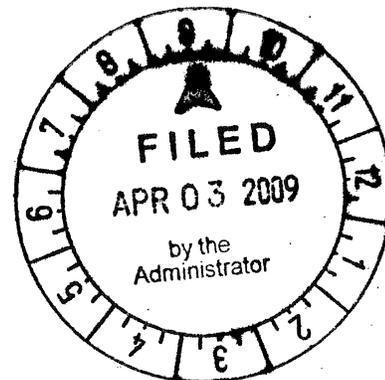


STATE OF OKLAHOMA
OKLAHOMA DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Wachovia Securities, LLC, and
Wachovia Capital Markets, LLC,

Respondents.

File No. 09-087

CONSENT ORDER

WHEREAS, Wachovia Securities, LLC¹ (Wachovia Securities), is a broker-dealer registered under the Oklahoma Uniform Securities Act of 2004 (Act), 71 O.S. §§ 1-101 through 1-701 (Supp. 2003), with its home office at One North Jefferson Avenue, St. Louis, Missouri, and Wachovia Capital Markets, LLC (Wachovia Capital Markets) (collectively with Wachovia Securities, "Wachovia"²) is a broker-dealer registered under the Act, with its home office at 301 South College Street, Charlotte, North Carolina; and

WHEREAS, a multi-state task force conducted and coordinated investigations into Wachovia's marketing and sale of auction rate securities to investors during the period of January 1, 2006, through February 14, 2008; and

WHEREAS, after a books and records inspection by a multi-state task force on July 17, 2008, Wachovia Securities has cooperated fully with regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and providing

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.

regulators with access to information relating to the investigations; and

WHEREAS, Wachovia has advised regulators of its agreement to resolve the investigations relating to its marketing and sale of auction rate securities to investors; and

WHEREAS, Wachovia agrees to, among other things, reimburse certain purchasers of auction rate securities, and to make certain payments at the direction of the Administrator of the Oklahoma Department of Securities (Department); and

WHEREAS, Wachovia elects to permanently waive any right to a hearing and appeal under the Act and under the Oklahoma Administrative Procedures Act with respect to this Consent Order (the "Order").

NOW, THEREFORE, the Administrator of the Department (Administrator) hereby enters this Order.

I.

FINDINGS OF FACT

1. Wachovia Securities admits the jurisdiction of the Department and Wachovia Capital Markets consents to the jurisdiction of the Department for purposes of this Order. Neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and each consents to the entry of this Order by the Administrator.

2. 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 seven (7) and forty-two (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. Beginning in February 2008, the ARS market experienced widespread failed auctions.

3. In early March 2008, Wachovia Securities’ investors became unable to access their ARS funds.

Marketing and Sales of ARS to Investors

4. In connection with the sale of ARS, some 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 (20) 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.

5. 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 the auction was successful.

6. 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.

7. 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.

8. 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 ARS after such issues arose. Based on these facts, Wachovia engaged in dishonest and unethical practices in the marketing and sale of ARS. Pursuant to Section 1-411(D)(13) of the Act, these practices constitute grounds to revoke Wachovia’s broker-dealer 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

9. 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.

10. 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.

11. 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.

12. 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.

Pursuant to Section 1-411(D)(13) of the Act, these practices constitute grounds to revoke Wachovia Securities' broker-dealer registration.

Failure To Supervise Agents Who Sold ARS

13. 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 the 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.

14. Many of Wachovia Securities' registered agents were not adequately educated in the 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.

15. 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.

16. Wachovia Securities failed to reasonably supervise its employees, which is grounds for revocation of its broker-dealer registration under Section 1-411(D)(9) of the Act, by:

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 products; 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.

II.

CONCLUSIONS OF LAW

17. The Department has jurisdiction over this matter pursuant to Section 1-610 of the

Act.

18. The Administrator finds Wachovia Securities failed to supervise its employees and engaged in dishonest or unethical practices in the securities business, and that this conduct constitutes grounds to revoke Wachovia Securities' registration under Section 1-411(D)(9) and 1-411(D)(13) of the Act.

19. The Administrator finds this Order and the following relief appropriate, in the public interest, and consistent with the purposes intended by the Act.

III.

ORDER

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

IT IS HEREBY ORDERED:

1. This Order concludes the investigation by the Administrator and any other action that the Administrator could commence under applicable Oklahoma law as it relates to Wachovia, and its marketing and sale of auction rate securities to investors.

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

3. Wachovia will CEASE AND DESIST from violating the Act and will comply with the Act in the future.

4. Within ten (10) days after the entry of this Order, Wachovia shall pay the sum of Four Hundred Seventy-Eight Thousand Two Hundred Eighty-Six Dollars and Eighty-Four Cents (\$478,286.84) to the Oklahoma Department of Securities Investor Education Fund established pursuant to subsection F. of Section 1-612 of the Act.

5. In the event another state securities regulator determines not to accept Wachovia's state settlement offer, the total amount of the Oklahoma payment shall not be affected, and shall remain at Four Hundred Seventy-Eight Thousand Two Hundred Eighty-Six Dollars and Eighty-Four Cents (\$478,286.84).

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 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 Individual Investors, as defined below, who are in the Relevant Class. For purposes of this 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 Ten Million Dollars (\$10,000,000):

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, above, no later than June 10, 2009, and conclude no later than June 30, 2009.

