findings of fact and conclusions of law contained in this Order, and consents to the entry of this Consent Order by the Bureau.

Auction Rate Securities

2. ARS as a general term refers to long-term debt or equity instruments tied to short-term interest rates that are reset periodically through an auction process.
3. An ARS auction is regarded as a “fail” or “failed auction” if there is not a buyer available for every ARS being offered for sale at the auction. In the event of a failed auction, the investors that wished to sell their ARS were unable to do so and would continue to hold the ARS and wait until the next successful auction to liquidate their positions.
4. Beginning in February 2008, the ARS market experienced widespread failed auctions (the “2008 Auction Failures”).
5. Common categories of ARS instruments include: auction preferred shares of closed-end funds (“Preferreds”); municipal auction rate certificates (“Municipal ARS”); and student loan-backed auction rate certificates (“Student Loan ARS”). The interest rates paid to ARS holders are intended to be set through a Dutch auction process.

6. The interest rate set at an ARS auction is commonly referred to as the “clearing rate.”

7. In order to determine the clearing rate, the buy bids are arranged from lowest to highest interest rate (subject to any applicable minimum interest rate). The clearing rate is the lowest interest rate at which all ARS available for sale at the auction can be sold at par value.

DBSI’s Marketing and Sale of Auction Rate Securities

8. DBSI (CRD #2525) is a Delaware corporation with a primary place of business located at 60 Wall Street, New York, New York.

9. Deutsche Bank Alex. Brown (“DBAB”), a division of DBSI, provides wealth planning and brokerage services to private, institutional, and corporate clients.

10. The Corporate and Investment Bank (“CIB”), another division of DBSI, provides capital market financial services to institutions and corporate clients.

11. DBSI engaged in the marketing and sale of ARS in the state of New Jersey.

12. Certain DBSI agents solicited sales of ARS to clients; however, certain DBSI agents did not fully comprehend the product, auction process, or the risks.

13. DBSI did not provide its agents with adequate training concerning the complex characteristics of ARS and risks inherent with this type of investment.

14. DBSI did not create and maintain adequate written supervisory procedures to ensure its agents provided their clients with adequate disclosure of the complex characteristics of ARS and risks inherent with this type of investment.

15. Certain DBAB agents misrepresented the characteristics of ARS to clients. Certain DBAB agents told clients that ARS were “safe and liquid”, “cash equivalents” and “just like money markets.”

16. Third-party marketing materials about ARS, which were available to DBAB agents, described certain ARS issues as an “AAA-rated source of short-term income” and a “Cash alternative.”

17. Certain DBAB clients maintained investment policies and objectives designed to place their money in safe and liquid investments.

18. Certain DBAB agents sold ARS to these DBAB clients, despite their investment policies and objectives which sought safe and liquid investments.

19. From approximately September 2003 until February 2008, DBAB categorized ARS under the heading “Other – Money Market Instruments” on clients’ monthly account statements.

20. ARS, unlike money market instruments, are not short term investments. In fact, ARS bonds may have maturities as long as 30 years and Preferreds have unlimited maturity.

21. Beginning in 2003, CIB began to underwrite certain Student Loan ARS issues (“CIB SL ARS”). Because CIB had not developed a sales network for those CIB SL ARS, there were instances in which several CIB SL ARS issues were not successfully sold to institutions during the initial offering. As a consequence, CIB purchased and maintained on its books 100% of the outstanding ARS for several CIB SL ARS issues, which ultimately allowed the initial offerings for these issues to succeed. Despite this, CIB continued to market those CIB SL ARS to investors. Some of those CIB SL ARS remained on CIB’s books as of the 2008 Auction Failures.

22. Because certain DBSI agents misrepresented the characteristics of ARS to clients and purchased ARS for clients based upon those misrepresentations, DBSI engaged in dishonest and unethical conduct in the securities business with respect to the marketing and sale of auction rate securities.

23. By failing to: (i) provide adequate training to agents concerning ARS, (ii) create and maintain adequate written supervisory procedures concerning ARS, and (iii) ensure accurate disclosure of ARS characteristics to clients by its agents, DBSI failed to reasonably supervise its agents with respect to the marketing and sale of auction rate securities.

Conflict of Interest

24. DBAB failed to adequately disclose to clients who purchased ARS that the firm's roles as underwriter and broker-dealer in certain ARS issues were a conflict of interest, and this conflict may affect the auction clearing rate. As the underwriter and lead manager on four Preferred issues since 1992¹ (the "DBAB Managed Preferred"), it was in the interest of the firm to keep the clearing rates low for issuers of the DBAB Managed Preferred. As broker-dealer, the firm had a duty to provide the highest available ARS clearing rates to its clients.

25. DBAB issued a "price talk" document prior to each ARS auction in which it acted as a broker-dealer. This document detailed the interest rate at which DBAB believed the ARS would clear at auction. DBAB determined this rate by utilizing different factors, including the competing interests of both investors and issuers.

26. By failing to fully inform clients about the effect of DBAB's conflicting roles, as underwriter and broker-dealer of ARS issues, on auction clearing rates, DBSI engaged in dishonest and unethical conduct in the securities business with respect to the marketing and sale of auction rate securities.

