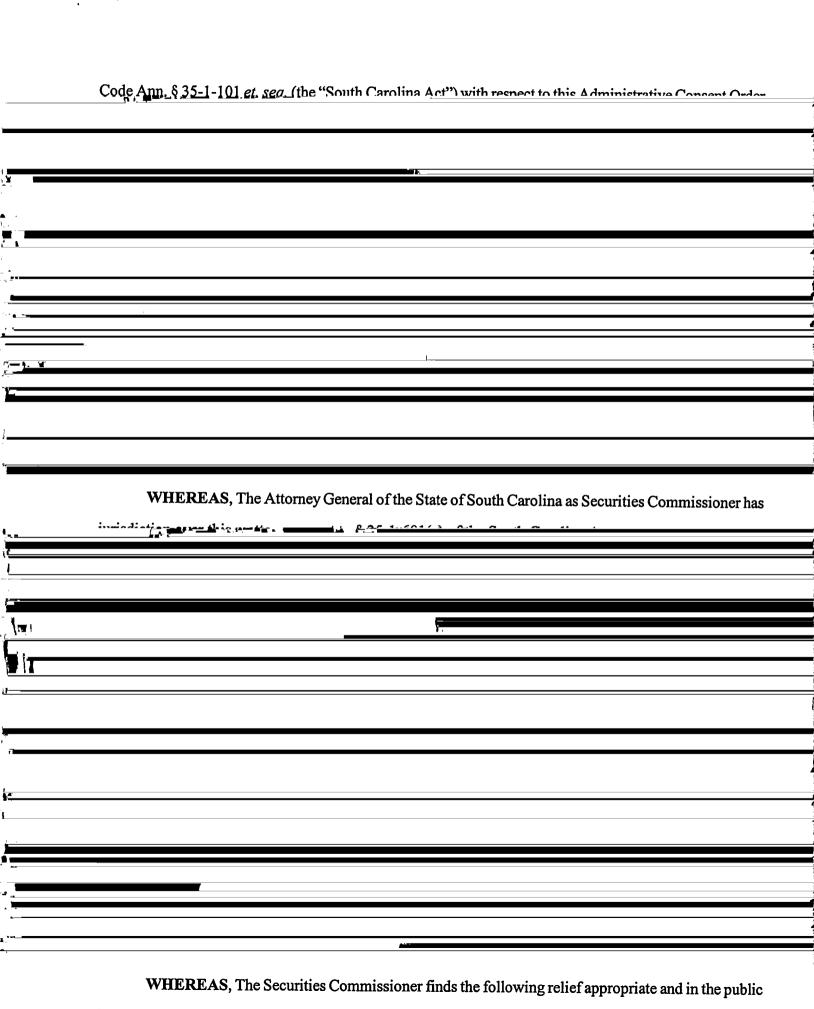
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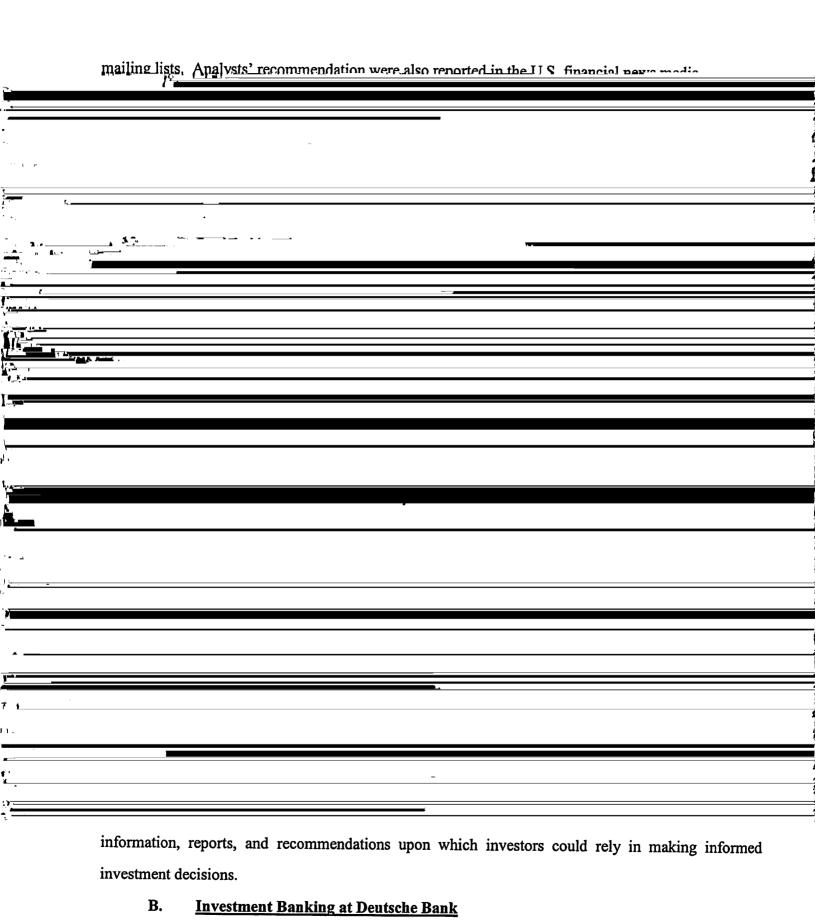
	designed to manage these conflicts of interest
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	requested by the staff during the investigation. Despite repeated inquiries from the staff and state
<u> </u>	investigators, Deutsche Bank insisted during the investigation that its production of the e-mail was complete_In_fact_Deutsche Bank had produced loss then are found.
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covered companies, evaluate their business prospects, and provide analysis and projections regarding the future prospects of the company. They also provide a rating or recommendation as to whether the company presents a good investment opportunity, and often provide a price target (the market price at which the analyst expects the stock to trade within a given time).

