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

IN THE MATTER OF: Wachovia Securities, LLC CRD # 19616 and Wachovia Capital Markets, LLC CRD # 12692.	**CONSENT ORDER**

BEFORE ABBE R. TIGER, 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 additional monetary and other remedies be assessed against Wachovia Securities, LLC[1] ("Wachovia Securities") and Wachovia Capital Markets, LLC ("Wachovia Capital Markets", collectively with Wachovia Securities "Wachovia").[2]

[1] In October 2007, Wachovia Corporation acquired the Missouri-based broker dealer A. G. Edwards & Sons, Inc. ("AG Edwards") which was subsequently combined with Wachovia Securities, LLC.

[2] Factual allegations in this Order may apply to Wachovia Securities and/or Wachovia Capital Markets, but do not necessarily refer to both entities.

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 provisions of the Securities Law; and

WHEREAS, Wachovia Securities and Wachovia Capital Markets are broker-dealers registered with the Bureau; and

WHEREAS, coordinated investigations into Wachovia's activities in connection with Wachovia's marketing and sale of auction rate securities ("ARS") have been conducted by a multi-state task force; and

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

WHEREAS, Wachovia has entered into a Settlement Term Sheet dated August 15, 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 Wachovia; and

WHEREAS, Wachovia 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, Wachovia consents to the form and entry on this Consent Order without admitting or denying the allegations set forth herein. Accordingly, Wachovia 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, Wachovia 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, the provisions set forth in this Consent Order constitute the entire agreement between the Bureau and Wachovia, and shall supersede any conflicting provisions contained in the Settlement.

FINDINGS OF FACT

The Bureau Chief makes the following findings of fact:

1. Wachovia Securities (CRD # 19616) is a registered broker-dealer with its home office located at One North Jefferson Avenue, St. Louis, Missouri.

2. Wachovia Capital Markets (CRD # 12692) is a registered broker-dealer with its home office located at 301 South College Street, Charlotte, North Carolina.

3. Wachovia Securities and Wachovia Capital Markets have engaged in the marketing and sale of ARS in the state of New Jersey

4. Auction rate securities are long-term debt or equity instruments that include auction preferred shares of closed-end funds, municipal auction rate bonds, and various asset-backed auction rate bonds (collectively referred to herein as "ARS"). While ARS are all long-term

instruments, one significant feature of ARS (which historically provided the potential for short-term liquidity) is the interest/dividend reset through auctions that occur in varying increments of between 7 and 42 days. If an auction is successful, investors are able to exit the ARS market on a short-term basis. If, however, an auction "fails," investors are required to hold all or some of their ARS until the next successful auction in order to liquidate their funds.

Marketing and Sale of Auction Rate Securities

5. In connection with the sale of ARS, some New Jersey investors state variously that they were told by Wachovia Securities and its registered agents that ARS were:

a. just like cash;

b. same as cash;

c. safe as cash;

d. same as money markets;

e. safe as money markets;

f. cash equivalents;

g. short-term adjustable rate securities;

h. cash alternatives;

i. completely safe;

j. liquid at any time; and/or

k. always liquid at an auction.

Although marketed and sold to investors as safe, liquid, cash-like investments, and although the ARS market had, in fact, functioned for more than twenty years with virtually no auction failures, ARS are actually long-term instruments subject to a complex auction process that, upon failure, can lead to illiquidity and lower interest rates.

6. Wachovia Securities further fostered the misconception that ARS were cash-like instruments by providing account portfolio summaries to certain of its customers that listed ARS as "cash equivalents." In fact, ARS were not "cash equivalents" and full liquidity was only available at an auction if an auction was successful.

7. Although Wachovia Securities sold ARS as conservative, safe, and liquid investments to its investors until February 2008, Wachovia had information that several auctions had failed in August 2007 and early 2008, before the mass failures in February 2008. During this same period of time, Wachovia failed to inform its customers purchasing ARS after such auctions began to fail that certain auctions would have failed had Wachovia or another broker-dealer not entered support bids in those auctions.

8. Although Wachovia knew, or should have known, of the inherent risks and the recent volatility of the ARS market, only minimal information regarding the ARS market was provided to Wachovia Securities' retail ARS customers.

9. Wachovia and its registered securities agents were, or should have been, aware that the ARS market was suffering from increasing failures and liquidity issues, and they should have disclosed those facts to investors who were purchasing auction rates after such issues arose. Based on these facts, Wachovia engaged in dishonest and unethical practices in the marketing and sale of ARS. Pursuant to N.J.S.A. 49:3-58(a)(2)(vii), these practices constitute grounds to revoke Wachovia's registration. These practices included, among other things, the following:

a. Wachovia told some ARS investors purchasing ARS after the market disruptions began to occur that:

i. ARS were cash equivalents;

ii. ARS were completely safe; and/or

iii. ARS were liquid at any time.

b. Wachovia was or should have been aware that the market for ARS was becoming illiquid, yet Wachovia Securities continued to market and sell ARS to investors.