¹ These Preferred issues were Nuveen Maryland Premium Income Municipal Fund 2 (CUSIP No. W67061Q305), and Van Kampen Invest Grade (CUSIP Nos. E920929601, F920929700, and G920929809).

27. By failing to ensure adequate disclosure of conflicts of interest concerning ARS to clients by its agents, DBSI failed to reasonably supervise its agents with respect to the marketing and sale of auction rate securities.

Supporting Bids

28. In every auction for the DBAB Managed Preferred, the firm submitted “supporting bids” for its own account which were sufficient to cover the entire allotment of each DBAB Managed Preferred issue. These supporting bids were customary among lead managers to prevent failed auctions and to maintain liquidity for investors. In certain instances, the supporting bids prevented failed auctions, and in others, the supporting bids were unnecessary. However, regardless of the auction outcome, these supporting bids were consistently placed by DBAB, ensuring that successful auctions occurred and liquidity was maintained.

29. DBAB failed to disclose to clients that, in each auction of auction rate preferred issues for which DBAB acted as lead manager, the firm placed supporting bids for the entire allotment of auction rate preferred to ensure a successful auction.

30. DBAB agents were not aware that DBAB placed supporting bids in the auction rate preferred auctions for which DBAB was the lead manager; nor were they aware of the effect of DBAB’s supporting bids on those auctions.

31. In or around August 2007, CIB declined to place supporting bids for certain ARS issued by three special purpose vehicles previously created by Deutsche Bank (the “SPVs”) (called Pivots, Capstans, and Cambers). CIB’s decision to stop submitting supporting bids resulted in failed auctions for these ARS issues.

32. On or around February 13, 2008, the head traders of DBAB’s fixed income trading desk and CIB’s asset-backed trading desk, each of which handled the firm’s trading in ARS, declined to submit supporting bids for ARS issues in which DBSI was

the lead manager. This decision resulted in failed auctions for the ARS issues in which DBSI was a lead underwriter, and a lack of liquidity for clients invested in these issues. Neither DBAB nor CIB has placed a supporting bid since that decision.

33. By engaging in the practice of placing supporting bids to prevent failed ARS auctions and failing to disclose the practice to clients, DBAB engaged in dishonest and unethical conduct in the securities business with respect to the marketing and sale of auction rate securities.

34. By failing to ensure adequate disclosure to clients of DBAB's practice of placing supporting bids to artificially prevent failed ARS auctions, DBSI failed to reasonably supervise its agents with respect to the marketing and sale of auction rate securities.

CONCLUSIONS OF LAW

Solely for the purpose of this Consent Order, and without admitting or denying the allegations set forth herein, DBSI consents to the Bureau Chief making the following conclusions of law:

1. In connection with: (i) the misrepresentation of ARS to clients, (ii) the failure to adequately disclose to clients the effect of the firm's role as underwriter and broker-dealer for ARS issues, and (iii) the use of supporting bids to artificially prevent failed ARS auctions and failing to adequately disclose the practice to clients, DBSI engaged in dishonest and unethical conduct in the securities business, in violation of N.J.S.A. 49:3-58(a)(2)(vii).

2. In connection with the failure to (i) provide adequate training to agents concerning ARS, (ii) create and maintain adequate written supervisory procedures concerning ARS, (iii) ensure accurate disclosure of ARS characteristics to clients by its agents, and (iv) ensure adequate disclosure of conflicts of interest concerning ARS to clients by its agents, DBSI failed to reasonably supervise, and establish and enforce

procedures necessary to detect and prevent such conduct, in violation of its duties under N.J.S.A. 49:3-58(a)(2)(xi).

3. The activities set forth herein are grounds, pursuant to N.J.S.A. 49:3-58(a)(1), N.J.S.A. 49:3-58(a)(2)(vii), and N.J.S.A. 49:3-58(a)(2)(xi), for the initiation of administrative proceedings; and further, pursuant to N.J.S.A. 49:3-67, to impose such other appropriate remedial measures as may be necessary in the public interest.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and DBSI's consent to the entry of this Consent Order,

It is on this 3rd day of JUNE 2009, HEREBY ORDERED:

1. Pursuant to N.J.S.A. 49:3-70.1, DBSI is assessed and shall pay a civil monetary penalty in the amount of \$1,057,350.69 (New Jersey's pro rata share of the \$15,000,000 total penalty that DBSI agreed to pay pursuant to the Settlement), due and payable upon entry of this Consent Order to "State of New Jersey, Bureau of Securities," 153 Halsey Street, 6th Floor, Newark, New Jersey 07102. The civil monetary penalty payment shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1;
2. DBSI will pay \$15,000.00 to NASAA in consideration of the costs associated with NASAA's assistance in the investigation;
3. DBSI shall take certain measures, enumerated below, with respect to all current and former clients of DBSI that purchased "Eligible ARS", defined below, from DBSI on or before February 13, 2008 (the "Relevant Class"). For purposes of this Consent Order, "Eligible ARS" shall be defined as ARS purchased from DBSI that were subject to

auctions that were not continuously succeeding between February 13, 2008 and August 31, 2008.

