

ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF SOUTH CAROLINA

In the matter of )  
CREDIT SUISSE SECURITIES (USA) ) ADMINISTRATIVE CONSENT ORDER  
LLC ) File Number 10006  
1 Madison Avenue, 9<sup>th</sup> Floor )  
New York, New York 10010 )  
Respondent. )

WHEREAS, at all times relevant herein, the Respondent, Credit Suisse Securities (USA) LLC, (hereinafter "Respondent Credit Suisse") a limited liability company organized under the laws of the state of Delaware, has been and remains a securities dealer registered with the Securities Commissioner of the State of South Carolina (the "Securities Commissioner") under the provisions of the South Carolina Uniform Securities Act of 2005 (hereinafter "the Act"). In addition, Respondent Credit Suisse is a registered securities broker-dealer and an investment adviser covered under federal law offering brokerage and investment products and services to investors across the United States of America; and

WHEREAS, coordinated investigations of the activities of Respondent Credit Suisse and its affiliates in connection with its marketing and sales practices for investment products generally known as "auction rate securities" have been conducted by a multistate task force composed of members of the North American Securities Administrators Association Inc. (hereinafter "NASAA"); and

WHEREAS, Respondent Credit Suisse has cooperated with regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigations; and

1 WHEREAS, Respondent Credit Suisse has advised regulators of its agreement to resolve  
2 the investigations relating to its marketing and sales practices to certain investors in auction rate  
3 securities; and

4 WHEREAS, Respondent Credit Suisse, without admitting or denying the Findings of Fact  
5 or Conclusions of Law, except as to jurisdiction, which is admitted, agrees to take certain actions  
6 described below, and to make certain payments; and

7 WHEREAS, Respondent Credit Suisse elects to permanently waive any right to a hearing  
8 and appeal under S.C. Code Ann. §§ 35-1-604 and 35-1-609 (Supp. 2009) with respect to this  
9 Administrative Consent Order (the "Order");

10 NOW, THEREFORE, the Securities Commissioner, as administrator of the Act, hereby  
11 enters this Order:

12  
13 **I.**

14 **FINDINGS OF FACT**

15 1. Respondent Credit Suisse admits that this matter is within the subject matter  
16 jurisdiction of the Securities Commissioner and that it is personally subject to the jurisdiction of  
17 the Securities Commissioner. Respondent Credit Suisse expressly waives any right to a hearing,  
18 the making of findings of fact and conclusions of law, and all further proceedings before the  
19 Securities Commissioner to which it may be entitled under the Act, or any other law. Respondent  
20 Credit Suisse expressly waives all rights to seek judicial review or otherwise challenge the validity  
21 of this Order.

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23 2. Respondent Credit Suisse neither admits nor denies the Findings of Fact and  
24 Conclusions of Law contained in this Order, and consents to the entry of this Order by the  
25 Securities Commissioner.

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## DEFINITIONS

3. For the purposes of this Order:

(a) "Auction rate securities" are long-term debt or equity instruments that include auction rate preferred shares of closed-end funds, municipal auction rate bonds, and various asset-backed auction rate bonds. Some auction rate securities products have maturity dates of 20 years or longer; auction rate preferred shares of certain closed-end funds have no maturity date whatsoever. While auction rate securities are all long-term instruments, one significant feature of auction rate securities, which historically provided the potential for short-term liquidity, is that the variable interest rates reset through a bidding process known as a Dutch auction that occurred in varying increments, generally between seven (7) and forty-two (42) days. At a Dutch auction, bidders generally state the number of auction rate securities they wish to purchase and the minimum interest rate they are willing to accept. Bids are then ranked, from lowest to highest, according to the minimum interest rate each bidder is willing to accept. The lowest interest rate required to sell all of the auction rate securities available at auction, known as the "clearing rate," becomes the rate paid to all holders of that particular security until the next auction. If an auction is successful, investors wishing to sell are able to exit the auction rate securities market on a short-term basis. When there are not enough orders to purchase all of the auction rate securities being sold, a "failed" auction occurs. If an auction fails, investors are required to hold all or some of their auction rate securities until the next successful auction in order to liquidate their funds, or they may attempt to sell those auction rate securities in a secondary market transaction, if such a secondary market even exists and is functioning. Beginning in February 2008, the auction rate securities market experienced widespread and repeated failed auctions.