Temporary Maximum Rate Waiver on Certain ARS

10. The interest rates on ARS are reset periodically through the auction process. In the event that there is insufficient demand for a particular issue and an auction fails, the interest rate resets to a "maximum rate" or "failure rate" as defined in the offering documents for that particular issue. Typically, this maximum rate would be higher than prevailing market rates in order to compensate ARS holders who are unable to sell their positions and offer an "incentive" to induce buyers to return to the market although in some cases, particularly for student loan auction rates, the maximum rate might be lower than the prevailing rate.

11. In December 2007, with the encouragement of its underwriters, the Missouri Higher Education Loan Authority ("MOHELA") sought and secured approval to waive its maximum rate for certain issues of ARS. Absent such waivers, the ARS issued by MOHELA would not have been allowed to reset at interest rates high enough to clear auctions.

12. As a result of the maximum rate waivers, certain MOHELA ARS issues reset to a higher rate for a brief period after the waiver was implemented. However, due to a feature of those issues that caps the average interest rate over any given one-year period, the interest rates reset to 0% after the expiration of the waiver period. The ramifications of this maximum rate waiver were not explained to Wachovia Securities' customers who subsequently purchased MOHELA ARS.

13. Wachovia Securities engaged in dishonest and unethical practices by not adequately explaining to individual investors who purchased ARS with maximum rate waivers, among other things, the following:

a. that the ARS interest rates could not be reset at a level that would prevent a failed auction absent the maximum rate waiver; and

b. that the high interest rate allowed by the waiver would expire at the end of the waiver period unless extended by the issuer.

14. Pursuant to N.J.S.A. 49:3-58(a)(2)(vii), these practices constitute grounds to revoke Wachovia Securities' registration.

Failure to Supervise Agents Who Sold ARS

15. Although ARS are complicated and complex products, Wachovia Securities did not provide its sales or marketing staff with the training and information necessary to adequately explain these products or the mechanics of the auction process to their customers. During the course of investigations, on-the-record statements taken from Wachovia Securities' registered agents demonstrated that these agents lacked a basic understanding of the functionality of the ARS products and the auction rate market.

16. Many of Wachovia Securities' registered agents were not adequately educated in ARS products they were selling and did not know where to look for information to bolster that knowledge. Wachovia Securities failed to provide timely and comprehensive sales and marketing literature regarding ARS and the mechanics of the auction process. In addition, Wachovia Securities failed to review account portfolio statements sent to its customers to ensure that they reflected accurate information regarding ARS.

17. Wachovia Securities' failure to provide sufficient training and information concerning ARS and the market environment in which they were sold was not limited to one or two agents, and is therefore indicative of Wachovia Securities' failure to ensure that its registered personnel provided adequate information regarding ARS to its customers.

18. Wachovia Securities failed to reasonably supervise its employees, which is grounds for revocation of its registration under N.J.S.A. 49:3-58(a)(2)(xi):

a. failing to provide adequate training to its registered agents regarding ARS by, among other things:

   i. failing to provide timely and comprehensive sales and marketing literature regarding ARS and the mechanics of the auction process;

   ii. failing to provide pertinent information concerning the complexity of the ARS product; and

   iii. failing to ensure that its agents were selling ARS to individual investors for whom they were suitable; and

b. failing to review account portfolio statements sent to its customers to ensure that they reflected accurate information regarding ARS;

c. failing to review ARS transactions in accounts of customers who needed liquidity; and

d. failing to ensure that its registered personnel were providing adequate information regarding ARS to its customers.

CONCLUSIONS OF LAW

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

1. This Consent Order is in the public interest, pursuant to N.J.S.A. 49:3-58(a)(1).

2. By engaging in the acts and conduct described in the Findings of Fact above, Wachovia engaged in dishonest and unethical conduct in the securities business, pursuant to N.J.S.A. 49:3-58(a)(2)(vii).

3. By engaging in the acts and conduct described in the Findings of Fact above, Wachovia Securities failed to reasonably supervise its agents to establish and enforce procedures necessary to prevent such conduct, pursuant to N.J.S.A. 49:3-58(a)(2)(xi).

4. 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.

ORDER

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

It is on this 27th day of September 2011, HEREBY ORDERED:

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 Wachovia's marketing and sale of ARS to Wachovia's "Relevant Class," as defined below.

2. This Consent Order is entered into solely for the purpose of resolving the above referenced multi-state investigation, and is not intended to be used for any other purpose.