4. Commencing immediately, DBSI shall offer to purchase at par Eligible ARS, that were purchased from DBSI prior to February 13, 2008, held by: (i) all individuals; (ii) legal entities forming an investment vehicle for family members including but not limited to IRA accounts, Trusts, Family Limited Partnerships and other legal entities performing a similar function; (iii) all charities and non-profits; and (iv) small to medium sized businesses with assets of \$10 million dollars or less with Deutsche Bank (collectively, "Individual Investors"). A copy of DBSI's ARS Offer Letter to Individual Investors is attached hereto as Exhibit A;

a. DBSI shall complete all purchases from Individual Investors who accept the offer (i) prior to November 19, 2008 by November 19, 2008, and (ii) prior to December 31, 2008 by December 31, 2008. For any Individual Investor 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, Individual Investors may request that DBSI purchase the Eligible ARS on the next scheduled auction date after DBSI's receipt of its acceptance, in which event DBSI will complete the purchase within seven business days of that auction;

b. DBSI shall provide notice to customers of the settlement terms and DBSI shall establish a dedicated telephone assistance line, with appropriate staff, to respond to questions from customers concerning the terms of this Consent Order;

5. No later than November 19, 2008, any DBSI Individual Investor that DBSI can reasonably identify who sold auction rate securities below par between February 13, 2008

and August 31, 2008 will be paid the difference between par and the price at which the investor sold the auction rate securities;

6. DBSI shall consent to participate, at the Eligible Customer's election, in the special arbitration procedures as briefly described below. Under these procedures, the Special Arbitration Process that applies to firms that have entered into settlements with state regulators (the "State SAP"), under the auspices of Financial Industry Regulatory Authority ("FINRA"), will be available for the exclusive purpose of arbitrating any Individual Investor's consequential damages claim:

- a. No later than November 19, 2008, DBSI shall notify those DBSI Individual Investors who own auction rate securities, pursuant to the terms of the Settlement, that a public arbitrator (as defined by section 12100(u) of the NASD Code of Arbitration Procedures for Customer Disputes, eff. April 16, 2007), under the auspices of FINRA, will be available for the exclusive purpose of arbitrating any DBSI Individual Investor's consequential-damages claim;
- b. Arbitration shall be conducted by public arbitrators and DBSI will pay all applicable forum and filing fees;
- c. Any DBSI Individual Investors who choose to pursue such claims shall bear the burden of proving that they suffered consequential damages and that such damages were caused by investors' inability to access funds consisting of investors' auction rate securities holdings at DBSI;
- d. DBSI shall be able to defend itself against such claims; provided, however, that DBSI shall not contest in these arbitrations liability related to the sale of auction rate securities; and provided further that DBSI shall not be able to use as part of its defense a DBSI Individual Investor's decision not to borrow money from DBSI;

- e. Individual Investors who elect to use the State SAP provided for in this Order shall not be eligible for punitive damages, or any other type of damages other than consequential damages. The State SAP will govern the availability of attorneys' fees.
 - f. All customers, including but not limited to Individual Investors who avail themselves of the relief provided pursuant to this Consent Order, may pursue any remedies against DBSI available under the law. However, Individual Investors, that elect to utilize the special arbitration process set forth above are limited to the remedies available in that process and may not bring or pursue a claim relating to Eligible ARS in another forum.
7. DBSI shall endeavor to work with issuers and other interested parties, including regulatory and governmental entities, to expeditiously provide liquidity solutions for institutional investors not covered by paragraph 4 immediately above. Beginning November 19, 2008, and then quarterly after that, DBSI shall submit a written report to the representative specified by NASAA ("NASAA Representative") outlining the efforts in which DBSI has engaged and the results of those efforts with respect to DBSI institutional investors' holdings in auction rate securities. DBSI shall confer with the NASAA Representative no less frequently than quarterly to discuss DBSI's progress to date. Such quarterly reports shall continue until no later than December 31, 2009. Following every quarterly report, the NASAA Representative shall advise DBSI of any concerns and, in response, DBSI shall discuss how DBSI plans to address such concerns;
8. DBSI shall refund refinancing fees DBSI has received from municipal auction rate issuers that issued such securities through DBSI in the initial primary market between August 1, 2007 and February 13, 2008, and refinanced those securities after February 13, 2008; and

9. DBSI shall make its best efforts to identify Individual Investors who took out loans from DBSI, between February 13, 2008 and the June 30, 2009, 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 Individual Investors any interest associated with the auction rate securities-based portion of those loans in excess of the total interest and dividends received on the auction rate securities during the duration of the loan. Such refunds shall occur no later than July 31, 2009.

GENERAL PROVISIONS

1. This Consent Order concludes the investigation by the Bureau and any other action that the Bureau could commence under applicable New Jersey law on behalf of New Jersey as it relates to DBSI's marketing and sale of ARS to DBSI's "Individual Investors," as defined above.

2. The Bureau shall refrain from taking legal action, if necessary, against DBSI with respect to its institutional investors until November 19, 2008.