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	9.	During the relevant period, Deutsche Bank analysts made themselves available via telephone
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industry sectors and companies covered by the analyst. In addition, analysts provided periodic research updates to the sales forces through "morning calls" held before the start of trading.

10. During the relevant period, Deutsche Bank had a four-point rating system: "Strong Buy";



Deutsche Bank's investment banking division assists companies with raising capital through

initial public offerings ("IPOs"), "follow-on" offerings (subsequent offerings of stock to the public), and

funded 43%, and the retail department funded 7%. Investment banking considerations were an important factor in deciding what research to 18. provide and how much research analysts were paid. As stated below, Deutsche Bank's compensation structure rewarded analysts for investment banking deals consummated in their sectors. Investment

A. Analysts' Compensation Was Determined In Part By
The Analysts' Contribution to Investment Banking Revenues

analysts and which would be dropped.

19. In order to "align" the interests of the analysts with the interests of the other departments at the firm whose revenues funded the research department. Deutsche Bank greated on "analysts materials at the

	77 Investment hankers rated analysts based on a scale of 1 ("A malest Bedward Investment
	[nyestment hankers rated analysts hased on a souls of 1 /4 A malent Destruction 1 . I
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	Majority Of Investment Banking Revenue. Without The Analyst, Our Revenue Would Have Been More
	Than 50% Below What We Generated.") to 5 ("Analyst Had A Negative Impact On Investment Banking
	Revenue."). Analysts at the top of the matrix – and thus who received the largest bonuses – typically
	received all 1's or 2's from investment bankers, as well as scored highly in other areas of the matrix.
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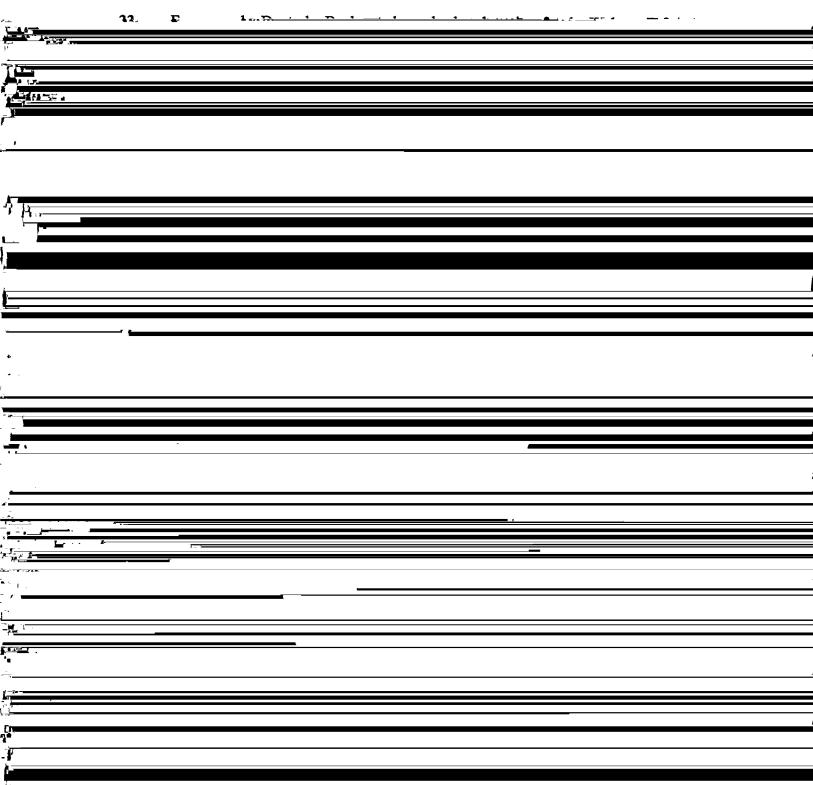
firm's investment banking business. In sum, research analysts at Deutsche Bank were compensated millions of dollars in part for 27. B. **Investment Banking Interests Influenced Coverage Decisions**