3. Wachovia will cease and desist from violating the Securities Law and will comply with the Securities Law.

4. Wachovia is assessed and shall pay a civil monetary penalty in the amount of $3,234,065.06, due and payable within ten days upon entry of this Consent Order to "State of New Jersey, Bureau of Securities," 153 Halsey Street, 6th Floor, Newark, New Jersey 07102, or to be mailed to "Bureau of Securities," P.O. Box 47029, Newark, New Jersey 07101. The civil monetary penalty payment shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

5. In the event another state securities regulator determines not to accept Wachovia's state settlement offer, the total amount of the civil monetary penalty due to New Jersey shall not be affected, and shall remain at $3,234,065.06.

6. Wachovia Securities and Wachovia Capital Markets, respectively, as agents for one or more affiliated companies and not as principal, shall offer to purchase at par ARS that are subject to auctions that are not successful and are not subject to current calls or redemptions ("Eligible ARS") from all investors in the Relevant Class. For purposes of this Consent Order the Relevant Class shall be defined as all investors who purchased ARS from either Wachovia Securities or Wachovia Capital Markets, respectively, on or before February 13, 2008 into accounts maintained at Wachovia Securities or Wachovia Capital Markets, respectively.

a. Wachovia Securities and Wachovia Capital Markets, as agents for one or more affiliated companies and not as principal, shall make an offer to buy the Eligible ARS from Individuals Investors, as defined below, who are in the Relevant Class.

This buy back shall commence no later than November 10, 2008 and conclude no later than November 28, 2008. For purposes of this Consent Order, Individual Investors shall include natural persons, individual retirement accounts and the following entities or accounts:

i. Accounts with the following owners:

    1. non-profit charitable organizations; and
    2. religious corporations.

ii. Accounts with the following owners and with account values or household values up to $10 million:

    1. trusts;
    2. corporate trusts;
    3. corporations;
    4. employee pension plans/ERISA and Taft Hartley Act plans;
    5. educational institutions;
    6. incorporated non-profit organizations;
    7. limited liability companies;
    8. limited partnerships;
    9. non-public companies;
    10. partnerships;
    11. personal holding companies;
    12. unincorporated associations; and
    13. governmental and quasi-government entities.

b. Wachovia Securities and Wachovia Capital Markets as agent for one or more affiliated companies and not as principal, shall commence a buy back of the Eligible ARS from all other investors in the Relevant Class not otherwise covered by subparagraph a, immediately above, no later than June 10, 2009 and conclude no later than June 30, 2009.

7. No later than November 28, 2008, Wachovia shall pay any investor in the Relevant Class who sold ARS below par between February 13, 2008 and August 15, 2008 and whom Wachovia can reasonably identify, the difference between par and the price at which the investor sold the ARS.

8. Wachovia shall notify all investors in the Relevant Class of the provisions of this Consent Order as provided in paragraphs 9 and 10, immediately below.

9. As part of Wachovia's general obligation to notify all investors in the Relevant Class pursuant to paragraph 8, immediately above, Wachovia shall mail the Required Notification, defined below, by November 10, 2008, to all investors in the Relevant Class that held ARS positions in a Wachovia account as of August 31, 2008. For purposes of the Consent Order, "Required Notification" shall mean a notice that includes general statements and information specific to each investor, including:

a. a general notification of all provisions of this Consent Order;

b. the specific security purchased;

c. the quantity purchased;

d. the par value of the holding;

e. a prominent statement disclosing that at this time the Relevant Class member's ARS holdings may not be liquid and that there is a possibility that this offer may be the only opportunity for the investor to liquidate the ARS holdings; and

f. a statement that the offer to repurchase the ARS holdings, and other relief specified in the Consent Order, is being made pursuant to a settlement with state securities regulators.

10. By November 10, 2008, Wachovia shall mail the Required Notification to all investors in the Relevant Class that transferred ARS positions to a firm other than Wachovia, prior to the date of this Consent Order, if the initial purchase of the Eligible ARS was on or after January 1, 2003 unless the ARS has been redeemed in full by the issuer.

11. Wachovia shall demonstrate that all investors in the Relevant Class received the Required Notification if Wachovia demonstrates that: 1) Wachovia mailed the Required Notification via First Class mail at the customer's last known address and did not receive a return notice, or 2) Wachovia repurchased ARS from the investor.

12. Wachovia Securities shall establish and maintain a dedicated telephone assistance line, with appropriate staff, to respond to questions from investors concerning the terms of this Consent Order and Wachovia's no net cost loan (nonrecourse, no release) program. Wachovia Securities shall maintain this dedicated telephone assistance line through June 30, 2009.