3. The Bureau will not seek additional monetary penalties from Deutsche Bank relating to DBSI's marketing and sale of auction rate securities.

4. If payment is not made by DBSI, or if DBSI defaults in any of its obligations set forth in this Consent Order, the Bureau may vacate this Consent Order, at its sole discretion, upon 10 days notice to DBSI and without opportunity for administrative hearing.

5. This Consent Order is not intended to indicate that Deutsche Bank or any of its affiliates or current or former employees shall be subject to any disqualifications contained in the federal securities law, the rules and regulations thereunder, the rules and regulations of self regulatory organizations or various states' securities laws including any disqualifications from relying upon the registration exemptions or safe harbor provisions. In addition, this Consent Order is not intended to form the basis for any such disqualifications.

6. For any person or entity not a party to this Consent Order, this Consent Order does not limit or create any private rights or remedies against Deutsche Bank, limit or create liability of Deutsche Bank, or limit or create defenses of Deutsche Bank to any claims.

7. Nothing herein shall preclude New Jersey, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the New Jersey Bureau of Securities and only to the extent set forth in paragraph 1 immediately above, (collectively, "State Entities") and the officers, agents or employees of State Entities from asserting any claims, causes of action, or applications for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against Deutsche Bank in connection with the marketing and sale of ARS at DBSI.

8. This Consent Order shall not disqualify Deutsche Bank or any of its affiliates or current or former employees from any business that they otherwise are qualified or licensed to perform under applicable state law and this Consent Order is not intended to form the basis for any disqualification.

Deutsche Bank Securities Inc. hereby consents to the form and entry of this order without admitting or denying the allegations, findings and conclusions of law set forth herein.

DEUTSCHE BANK SECURITIES INC.

By: Joseph Polyzotto
Name: Joseph Polyzotto
Title: Managing Director

DATED: Nov 3, 2009

By: Robert E. Rice
Name: ROBERT E. RICE
Title: Managing Director

DATED: Nov 3, 2009

NEW JERSEY BUREAU OF SECURITIES

By: Marc B. Minor
Marc B. Minor
Chief, Bureau of Securities

DATED: 6/3/09

CONSENT TO ENTRY OF CONSENT ORDER BY DBSI

DBSI hereby acknowledges that it has been served with a copy of this Consent Order, has read the foregoing Consent Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

DBSI admits the jurisdiction of the Bureau, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Consent Order; and consents to entry of this Consent Order by the Bureau as settlement of the issues contained in this Consent Order.

DBSI states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.

Joseph Polizzotto represents that he/she is Managing Director of DBSI and that, as such, has been authorized by DBSI to enter into this Consent Order for and on behalf of DBSI.

DBSI agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any administrative monetary penalty that DBSI shall pay pursuant to this Consent Order.

Dated this 3rd day of Nov, 2009.

Deutsche Bank Securities Inc.

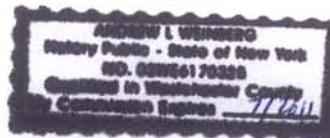
By: Joseph Polizzotto

Title: Managing Director

SUBSCRIBED AND SWORN TO before me this 3rd day of Nov, 2009.

Andrew Weinberg
Notary Public

My commission expires: 7/2011



CONSENT TO ENTRY OF CONSENT ORDER BY DBSI

DBSI hereby acknowledges that it has been served with a copy of this Consent Order, has read the foregoing Consent Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

DBSI admits the jurisdiction of the Bureau, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Consent Order; and consents to entry of this Consent Order by the Bureau as settlement of the issues contained in this Consent Order.

DBSI states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.

Robert E. Rice represents that he/she is Managing Director of DBSI and that, as such, has been authorized by DBSI to enter into this Consent Order for and on behalf of DBSI.

DBSI agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any administrative monetary penalty that DBSI shall pay pursuant to this Consent Order.

Dated this 3rd day of JUNE, 2009.

Deutsche Bank Securities Inc.

By: Robert E. Rice

Title: Managing Director

SUBSCRIBED AND SWORN TO before me this 3rd day of JUNE, 2009.

Andrew Weinberg
Notary Public

My commission expires: 7/2011



**Offer to Purchase
Eligible Auction Rate Securities
and
Reimburse for Eligible Sales of
Auction Rate Securities Below Par
by
Deutsche Bank AG, Filiale Cayman Islands
(the “Purchaser”)**

**The Repurchase Offer Expires
At 5:00 p.m., Eastern Time on June 30, 2009**

**The Reimbursement Offer Expires
At 5:00 p.m., Eastern Time, on November 19, 2008**

This notice requires your immediate attention.

Dear Investor:

Deutsche Bank AG (“Deutsche Bank”, “we,” “our” or “us”, which terms include certain of its subsidiaries where applicable) is pleased to announce an opportunity for you to sell your eligible auction rate securities or, if you sold eligible auction rate securities below par value, to be reimbursed for the difference between par and the price at which you sold those securities. This offer provides an alternate source of liquidity to that normally provided by the auction and secondary markets for auction rate securities. The offer is unconditional, but is subject to certain eligibility criteria and documentation requirements. Please read this notice carefully to learn how to participate in the offer. This notice also contains additional important information relating to your rights as a purchaser of auction rate securities. The offer has commenced on the date of this notice, and it will remain open: (a) until 5 p.m., Eastern Time, November 19, 2008 for reimbursement of eligible auction rate securities you sold below par value; and (b) until 5:00 p.m., Eastern Time, June 30, 2009 for the sale of eligible auction rate securities that you still own.