The research department at Deutsche Bank made decisions about the stocks on which its

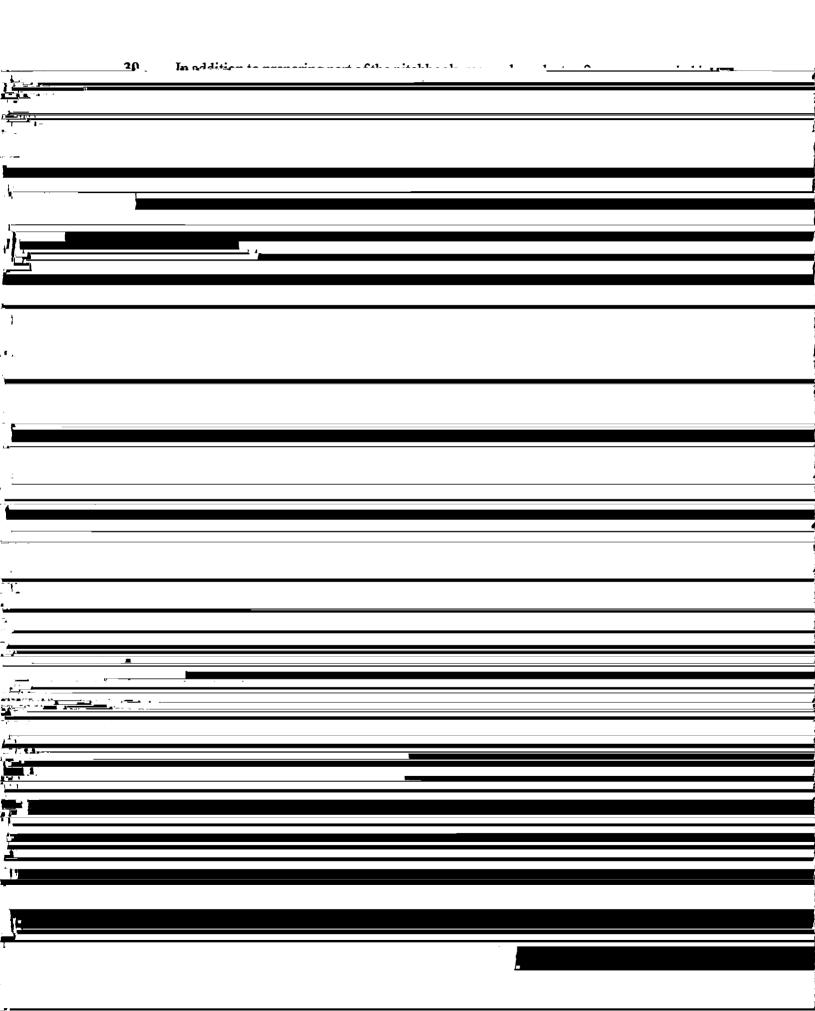
analyrete would initiate and maintain acreance based in next unan in-veture and 1

US. been [sic] a big fee paying customer of ours that we have promised US coverage that past US research management agreed to."