13. With respect to any claim for consequential damages, to the extent such claims are not resolved informally by Wachovia, Wachovia shall arbitrate the claim of any Relevant Class member who elects to arbitrate, pursuant to the following provisions:

a. the arbitrations will be conducted by 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;

b. the above-referenced public arbitrator will be available for the exclusive purpose of arbitrating any Relevant Class member's consequential damages claim;

c. Wachovia shall pay all applicable forum and filing fees;

d. any Relevant Class member who chooses to pursue such a claim 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' ARS purchases through Wachovia; and

e. Wachovia shall be able to defend itself against such claims; provided, however, that Wachovia shall not contest liability related to the sale of ARS; and provided further that Wachovia shall not be able to use as part of its defense an investor's decision not to borrow money from Wachovia.

14. By November 28, 2008, Wachovia Securities and Wachovia Capital Markets, respectively and separately, shall refund refinancing fees received by it to municipal auction rate issuers that issued such securities in the initial primary market between August 1, 2007 and February 13, 2008, and refinanced those securities through Wachovia after February 13, 2008.

15. If Wachovia defaults in any of its obligations set forth in this Consent Order, the Bureau may vacate this Consent Order, at its sole discretion, upon ten days notice to Wachovia and without opportunity for administrative hearing or may refer this matter for enforcement.

16. This Consent Order is not intended to indicate that Wachovia 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.

17. This Consent Order may not be read to indicate that Wachovia or any of its affiliates or current or former employees engaged in fraud or violated any federal or state laws, the rules and regulations thereunder, or the rules and regulations of self regulatory organizations.

18. 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 Wachovia including, without limitation, the use of any e-mails or other documents of Wachovia or of others for the marketing and sale of auction rate securities to investors, limit or create liability of Wachovia, or limit or create defenses of Wachovia to any claims.

19. This Consent Order shall not disqualify Wachovia 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.

20. Nothing herein shall preclude the State of New Jersey, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the Bureau 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 Wachovia in connection with the marketing and sale of auction rate securities at Wachovia.

21. Wachovia shall pay its own costs and attorneys' fees with respect to this matter.

Wachovia Securities, LLC and Wachovia Capital Markets, LLC hereby consents to the form and entry of this order without admitting or denying the allegations, findings and conclusions of law set forth herein.

NEW JERSEY BUREAU OF SECURITIES

By: _____
Abbe R. Tiger
Chief, Bureau of Securities

DATE: 9/27/11

CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY WACHOVIA

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

Wachovia Securities admits the jurisdiction of the New Jersey Bureau of Securities, and Wachovia Capital Markets consents to the jurisdiction of the New Jersey Bureau of Securities, for purposes of this Order. Neither Wachovia Securities nor Wachovia Capital Markets admits or denies the Findings of Fact and Conclusions of Law contained in this Order; and each consents to entry of this Order by the Bureau Chief as settlement of the issues contained in this Order.

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

Patricia E. Cowart represents that he/she is Sr. V.P. of Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC and that, as such, has been authorized by Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC to enter into this Order for and on behalf of Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC.

_____ represents that he/she is _____ of Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC and that, as such, has been authorized by Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC to enter into this Order for and on behalf of Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC.

Wachovia 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 Wachovia shall pay pursuant to this Order.

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

_____ represents that he/she is _____ of Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC and that, as such, has been authorized by Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC to enter into this Order for and on behalf of Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC.

Vincent Altamura represents that he/she is SVP of Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC and that, as such, has been authorized by Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC to enter into this Order for and on behalf of Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC.

Wachovia 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 Wachovia shall pay pursuant to this Order.

SWORN SIGNATURE OF WACHOVIA SECURITIES, LLC

Patricia Cowart represents that he/she is Sr. V.P of Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC and that, as such, has been authorized by Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC to enter into this Order for and on behalf of Wachovia Securities, LLC n/k/a Wells Fargo Advisors, LLC.

Dated this 19 day of September, 2011.

Wachovia Securities, LLC
n/k/a Wells Fargo Advisors, LLC

By: Patricia E. Cowart

Printed Name: Patricia E. Cowart

Title: Sr. V.P.

SUBSCRIBED AND SWORN before me this 19 day of September, 2011.

Jennifer R. Dupuy
Notary Public

My commission expires:_____

JENNIFER R. DUPUY
Notary Public - Notary Seal
State of Missouri, Saint Louis City County
Commission # 09405073
My Commission Expires Mar 14, 2013

SWORN SIGNATURE OF WACHOVIA CAPITAL MARKETS, LLC

Vincent Altamura represents that he/she is SVP of Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC and that, as such, has been authorized by Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC to enter into this Order for and on behalf of Wachovia Capital Markets, LLC n/k/a Wells Fargo Securities, LLC.

Dated this 19th day of September, 2011.

Wachovia Capital Markets, LLC
n/k/a Wells Fargo Securities, LLC

By: _____

Printed Name: Vincent Altamura

Title: SVP

SUBSCRIBED AND SWORN before me this 19th day of September, 2011.

_____
Notary Public

My commission expires: July 5, 2014