IF YOU DO NOT WANT TO HAVE YOUR ELIGIBLE AUCTION RATE SECURITIES REPURCHASED BY DEUTSCHE BANK OR YOU DO NOT WANT TO BE REIMBURSED IN CONNECTION WITH SALES OF ELIGIBLE AUCTION RATE SECURITIES BELOW PAR, YOU DO NOT NEED TO COMPLETE ANY OF THE ENCLOSED DOCUMENTATION. HOWEVER, IF YOU HAVE A DISCRETIONARY ACCOUNT WITH DEUTSCHE BANK, PLEASE CONTACT YOUR CLIENT ADVISOR OR PRIVATE BANKER AND INFORM THAT PERSON OF YOUR DECISION NOT TO PARTICIPATE IN THE OFFER.

Deutsche Bank Securities Inc.
as agent for the Purchaser

October 20, 2008

For the repurchase of eligible securities that you own, the offer expires at 5:00 p.m., Eastern Time, on June 30, 2009. Persons who accept the offer for such repurchase and submit properly completed documentation to Deutsche Bank before November 19, 2008 will, unless they choose otherwise, receive payment for their auction rate securities no later than November 19, 2008. Persons who accept the offer for such repurchase and submit properly completed documentation to Deutsche Bank on or after November 19, 2008 but before December 31, 2008 will, unless they choose otherwise, receive payment for their auction rate securities no later than December 31, 2008. Persons who accept the offer for such repurchase and submit properly completed documentation to Deutsche Bank between December 31, 2008 and 5:00 p.m., Eastern Time, on June 30, 2009 will, unless they choose otherwise, receive payment for their auction rate securities no later than seven business days of receipt of their properly completed documentation.

For reimbursement for your eligible sale of securities, the offer expires at 5:00 p.m., Eastern Time, on November 19, 2008. Persons who accept the offer for such reimbursement and submit properly completed documentation to Deutsche Bank before 5:00 p.m., Eastern Time, on November 19, 2008, will receive the reimbursement within five business days of our receipt of their required and properly completed documentation.

This notice also contains information regarding other rights you may have under certain settlements agreed to by Deutsche Bank with state securities regulators, including an arbitration procedure to resolve claims of consequential damages resulting from a client's inability to sell auction rate securities. See "Description of Settlement Agreements" below.

Deutsche Bank is including with this notice a document entitled "Common Questions Regarding Deutsche Bank's Auction Rate Securities Offer and Reimbursement for Eligible Sales of Auction Rate Securities Below Par" that provides answers to commonly asked questions relating to the offer.

Your Eligibility to Participate in the Offer

Based on our records, you may be eligible to take part in this offer because you fit within one of the following categories:

- (1) You are an individual;
- (2) You are a legal entity forming investment vehicles for family members (such as, for example, an IRA, trust, family limited partnership, or other similar entity);
- (3) You are a charity or non-profit organization; or
- (4) You are a small or medium-sized business with assets of \$10 million or less with Deutsche Bank.

The Offer to Purchase Eligible Auction Rate Securities

Deutsche Bank AG, Filiale Cayman Islands (the “Purchaser”), an affiliate of Deutsche Bank AG, is offering to purchase at par value certain eligible auction rate securities held by eligible investors. Deutsche Bank Securities Inc. will be acting on behalf of the Purchaser in communicating the offer and receiving acceptances.

Our records indicate that you may be eligible to participate in this offer. The following is an explanation of the terms of the offer and other important issues to consider.

Deutsche Bank will not charge a commission for the transaction, although the Purchaser or Deutsche Bank may, after purchasing the auction rate securities from you, partially resell, redeem or repackage those repurchased securities and could make a profit from any of those activities. In addition, the Purchaser or Deutsche Bank expects to receive interest or dividends on the securities; the securities may in the future bear interest or pay dividends in an amount greater than the current rate.

The Purchaser is relying on its regular sources of funding to fund its purchase of auction rate securities pursuant to the offer.

Securities eligible for purchase

Unless Deutsche Bank notifies you otherwise, Deutsche Bank’s offer applies only to the auction rate securities listed on Annex A to the Acceptance Form that accompanies this notice. To be eligible for repurchase, your securities must have been purchased through Deutsche Bank Private Wealth Management¹ before February 13, 2008.

Your securities may also be eligible for repurchase even though you may no longer hold those securities at Deutsche Bank. If you purchased your auction rate securities through Deutsche Bank before February 13, 2008 but subsequently transferred them out of your Deutsche Bank account to another financial institution, you must make certain representations to us in the Acceptance Form (including Annex A) regarding your continuous ownership of the securities since your acquisition of them through Deutsche Bank. In addition, you will need to transfer those securities back to Deutsche Bank.