1 (b) "Individual Investor" means any natural person who purchased auction rate  
2 securities from or through a Respondent Credit Suisse account prior to February 14, 2008, and also  
3 includes

4 (i) legal entities acting as an investment vehicle for family members, including  
5 but not limited to IRA accounts, Trusts, Family Limited Partnerships, and other legal  
6 entities performing a similar function;

7 (ii) charities and non-profits; and

8 (iii) small- to medium-sized businesses with up to \$10 million in assets in  
9 accounts with Credit Suisse Securities (USA) LLC, any of which purchased auction rate  
10 securities from or through Respondent Credit Suisse prior to February 14, 2008.  
11 Notwithstanding any other provision, "Individual Investor" does not include broker-dealers,  
12 banks, Registered Investment Advisers, other investment firms or investment institutions  
13 regardless of whether any of the foregoing were acting for their own account or as conduits  
14 for their customers.  
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16 (c) "Institutional Investor" means any other legal entity not meeting the definition of  
17 "Individual Investor" in paragraph I.3(b), above, and which purchased auction rate securities from  
18 or through a Respondent Credit Suisse account.

19 (d) "Proceedings" include, but are not limited to, any meetings, interviews, depositions,  
20 hearings, trials, grand jury proceedings, or any other proceedings.

21 (e) "The representative specified by NASAA" is the North Carolina Secretary of State  
22 as Securities Administrator, or her lawfully authorized designee.  
23

24 (f) All other words, terms, and phrases used in this Order shall have the usual and  
25 ordinary meanings given to them in everyday speech, and are to be taken and understood in their  
26 plain, ordinary, and popular sense.

## EVENTS

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2 4. Respondent Credit Suisse was an underwriter of a limited number of offerings of  
3 auction rate securities. Respondent Credit Suisse also acted as a manager for certain issues of  
4 auction rate securities. When acting as a sole manager, Respondent Credit Suisse was the only  
5 firm that could submit bids into the auction on behalf of its clients and/or other broker-dealers who  
6 wanted to buy and/or sell any auction rate securities. When acting as a co-lead manager,  
7 Respondent Credit Suisse and the other co-lead managers could directly submit orders into the  
8 auction, while other broker-dealers were able to submit orders on behalf of their clients and on  
9 their own behalf into the auction through a co-lead manager. Respondent Credit Suisse received  
10 revenue in connection with auction rate securities, including underwriting fees representing a  
11 percentage of total issuance and a fee for managing the auctions.  
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13 5. From time to time over many years, Respondent Credit Suisse submitted support  
14 bids, or purchase orders, for some or all of an auction rate security issue for which it acted as the  
15 sole or lead manager. Support bids were Respondent Credit Suisse's proprietary orders that would  
16 be filled, in whole or in part, if there was otherwise insufficient demand in an auction. When  
17 Respondent Credit Suisse purchased auction rate securities through support bids, those auction rate  
18 securities were then owned by Respondent Credit Suisse and were recorded on Respondent Credit  
19 Suisse's balance sheet.  
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21 6. Because investors could not ascertain how much of an auction was filled through  
22 proprietary bids of Respondent Credit Suisse and other firms acting as sole or lead managers, they  
23 could not determine if auctions were clearing because of normal marketplace demand, or because  
24 Respondent Credit Suisse and other firms acting as lead managers were supporting the auctions  
25 through their own proprietary purchase orders. Generally, investors also were not aware of the  
26 extent to which the auction rate securities market was dependent upon Respondent Credit Suisse's

1 and other broker-dealers' use of support bids for its successful operation. While Respondent Credit  
2 Suisse could track its own inventory as a measure of the supply and demand for auction rate  
3 securities for which it was a sole, lead, or co-lead manager, ordinary investors had no comparable  
4 ability to assess the operation of the market. There was no way for those investors to monitor  
5 supply and demand in the market or to assess when broker-dealers might decide to stop supporting  
6 the market, which could cause numerous and repeated auction failures.