32. In addition to initiating positive coverage on investment banking clients, Deutsche Bank research analysts at times maintained favorable ratings on investment banking clients' stocks, even in the face of precipitous declines in the stocks' prices.



	research analysts would cover the company if the company gave it investment banking business. Deutsche
	Bank pitchbooks spoke of the firm's "commitment to research" and to the company, stating that Deutsche
	Rank's "commitment doesn't and with the IDO" and that Dautache Boule would "he fell
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	leading advocate." Analysts prepared one section of the pitchbooks, entitled "Research Positioning."
	Deutsche Bank analysts typically prepared this section after completing some due diligence on the
	company and discussed in the section how the analyst would market the company to investors in research
	reports. Generally, the research positioning section of the pitchbook made a variety of positive statements
	phout the company For example the nitable of would comotime state that Doute he Doute he Doute he Doute he
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	future business, [they] had to have research coverage and it had to be from a U.S. analyst □ the lack of
	coverage continues to be a major problem in our relationship, and we have been categorically assured
4	42. ————————————————————————————————————
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~, 	that none of deal flow will come our way until we make good on our promise". Thus, in at least some
-	cases, companies often demanded research covernes before salesting an investigation of 1
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	an order with Deutsche Bank to sell more than a million shares of its position in the stock.
	Immediately after the sale, the Deutsche Bank institutional salesperson responsible for the account sent
	an e-mail to the director of research, commending the analyst's performance and stating that the client
	would be sending its Institutional Investor votes to the analyst (Subscribers vote for analysts that have
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	51. In a January 2000 e-mail discussing the "norm" on Wall Street, a banker stated that for
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	research coverage in the management fee."
	A. Deutsche Bank Received Payments for Research
	52. During the relevant time period, Deutsche Bank received payments on at least four deals for
- ; = ·	which it was not the lead or so lead manager. Internal decorporate at the first was a day of
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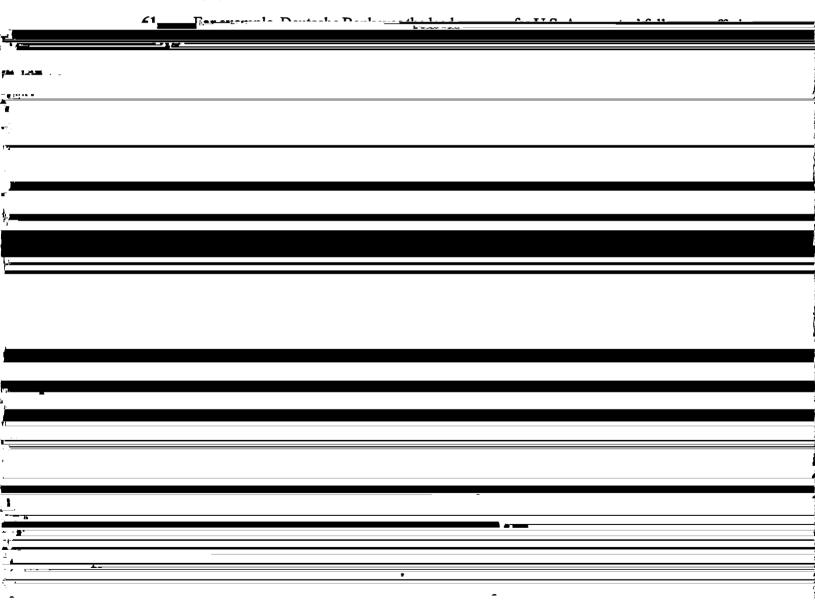
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	cannot be attributed to the selling efforts of any one firm, the commissions for the sales are placed into
	an "institutional pot." The credits are then divided among the firms as selling concessions). Deutsche
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	Bank initiated research coverage of Emisphere with a Duvrecommondation on Manual and 17, 1000
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	after the end of the quiet period. The research report did not disclose the \$87,500 payment.
	55. Deutsche Bank also received a payment of \$150,000 in March 2000 for research on United
	Therapeutics, Inc. and a payment of \$375,764 in December 2001 for covering Trimeris, Inc.
	56. In each of the four instances where Deutsche Bank received a payment for research,
	Dentsche Rank was not a member of the underwriting condicate. (In govern) of the instance Dents 1
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Bank was considered a member of the "selling group;" however, the selling group members do not

provide research coverage. In at least one instance, Deutsche Bank advised its client that it would be possible to "attract specific additional Research Analysts" by offering them free retention shares.