Payment dates and payment amounts for repurchased securities

Receipt of your transmittal letter before November 19, 2008

If we receive your properly completed Acceptance Form (including Annex A) before November 19, 2008, your acceptance will be considered effective on the next interest or dividend reset date, and within five business days after that date, but in no event later than November 19, 2008, we

¹ Deutsche Bank Private Wealth Management refers to the following entities: Deutsche Bank Securities Inc.; Deutsche Bank Trust Company Americas; Deutsche Bank National Trust Company; Deutsche Bank Trust Company, N.A.; and Deutsche Bank Trust Company Delaware. You are being provided this document because our records indicate that you are or were a client of one of these entities and purchased auction rate securities from us prior to February 13, 2008. Deutsche Bank Securities Inc. is acting on behalf of Deutsche Bank AG, Filiale Cayman Islands, which is making this offer to purchase and reimburse.

will credit to your account a payment equal to the par value of your tendered securities, and you will also receive payment of interest or dividends, if any, for which the rate was established at the last reset date. If there is no interest or dividend reset date between our receipt of your properly completed Acceptance Form (including Annex A) and November 18, 2008, you can choose one of the following two options: (1) receive payment equal to the par value of your tendered securities within five business days of receipt of the properly completed Acceptance Form (including Annex A), but in no event later than November 19, 2008; provided, however, that you will forego the future interest or dividend payment for which the rate was established at the last reset date; or (2) receive payment equal to the par value of your tendered securities within five business days of the next interest or dividend reset date, and you will also receive payment of interest or dividends, if any, for which the rate was established at the last reset date, which payments will occur after November 19, 2008.

Receipt of your transmittal letter on or after November 19, 2008 but before December 31, 2008

If we receive your properly completed Acceptance Form (including Annex A) on or after November 19, 2008 but before December 31, 2008, your acceptance will be considered effective on the next interest or dividend reset date, and within five business days after that date, but in no event later than December 31, 2008, we will credit to your account a payment equal to the par value of your tendered securities, and you will also receive payment of interest or dividends, if any, for which the rate was established at the last reset date. If there is no interest or dividend reset date between our receipt of your properly completed Acceptance Form (including Annex A) and December 30, 2008, you can choose one of the following two options: (1) receive payment equal to the par value of your tendered securities within five business days of receipt of the properly completed Acceptance Form, but in no event later than December 31, 2008; provided, however, that you will forego the future interest or dividend payment for which the rate was established at the last reset date; or (2) receive payment equal to the par value of your tendered securities within five business days of the next interest or dividend reset date, and you will also receive payment of interest or dividends, if any, for which the rate was established at the last reset date, which payments will occur after December 31, 2008.

Receipt of your transmittal letter between December 31, 2008 and June 30, 2009

If (i) we receive your properly completed Acceptance Form (including Annex A) between December 31, 2008 and 5:00 p.m., Eastern Time, on June 30, 2009 and (ii) there is an interest or dividend reset date, as applicable, within six business days of such receipt, we will credit to your account, no later than the seventh business day after our receipt of your properly completed Acceptance Form (including Annex A), a payment equal to the par value of your tendered securities, and you will also receive payment of interest or dividends, if any, for which the rate was established at the last reset date prior to our receipt of your properly completed Acceptance Form (including Annex A). If there is no interest or dividend reset date within six business days after our receipt of your properly completed Acceptance Form (including Annex A), you can choose one of the following two options: (1) receive payment equal to the par value of your tendered securities within such six business day period, but in no event later than July 9, 2009; provided, however, that you will forego the future interest or dividend payment for which the

rate was established at the last reset date prior to our receipt of your properly completed Acceptance Form (including Annex A); or (2) receive payment equal to the par value of your tendered securities within six business days of the next interest or dividend reset date occurring after our receipt of your properly completed Acceptance Form (including Annex A), and you will also receive payment of interest or dividends, if any, for which the rate was established at the last reset date prior to our receipt of your properly completed Acceptance Form (including Annex A), which payments may occur after July 9, 2009.

You may receive one or more separate payments from Deutsche Bank depending on which auction rate securities you tender.

Loans

If you have an outstanding loan with Deutsche Bank that was extended in connection with the lack of liquidity of your auction rate securities, an amount, up to the entire proceeds from the repurchase, will be applied to the outstanding loan balance before being credited to your account.

Reimbursement In Connection with Sales of Auction Rate Securities Below Par

If you purchased auction rate securities through Deutsche Bank prior to February 13, 2008 and you subsequently sold the securities below par value between February 13, 2008 and August 29, 2008, Deutsche Bank will pay you the difference between par and your sale price so long as the auctions related to those securities were not continuously succeeding between February 13, 2008 and the time you sold the securities.

Securities held at Deutsche Bank when you sold them

If the securities that you sold were held at Deutsche Bank when you sold them, Deutsche Bank will review the applicable documentation evidencing the sale and determine the amount of the difference, if any, between par and your sale price.

