

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

In the Matter of:	*	
		Securities Docket No. 2016-0717
Deutsche Bank Securities Inc.,	*	
DB Structured Products, Inc.,	*	
Deutsche Alt-A Securities, Inc.,	*	
MIT Holdings, Inc.,	*	
and Ace Securities Corp.,	*	
Respondents	*	

CONSENT ORDER

WHEREAS, the Securities Division of the Maryland Attorney General's Office ("Securities Division") has conducted an investigation of Deutsche Bank Securities Inc., DB Structured Products, Inc., Deutsche Alt-A Securities, Inc., and MIT Holdings, Inc. (collectively, "Deutsche Bank"), and ACE Securities Corp. (collectively, with Deutsche Bank, the "Deutsche Bank Respondents") regarding their marketing, structuring, sponsorship, arrangement, underwriting, issuance, and sale of residential mortgage-backed securities ("RMBS") and collateralized debt obligations containing RMBS from January 1, 2002 to December 31, 2009;

WHEREAS, the Deutsche Bank Respondents have reached a Settlement Agreement with the Securities Division, attached to this Order as Exhibit 1, which agreement is incorporated by reference into this Consent Order (the "Order"); and

WHEREAS, Deutsche Bank has agreed in Exhibit 1 to make certain payments in accordance with the terms of this Order; and

WHEREAS, the Deutsche Bank Respondents elect to waive permanently any right to a hearing and appeal under § 11-704 of the Maryland Securities Act, Title 11, Corps. and Ass'ns., Md. Code Ann. (2014 Repl. Vol. & Supp. 2016) (the "Securities Act") with respect to this Order; and

WHEREAS, the Deutsche Bank Respondents admit the jurisdiction of the Maryland Securities Commissioner (the "Commissioner") in this matter for the purposes of settlement only; and

WHEREAS, solely for the purpose of terminating the investigation and in settlement of the issues contained in this Order, and without adjudication or finding of any issue of fact or law having been made by the Securities Commissioner of Maryland, the Deutsche Bank Respondents consent to the entry of this Order; and

NOW, THEREFORE, the Securities Commissioner, as administrator of the Securities Act, has determined that it is in the public interest and appropriate for the protection of investors, IT IS HEREBY ORDERED:

1. This Order adopts the Settlement Agreement as if restated in full.
2. The Securities Division and the Deutsche Bank Respondents enter into this Consent Order without adjudication or finding of any issue of fact or law, and upon the parties' consent.
3. This Order is entered solely for the purpose of resolving the referenced investigation, and is not intended to be used for any other purpose. For any person or entity not a party to the Order, this Order does not limit or create any private rights or remedies against the Deutsche Bank Respondents, limit or create liability of the Deutsche Bank Respondents, or limit or create defenses of the Deutsche Bank Respondents, to any claims.
4. This Order is not intended to disqualify the Deutsche Bank Respondents or any of their affiliates or current or former employees from any business that they otherwise are qualified or licensed to perform under applicable state or federal law, and this Order is not intended to subject the Deutsche Bank Respondents or their affiliates to any disqualifications, or form the basis for any statutory or discretionary disqualifications, contained in the federal securities laws (including Section 3(a)(39) of the Securities Exchange Act of 1934), the rules and regulations of self-regulatory organizations or various states' or U.S. Territories' (including Washington D.C.) laws, including any disqualification from relying upon registration exemptions or safe harbor provisions.
5. Jurisdiction shall be retained by the Securities Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of the Consent Order.
6. If the Deutsche Bank Respondents fail to materially comply with any term of this Consent Order, the Securities Commissioner may institute administrative or judicial proceedings against the Deutsche Bank Respondents to seek to enforce this Consent Order, to sanction the

Deutsche Bank Respondents for violating an Order of the Securities Commissioner or for making a misrepresentation of material fact upon which this Order was based, and may take any other action authorized under the Securities Act or under any other applicable law, including the issuance of fines or penalties as provided by the Securities Act. In any such proceeding in which, after an opportunity for a hearing, the Securities Commissioner or the court finds that the Deutsche Bank Respondents have violated this Consent Order or made any material misrepresentations in their dealings with the Division, the Division may also seek other sanctions for the potential violations that initiated this matter.