60. During the relevant period, Deutsche Bank made these payments in at least 25 offerings where it was the lead or co-lead manager. The payments, which came from the underwriting proceeds, were made to at least 35 other broker-dealers who either were not part of the underwriting syndicate or who received a payment significantly in excess of their underwriting fee on the transaction. In many of these instances, Deutsche Bank's internal e-mail and other internal documents recorded these payments as "research payments."



of 5.475 million shares of stock in August 1999. The dealer book (the document used by Deutsche Bank to track firms' involvement in the deal) noted under one firm's name: "RESEARCH FOR \$\$. ADDL 100M SHARES OF CREDIT." The dealer book made similar notations for other firms.

	nayments were not disclosed in the prospectus or other publicly avoilable decorporate disclosed in the prospectus or other publicly avoilable decorporate disclosed in
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	terms of the underwriting deal. Deutsche Deutsch deutsche Deutsch Deutsche Deutsche Deutsche Deutsche Deutsche Deutsche Deutsche
	terms of the underwriting deal. Deutsche Bank did not take steps to ensure that these firms disclosed
	in their research reports that they had been paid to issue research. Further, where applicable, Deutsche
	Pank did not disclose an an an a be disclosed in a contract of the second of the secon
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noticed apparent discrepancies in the volume of e-mail that was being produced for various individuals. The regulators also believed that anticipated responses to certain e-mails were missing and the production appeared to be incomplete. These discrepancies were immediately brought to the attention of Deutsche Bank. Deutsche Bank repeatedly assured the regulators that its e-mail production was complete. Responding to the issues raised by the regulators, the firm stated that the

(that is, that some people received and kept more e-mail than others), b) the fact that different entities that now comprised Deutsche Bank had differing historical e-mail retention practices, or c) Deutsche Bank's failure to maintain all of its e-mail for the required three-year time period, for which the firm had been fined \$1.65 million in joint actions by the SEC, the NASD, and the NYSE in December 2002.

69. The regulators continued to examine the production discrepancies. One discrepancies

recoverable e-mail. Internal or external third parties with forensic data retrieval expertise were not consulted to confirm that the tapes were corrupted and to assess whether restoration was possible using different technology.