Securities held at another financial institution when you sold them

If the securities that you sold were held at a financial institution other than Deutsche Bank when you sold them, you will need to send Deutsche Bank the following information:

1. a copy of an account statement evidencing that you held the auction rate securities in your account at that financial institution on or before February 13, 2008;
2. a copy of the transaction confirmation evidencing that you sold the auction rate securities below par between February 13, 2008 and August 29, 2008; and
3. a copy of an account statement evidencing that after the sale, your account at the financial institution no longer held the auction rate securities.

Reimbursement for such sales will be made to you via check within five business days of our receipt of the properly completed documentation from you. The signed documentation must be received by 5:00 p.m., Eastern Time, on November 19, 2008.

Important Information for those with an Advisory Account with Deutsche Bank

If you have an investment advisory account (discretionary or non-discretionary) with Deutsche Bank, you should read this section carefully. Deutsche Bank Securities Inc. will be acting on behalf of the Purchaser, an affiliate of Deutsche Bank, in communicating the offer and receiving acceptances. Your submission of the Acceptance Form to Deutsche Bank will constitute your consent and direction to the repurchase transaction by the Purchaser. If you are a discretionary investment advisory client with an account at Deutsche Bank and you do not send an Acceptance Form to Deutsche Bank or, if we have not otherwise heard from you by June 10, 2009, Deutsche Bank may exercise its investment discretion and tender or not tender into the offer on your behalf the auction rate securities held in the discretionary account. **Therefore, if you are a discretionary advisory client and wish to participate in the offer, it is important that you return your Acceptance Form to Deutsche Bank or, if you do not wish to participate in the offer, to so inform your Client Advisor or Private Banker, as soon as possible but no later than June 10, 2009. You should contact your Client Advisor or Private Banker if you have any questions about whether or not to participate in the offer.**

Acceptance Procedures

If you would like to accept the offer, you must properly complete, sign and return the attached Acceptance Form (including Annex A, where applicable) and any supporting documentation by the deadlines set forth in this notice. You may send us the completed Acceptance Forms and any supporting documentation by mail or by facsimile.

You may revoke your acceptance by delivering to us a revocation notice, so long as we have not yet purchased your securities. We will provide you with the form of revocation notice upon your request. Once we have purchased your securities, your acceptance is irrevocable.

Acceptance of the offer by mail

To accept the offer by mail, send the completed Acceptance Form and any required supporting documentation in the self-addressed stamped envelope to:

Deutsche Bank Securities Inc.
1 South Street, 18th Floor
Baltimore, Maryland 21202-6632

Acceptance of the offer by fax

To accept the offer by facsimile, send the completed Acceptance Form and any supporting documentation to:

Deutsche Bank Securities Inc. – ARS Offer Acceptance
Fax number (410) 895-5135

We recommend that you keep a signed copy for your records of any documents you return to us.

Determination of Completeness of Documentation

Deutsche Bank will determine, in its discretion, all questions as to the form of documents and the validity, eligibility (including time of receipt), and acceptance of any auction rate security submitted to Deutsche Bank for repurchase. The determination of such matters by Deutsche Bank will be final and binding on all parties. Deutsche Bank reserves the right to reject any or all Acceptance Forms it determines do not comply with the terms of the offer, are not in proper form, or the acceptance of which would be unlawful. Deutsche Bank also reserves the right to waive any of the eligibility conditions of the offer, or any defect or irregularity in the tender with respect to any particular auction rate security or any particular individual or entity, and Deutsche Bank's interpretation of the terms of the offer (including any instructions that we provide to you in connection with the offer) will be final and binding on all parties. No acceptance of the offer by you will be deemed to be properly made until all defects and irregularities have been cured by you or waived by Deutsche Bank.

Important Issues to Consider

You should consider interest or dividend rates or payment dates associated with your auction rate securities when deciding when to tender your securities

To help determine the best time, if any, to accept the repurchase offer, you should compare the current interest or dividend rate paid on your auction rate securities with the yield that may be obtained from other possible investments. Your Client Advisor or Private Banker can provide you information on the current interest or dividend rates paid on your auction rate securities.

Your Acceptance Form will provide you with a choice of when to be paid for your tendered auction rate securities. You may choose to wait until after the first interest or dividend reset date that occurs after we receive your properly completed Acceptance Form before getting paid for your auction rate securities. If you make this selection, you may, depending on when you tender, receive payment from us after November 19, 2008, December 31, 2008 or July 9, 2009 to the extent that the next interest or dividend reset date for each of your auction rate securities falls after those dates, and you will also receive the interest or dividend payment for which the rate was established at the last reset date prior to our receipt of your properly completed Acceptance Form. Alternatively, you may choose not to wait for the first interest or dividend reset date that occurs after we receive your properly completed Acceptance Form before getting paid for your auction rate securities. If you make this selection, you will forego any interest or dividend payment that would otherwise be made to you with regard to each of your auction rate securities on or immediately after each such reset date.

You may not be able to sell the securities in the secondary market, and you may not be able to sell the securities in the future

The offer may be your only opportunity to sell the securities at par value, unless the auction process resumes or the issuers of your securities redeem them. Even if a secondary market develops, it may only offer prices that are below par value. If the credit rating of your auction rate securities has declined, you may not be able to sell your securities at par after the end of the

offer period, if at all. Your Client Advisor or Private Banker can explain the credit rating of your auction rate securities.