7. In the event that judicial intervention in this matter is sought by the Securities Commissioner or the Deutsche Bank Respondents, subject matter jurisdiction will lie in the Circuit Court for Baltimore City pursuant to Section 11-702 of the Securities Act. The Deutsche Bank Respondents agree that that Court will have personal jurisdiction over the Deutsche Bank Respondents for the purposes of this matter, and that venue will be properly in that Court.

8. The terms of this Consent Order may only be vacated or modified by a subsequent order issued by the Securities Commissioner, by agreement with the Deutsche Bank Respondents except as to any non-substantive matters.

9. This Order shall be binding upon the Deutsche Bank Respondents and their successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

10. The Deutsche Bank Respondents are hereby ordered to comply with the Settlement Agreement.

DATE OF THIS ORDER:

SO ORDERED:



Melanie Senter Lubin
Securities Commissioner

CONSENTED TO:

DEUTSCHE BANK SECURITIES INC.

By: 

Seema Prasannakumar

Dated: 5/31/17

By: 

Pierre Grellet-Aumont

Dated: 5/31/2017

CONSENTED TO:

DB STRUCTURED PRODUCTS, INC.

By: 

Seema Prasannakumar

Dated: 5/31/17

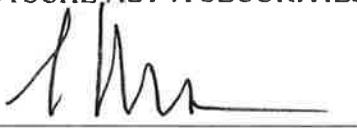
By: 

Pierre Grellet-Aumont

Dated: 5/31/2017

CONSENTED TO:

DEUTSCHE ALT-A SECURITIES, INC.

By: 

Seema Prasannakumar

Dated: 5/31/17

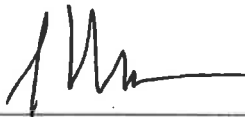
By: 

Pierre Grellet-Aumont

Dated: 5/31/2017

CONSENTED TO:

MIT HOLDINGS, INC.

By: 
Seema Prasannakumar

Dated: 5/21/17

By: 
Pierre Grellet-Aumont

Dated: 5/31/2017

CONSENTED TO:

ACE SECURITIES CORP.

By: _____
Douglas K. Johnson

Dated: _____

CONSENTED TO:

MIT HOLDINGS, INC.

By: _____
Seema Prasannakumar

Dated: _____

By: _____
Pierre Grellet-Aumont

Dated: _____

CONSENTED TO:

ACE SECURITIES CORP.

By:  _____
Douglas K. Johnson

Dated: 5/31/2007

This Settlement Agreement (“Agreement”) is entered into between the State of Maryland, acting through the Office of the Maryland Attorney General (“Maryland”), and Deutsche Bank Securities Inc., DB Structured Products, Inc., Deutsche Alt-A Securities, Inc., and MIT Holdings, Inc. (collectively, along with their current and former parents, subsidiaries, and affiliates, “Deutsche Bank”), and ACE Securities Corp. (collectively, with Deutsche Bank, the “Deutsche Bank Parties”). Maryland and the Deutsche Bank Parties are collectively referred to herein as “the Parties.”

RECITALS

A. The State of Maryland conducted an investigation of the marketing, structuring, sponsorship, arrangement, underwriting, issuance, and sale of residential mortgage-backed securities (“RMBS”) and collateralized debt obligations comprised of RMBS (“CDOs of RMBS”) by the Deutsche Bank Parties from January 1, 2002 to January 1, 2009. Based on this investigation, Maryland believes that there are potential legal claims by Maryland against Deutsche Bank for violations of the Maryland Securities Act, Md. Code, Corps. & Ass’ns § 11-101, *et seq.*, and the Maryland Consumer Protection Act, Md. Code, Com. Law § 13-101, *et seq.*

B. Deutsche Bank acknowledges the underlying conduct set forth in the Statement of Facts in Annex I of its agreement with the United States Department of Justice on January 17, 2017 (“DOJ Agreement”), attached hereto and hereby incorporated as Annex A.

C. In consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. **Payment.** Deutsche Bank shall pay a total amount of \$15,000,000 to the State of Maryland to resolve potential legal claims in connection with the Covered Conduct, as defined in

Paragraph 3 below (the "Settlement Amount"). Payment shall be made by electronic funds transfer within sixty (60) days of receiving written payment processing instructions from the State of Maryland, Office of the Attorney General. The payment to the State of Maryland shall be made to the Maryland Attorney General, which shall hold the monies and distribute them as directed by the Maryland Attorney General for restitution to certain investors, including state and local governmental entities, and for costs incurred in connection with restitution, with any remaining funds to be credited to the Mortgage Loan Servicing Practices Settlement Fund to be used in accordance with Maryland law. The State of Maryland agrees that no portion of the funds in this paragraph is received as a civil penalty or fine.