7. 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 Order as provided in paragraphs 9 and 10 below.

9. As part of Wachovia's general obligation to notify all investors in the Relevant Class pursuant to paragraph 8, above, Wachovia shall mail the Required Notification, defined

below, to all investors in the Relevant Class that held ARS positions in a Wachovia account as of August 31, 2008. For purposes of the 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 Order;
- b. the specific security purchased;
- c. the quantity purchased;
- d. the par value of the holdings;
- e. a prominent statement disclosing that 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 Order, is being made pursuant to a settlement with state securities regulators.

10. 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 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: a) Wachovia mailed the Required Notification via First Class mail to the customer's last known address and did not receive a return notice, or b) 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 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 members who choose to pursue such a claim shall bear the burden of proving that they suffered consequential damages and that such damages were caused by the 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. 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 Order, the

Administrator may vacate this Order, at his sole discretion, upon ten (10) days notice to Wachovia and without opportunity for administrative hearing or may refer this matter for enforcement as provided in the Act.

16. This 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 registration exemptions or safe harbor provisions. In addition, this Order is not intended to form the basis for any such disqualifications.

17. This 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 Order, this 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 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 Order is not intended to form the basis for any disqualification.

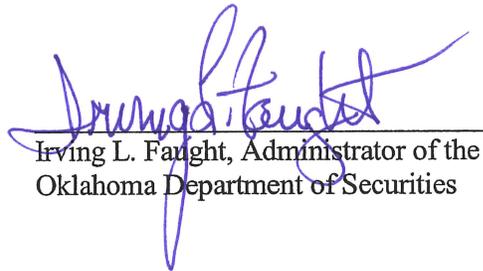
20. Nothing herein shall preclude the state of Oklahoma, its departments, agencies, boards, commissions, authorities, political subdivisions and corporations, other than the Department

and only to the extent set forth in paragraph 1 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 by Wachovia.

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

WITNESS my Hand and the Official Seal of the Oklahoma Department of Securities this

3^d day of April, 2009.



Irving L. Faight, Administrator of the
Oklahoma Department of Securities

CONSENT TO ENTRY OF 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 Department and Wachovia Capital Markets consents to the jurisdiction of the Department 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 Administrator as settlement of the issues contained in this Order.

Wachovia states that no promise 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.

Doug Kelly represents that he/she is (C) Exec. V.P. of Wachovia Securities, LLC and that, as such, has been authorized by Wachovia Securities, LLC to enter into this Order for and on behalf of Wachovia Securities, LLC.

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

Dated this 25th day of March, 2009.

Wachovia Securities, LLC

By: [Signature]

Title: Exec V.P.

Wachovia Capital Markets, LLC

By: [Signature]

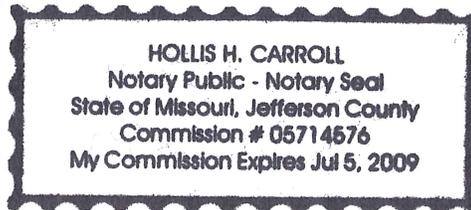
Title: [Signature]

SUBSCRIBED AND SWORN TO before me this 25 day of March, 2009.

Hollis H. Carroll
Notary Public

My commission expires:

7/5/2009



CONSENT TO ENTRY OF 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.

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Wachovia states that no promise 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 and that, as such, has been authorized by Wachovia Securities, LLC to enter into this Order for and on behalf of Wachovia Securities, LLC.

Barbara Wright represents that he/she is SRP _____ of Wachovia Capital Markets, LLC and that, as such, has been authorized by Wachovia Capital Markets, LLC to enter into this Order for and on behalf of Wachovia Capital Markets, 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.

Dated this ____ day of _____, 2009.

Wachovia Securities, LLC

By: _____

Title: _____

Wachovia Capital Markets, LLC

By: [Signature]

Title: SVP

SUBSCRIBED AND SWORN TO before me this 26th day of March, 2009.

Chanise Stokes Collins
Notary Public

My commission expires:

June 10, 2011

IRVING L. FAUGHT
ADMINISTRATOR



BRAD HENRY
GOVERNOR

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES

April 3, 2009

Clay L. Grumke
Wachovia Corporation
Legal Division-Wachovia Securities
1 North Jefferson Avenue
St. Louis, MO 63101

Re: Wachovia Securities, LLC, and
Wachovia Capital Markets, LLC
ODS File No. 09-087

Dear Mr. Grumke:

Enclosed is a copy of the Consent Order as executed by the Administrator of the Oklahoma Department of Securities. The order was entered in resolution of the issues raised by the sales of auction rate securities to residents of the state of Oklahoma. The wire instructions for the monetary penalty are as follows:

Bank name:	Chase
Bank address:	100 North Broadway, Oklahoma City, OK 73102
ABA#:	1030-006-48
Bank account name:	State Treasurer
Bank account number:	10020052
Department account:	16300000000000 (15 digits, 163 with 12 zeros)

Should you have questions or comments, you may contact me by telephone at 405.280.7707 or by email me at mhall@securities.ok.gov.

Sincerely yours,

A handwritten signature in blue ink that reads "Melanie Hall".

Melanie Hall
Deputy Administrator

Enclosure