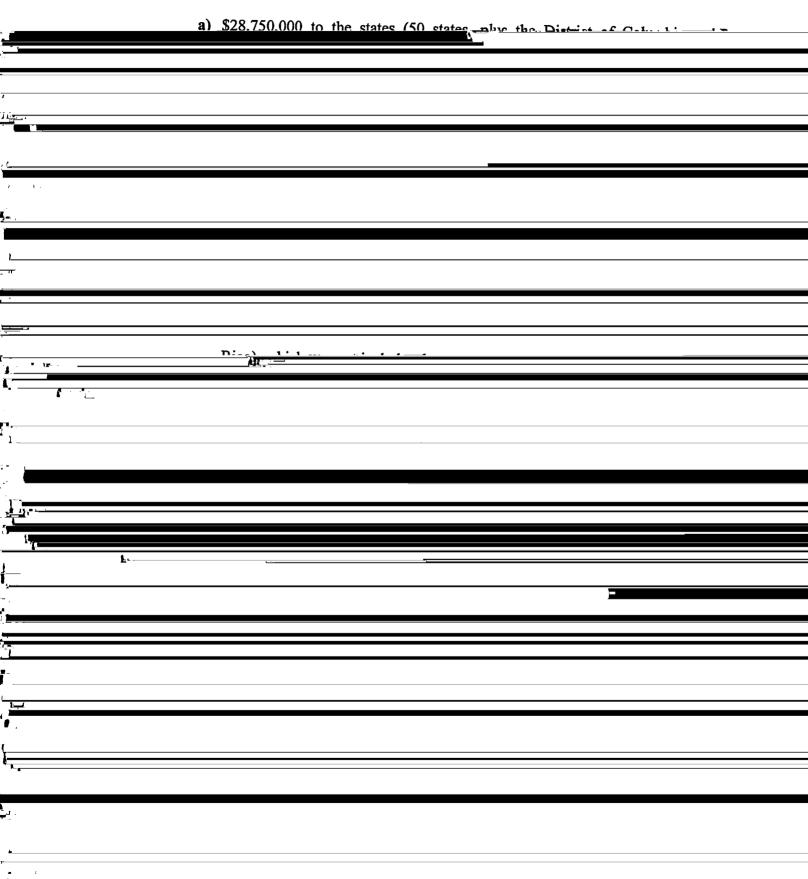
	71. In certain instances, Deutsche Bank neglected to restore backup tapes to determine whether
	they contained responsive e-mail. In other instances, Deutsche Bank incorrectly identified as
	"unavailable" backup tapes that were, in fact, available or in offsite storage facilities, and also stated
	that certain tanes had been overwritten when that toward and the second of the second
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	73. Over the course of the following year Deutsch- Date
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-	mail more than three times the volume that it produced during the investigation as of December
	2002.
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	The Securities Commissioner finds that Deutsche Bank violated 8 35-1-412(d)(9) (formerly 25
•	1-520(2)(i)) of the Act by:
	(a) failing to establish and maintain adequate policies, systems and procedures for
	supervision and control of the research and investment banking departments reasonably designed to
	detect and prevent the foregoing investment banking influences and mange the conflicts of interest to
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	The Securities Commissioner finds Deutsche Bank violated § 35-1-411(d) (formerly 35-1
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	600) by the actions described in VI. above.

The Securities Commissioner finds the following relief appropriate and in the public interest.

Judgment") as follows:



	4. Deutsche Bank agrees that it shall not seek or accept, directly or indirectly,
	reimbursement or indemnification, including, but not limited to payment made pursuant to any
	insurance policy, with regard to all penalty amounts that Deutsche Bank shall pay pursuant to this
	Order or Section II of the SEC Final Judgment, regardless of whether such penalty amounts or any part
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	thereof are added to the Distribution Fund Account referred to in the SEC Final Judgment or otherwise
	used for the benefit of investors. Deutsche Bank further 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 penalty amounts
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	regardless of whether such penalty amounts or any part thereof are added to the Distribution Fund
L	Account referred to in the SEC Final Judgment or otherwise used for the bands of
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	(collectively, "State"), including, without limitation, any disqualifications from relying upon the State
	registration exemptions or State safe harbor provisions. "Covered Person" means Deutsche Bank, or
	any of its officers, directors, affiliates, current or former employees, or other persons that would
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	otherwise be disqualified as a result of the Orders (as defined below.).
	8. The SEC Final Judgment, the NYSE Stipulation and Consent, the NASD Letter of
	Acceptance, Waiver and Consent, this Order and the order of any other State in related proceedings
	against Deutsche Bank (collectively, the "Orders") shall not disqualify any Covered Person from any
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13. This Order shall be binding upon Deutsche Bank and its successors and assigns. Further, with respect to all conduct subject to Paragraph 2 above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions, the terms "Deutsche Bank" and "Deutsche Bank's" as used herein shall include Deutsche Bank's successors and assigns which, for these purposes, shall include a successor or assign to Deutsche Bank's investment banking and research operations, and in the case of an affiliate of Deutsche Bank, a successor or assign to Deutsche Bank's investment banking or research operations.

Dated this May of June 2006.

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Mark

Henry McMaster

CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY DEUTSCHE BANK SECURITIES, INC.

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

DEUTSCHE BANK SECURITIES, INC. admits the jurisdiction of the Securities Division, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the Securities Commissioner as settlement of the issues contained in this Order.

DEUTSCHE BANK SECURITIES. INC states that no promise of any line 1
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SUBSCRIBED AND SWORN TO before	Notary Public Stay of June, 2006.
My Commission expires: 31.	NYREE A. McALLISTER Notary Public, State of New York No. 01MC8045554 Qualified in Queens County Certificate Filed in New York
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