2. **Consumer Relief.** In addition, Deutsche Bank shall provide a minimum of \$80,000,000.00 worth of consumer relief as set forth in Annex 2 of the DOJ Agreement, attached hereto as Annex B and hereby incorporated as a term of this Agreement, to remediate alleged consumer losses and to compromise disputed debt amounts resulting from the alleged unlawful conduct of the Deutsche Bank Parties. The value of consumer relief provided shall be calculated and enforced pursuant to the terms of Annex 2. An independent monitor, in conjunction with the DOJ Agreement, will determine whether Deutsche Bank has satisfied the obligations contained in this paragraph and Annex 2 (such monitor to be Michael Bresnick), and Deutsche Bank will provide the Monitor with all documentation the Monitor needs to do so, excluding all privileged information. All costs associated with said Monitor shall be borne solely by Deutsche Bank; notwithstanding the fact that Deutsche Bank bears the costs associated with the Monitor, the Monitor shall be fully independent of Deutsche Bank. Deutsche Bank will refrain from retaining the Monitor to represent Deutsche Bank in any capacity prior to two years after the date upon which Deutsche Bank satisfies the Consumer Relief obligations set forth in Annex 2. Deutsche

Bank will also refrain from engaging the Monitor as a mediator in any matter to which Deutsche Bank is a party until Deutsche Bank satisfies the Consumer Relief obligations set forth in Annex 2.

3. **Covered Conduct.** “Covered Conduct” as used herein is defined as the creation, pooling, structuring, sponsorship, arranging, formation, packaging, marketing, underwriting, sale, or issuance between January 1, 2002 and January 1, 2009 by the Deutsche Bank Parties of RMBS and CDOs of RMBS, including but not limited to those identified in Annex C hereto. Covered Conduct includes representations, disclosures, or non-disclosures to RMBS investors and ratings agencies about, or made in connection with the activities set forth above, where the representation, disclosure, or non-disclosure involves information about or obtained during the process of originating, acquiring, securitizing, underwriting, or servicing residential mortgage loans in RMBS, including but not limited to those identified in Annex C hereto. Covered Conduct also includes representations, disclosures, or non-disclosures made in connection with the activities set forth above about CDOs of RMBS, including but not limited to those identified in Annex C hereto. Covered Conduct does not include: (i) conduct relating to the origination of residential mortgages, except representation disclosures, or non-disclosures to investors and rating agencies in RMBS about the origination of, or about information obtained in the course of originating, such loans; (ii) representations or nondisclosures made in connection with the trading of RMBS or CDOs of RMBS, except to the extent that the representations, disclosures, or non-disclosures are in the offering materials for underlying RMBS or CDOs of RMBS; or (iii) the servicing of residential mortgage loans, except representations or nondisclosures to investors in RMBS or CDOs of RMBS about servicing, or information obtained in the course of servicing, such loans.

4. **Effect of State Law.** The Parties stipulate that this Agreement shall be considered a settlement agreement under the Maryland Consumer Protection Act, Md. Code, Com. Law § 13-101, *et seq.* This Agreement will be an exhibit to the Administrative Order of the Maryland Securities Commissioner.

5. **Releases of the State of Maryland.** Subject to the exceptions in Paragraph 6 (Excluded Claims), and conditioned solely upon Deutsche Bank's full payment of the Settlement Amount and Deutsche Bank's agreement, by executing this Agreement, to satisfy the Consumer Relief requirements, the Attorney General of the State of Maryland ("Maryland Attorney General") fully and finally releases the Deutsche Bank Parties from any civil or administrative claim for the Covered Conduct only that the Maryland Attorney General has authority to bring, including but not limited to: Maryland Securities Act, Md. Code Ann., Corps. & Assn's, §§ 11-101 *et seq.*, Maryland Consumer Protection Act, Com. Law §§ 13-101 *et seq.*, statutes and regulations in the nature of the False Claims Act or similar Laws, and common law theories of negligence, gross negligence, recklessness, willful misconduct, payment by mistake, unjust enrichment, money had and received, breach of fiduciary duty, breach of contract, misrepresentation, deceit, fraud, indemnification, contribution, restitution, rescission, and aiding and abetting or conspiracy claims regarding any of the foregoing, as well as claims of unfair, abusive, or deceptive practices, but excluding any liability arising under the tax provisions of the Maryland Code and any claims that may arise in any non-enforcement legal action related to any Maryland governmental entity in its capacity as an investor. Nothing contained in this Settlement Agreement shall be construed as mandating or recommending that any of the Deutsche Bank Parties be disqualified, suspended, or debarred for the Covered Conduct. The Maryland Attorney