There may be tax consequences to you arising from the offer

For other than tax-exempt investors, all payments will be subject to withholding of taxes if you do not have a current Form W-9 or Form W-8, as applicable, on file with Deutsche Bank. If you are not certain if you have a current Form W-9 or Form W-8 on file with Deutsche Bank, please contact us toll free at (866) 926-1437 between 9 a.m. and 5 p.m., Eastern Time, Monday – Friday. You can access these forms at <http://www.irs.gov/pub/irs-pdf/fw8ben.pdf> and <http://www.irs.gov/pub/irs-pdf/fw9.pdf>. You may have tax consequences if you decide to participate in the repurchase offer or obtain reimbursement by us for your sales of your auction rate securities below par. With respect to either situation, please consult with your tax advisers.

Deutsche Bank does not provide tax, accounting or legal advice

Please consult your tax, accounting or legal advisors to discuss the consequences of participating or not participating in the offer.

The issuers of your securities are not assisting us in the offer

This offer is being made without the assistance of or prior notice to the issuers of your auction rate securities. The offer is not contingent on the approval or recommendation of the issuers.

We may purchase securities from investors outside of the offer

Deutsche Bank may also purchase auction rate securities from investors who may not be eligible for this offer. Deutsche Bank may make such purchases on terms that are different from the terms of this offer. Deutsche Bank may sell, hold, or seek to restructure, redeem or otherwise dispose of any auction rate securities purchased from its clients.

Deutsche Bank's participation in auction markets

Deutsche Bank has participated in the auction rate securities markets, and has acted on behalf of clients, issuers and for its own account. Deutsche Bank also has acted as an underwriter, designated broker, or auction agent for certain auction rate securities. Deutsche Bank may on occasion submit bids in auctions on behalf of municipal issuers or underlying obligors in conduit financings, which may prevent a failed auction. A description of Deutsche Bank's practices and procedures with respect to auction rate securities can be obtained by calling the special information number or visiting: https://www.alexbrown.db.com/misc/auction_rate_info.pdf or <http://www.pwm.db.com/pwm/en/select-investments-cash-equities-bonds.html>.

Amendments to the offer

If we amend the offer, we will notify those who have not accepted the offer and will do so by first class mail.

No waiver

Participating in the offer will not result in or constitute a waiver of any claim you may have against Deutsche Bank.

Benefit plans and retirement accounts

If the owner of the eligible auction rate securities is an employee benefit plan, an IRA or similar account, then this notice is intended to alert the plan's fiduciary, the account's owner, or such other person entitled to exercise control over the assets of such plan or account of the offer.

Description of Settlement Agreements

On August 29, 2008 Deutsche Bank AG and its subsidiaries entered into agreements in principle with the New York Attorney General ("NYAG") and the North American Securities Administrators Association ("NASAA") regarding Deutsche Bank's sale of auction rate securities. The settlements, when finalized, are expected to allege violations by Deutsche Bank of the Martin Act and that Deutsche Bank failed to supervise its representatives and engaged in "dishonest and unethical" practices in connection with the marketing and sale of auction rate securities. Deutsche Bank neither admitted nor denied the allegations in agreeing to the settlements. In addition to the repurchase and reimbursement obligations described above, the agreements included the following terms:

Consequential damages claims

A public arbitrator, under the auspices of the Financial Industry Regulatory Authority (also known as FINRA), will be available for the exclusive purpose of arbitrating any consequential damages claims you have, with Deutsche Bank paying all applicable forum and filing fees. If you choose to pursue such a claim, you will bear the burden of proving that you suffered consequential damages and that such damages were caused by your inability to access funds consisting of your auction rate securities holdings at Deutsche Bank. Deutsche Bank will be able to defend itself in such a claim, but will not contest liability related to the sale of auction rate securities, and will not be able to use as part of its defense your decision not to borrow money from Deutsche Bank.

Institutional investors

Deutsche Bank agreed as part of the preliminary settlement agreements to work with issuers and other interested parties to provide liquidity solutions to institutional investors that are not eligible to participate in the offer and to report to the state regulators with respect to its efforts in this respect.

Other terms

The settlement agreements call on Deutsche Bank to pay \$15 million in fines and penalties to state regulators and to refund financing fees Deutsche Bank received from certain municipal auction rate issuers.

Where You Can Obtain Additional Information

Please contact your Client Advisor or Private Banker if you have any questions regarding the offer or for assistance in completing the Acceptance Form. You may also contact us toll free at (866) 926-1437 between 9 a.m. and 5 p.m., Eastern Time, Monday – Friday if you have questions regarding completion of the Acceptance Form or other required documentation.

This notice has not been reviewed or approved by the Securities and Exchange Commission, the NYAG, NASAA or any other securities regulator. The notice is not an offer to repurchase, and Deutsche Bank is not soliciting the sale of auction rate securities, in any jurisdiction where the repurchase and sale of such auction rate securities is not permitted by law or regulation.

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