General executes this release in his official capacity and releases only claims that the Maryland Attorney General has the authority to release for the Covered Conduct.

6. **Excluded Claims.** Notwithstanding the releases in Paragraph 5 of this Agreement, or any other term(s) of this Agreement, the following claims are specifically reserved and not released by this Agreement:

- a. Any criminal liability;
- b. Any liability of any individual;
- c. Any liability of any person or entity other than the Deutsche Bank Parties and their successors and assigns;
- d. Any liability, including the suspension and debarment rights of any state agency, except to the extent released by Paragraph 5;
- e.. Any liability based upon obligations created by this Settlement Agreement.

7. **Releases by the Deutsche Bank Parties.** The Deutsche Bank Parties and any current or former affiliated entity and any of its respective successors and assigns fully and finally releases Maryland, and its officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that the Deutsche Bank Parties have asserted, could have asserted, or may assert in the future against Maryland, and their officers, agents, employees, and servants, related to the Covered Conduct to the extent released hereunder and the investigation and civil prosecution to date thereof.

8. **Waiver of Potential Defenses by Deutsche Bank.** Deutsche Bank and any current or former affiliated entity (to the extent that Deutsche Bank retains liability for the Covered Conduct associated with such affiliated entity) and any of their respective successors and assigns waive and shall not assert any defenses Deutsche Bank may have to any criminal prosecution or

administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

9. **Miscellaneous.**

- a. This Agreement is intended to be for the benefit of the Parties and their current and former parents, subsidiaries, and affiliates only, and does not create any other third-party rights.
- b. This Agreement is governed by the laws of Maryland. The Parties agree that the exclusive jurisdiction and venue for any dispute relating to this Agreement is the Circuit Court for Baltimore City.
- d. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.
- e. Each party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.
- f. For the purposes of construing the Agreement, this Agreement shall be deemed to have been drafted by all Parties and shall not, therefore, be construed against any Party for that reason in any dispute.
- g. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.
- h. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

- i. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.
- j. This Agreement is binding on Deutsche Bank's successors, transferees, heirs, and assigns.
- k. All parties consent to the disclosure to the public of this Agreement by Deutsche Bank and Maryland.
- l. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date of this Agreement"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

For the State of Maryland:

BRIAN E. FROSH
Attorney General of Maryland

By:



Melanie Senter Lubin
Securities Commissioner
Office of the Attorney General of Maryland,
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Dated: June 1, 2017



William D. Gruhn
Chief
Office of the Attorney General of Maryland,
Consumer Protection Division
200 St. Paul Place
Baltimore, Maryland 21202

Dated: 6/1/17



Max F. Brauer
Assistant Attorney General
Office of the Attorney General of Maryland,
Mortgage Unit
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Baltimore, Maryland 21202

Dated: 6/1/17

For Deutsche Bank Securities Inc.:



Seema Prasannakumar
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60 Wall Street
New York, NY 10005

Dated: 5/31/17



Pierre Grellet-Aumont
Managing Director
Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005

Dated: 5/31/17

For DB Structured Products, Inc.:



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New York, NY 10005

Dated: 5/31/17



Pierre Grellet-Aumont
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Dated: 5/31/17

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Dated: 5/31/17



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Dated: 5/31/2017

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Dated: 5/31/17



Pierre Grellet-Aumont
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New York, NY 10005

Dated: 5/31/2017

For ACE Securities Corp.:



Douglas K. Johnson
Vice President
ACE Securities Corp.
6525 Morrison Boulevard
Charlotte, North Carolina 28211

Dated: 5/31/2017