7 7. In August 2007, the credit crisis and other deteriorating market conditions strained  
8 the auction rate securities market. Some institutional investors withdrew from the market,  
9 decreasing demand for auction rate securities.

10 8. The potential for a market dislocation should have been evident to Respondent  
11 Credit Suisse. In those auctions where Respondent Credit Suisse was a lead manager, Respondent  
12 Credit Suisse's support bids filled the increasing gap between the supply of and the demand for  
13 auction rate securities, maintaining the impression that the auction process was functioning. From  
14 Fall 2007 until February 2008, demand for auction rate securities continued to erode and  
15 Respondent Credit Suisse's inventory of auction rate securities grew. Respondent Credit Suisse  
16 was aware of increasing strains on the auction rate securities market and increasingly questioned  
17 the viability of the auction rate securities market. On January 28, 2008, Respondent Credit Suisse  
18 provided written disclosure of these increasing risks of owning or purchasing auction rate securities  
19 to its customers; prior to that date, certain of its representatives did not fully disclose those  
20 increasing risks to certain of their clients.

21 9. In February 2008, Respondent Credit Suisse and other broker-dealers stopped  
22 supporting the auctions. Without the benefit of support bids, the auction rate securities market  
23 collapsed, leaving investors who thought they were buying liquid, short-term investments instead  
24 holding long-term or perpetual securities that they were unable to sell at par value.  
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1           10.     In certain instances, Respondent Credit Suisse representatives told certain of the  
2 firm's customers that auction rate securities were liquid investments that were alternatives to  
3 money market funds as part of a strategy for cash management. Specifically, certain employees  
4 acting on behalf of Respondent Credit Suisse represented to certain investors that auction rate  
5 securities were highly liquid, highly rated alternatives to money market investments and other  
6 cash-equivalent investments.

7           11.     In the context of the offer and sale of auction rate securities, the failure of certain  
8 employees acting on behalf of Respondent Credit Suisse to adequately state complete facts  
9 concerning auction rate securities constituted a violation of 23 S. C. Code Reg. 13-501 (Supp.  
10 2009).

11           12.     Respondent Credit Suisse, by failing reasonably to supervise its registered salesmen  
12 under the Act, as described in these Findings of Fact, has violated 23 S. C. Code Reg. 13-501  
13 (Supp. 2009).  
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#### 15                           **ACTION NECESSARY TO PROTECT PUBLIC**

16           13.     Action by the Securities Commissioner to halt further conduct by Respondent Credit  
17 Suisse in violation of the Act is necessary and appropriate in the public interest and for the  
18 protection of investors, and is consistent with the purposes fairly intended by the policy and  
19 provisions of the Act.

20           14.     The undersigned Respondent Credit Suisse agrees that this Order contains,  
21 constitutes, and embodies the entire agreement between the undersigned, there being no agreement  
22 of any kind, verbal or otherwise, which varies, alters, or adds to this Order; and that this Order  
23 supersedes any prior communication, understanding, or agreement, whether written or oral,  
24 concerning the subject matter of this Order.  
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15. The undersigned Respondent Credit Suisse agrees that the presentation of this Order to the Securities Commissioner without the undersigned Respondent Credit Suisse or any counsel for Respondent Credit Suisse being present shall not constitute an improper *ex parte* communication between the Securities Commissioner and the South Carolina Division of Securities ("Securities Division") or counsel for the Securities Division.

16. Respondent Credit Suisse, by execution of this Order, affirmatively states that it has freely agreed to the signing of this Order, and that no threats, promises, representations, inducements, or offers of any kind, other than as stated in this document, have been made by the Securities Commissioner or any member of the staff of the Securities Division, or any agent or employee of the Securities Division in connection with the signing of this Order.

17. Based upon the foregoing Findings of Fact, and consistent with the consent of the Respondent Credit Suisse, the Securities Commissioner makes the following:

## II.

## CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over the subject matter of securities transactions with persons in the State of South Carolina and the person of Respondent Credit Suisse under the Act.

2. As described in the Findings of Fact, Respondent Credit Suisse violated 23 S. C. Code Reg. 13-501 (Supp. 2009) by its failure reasonably to supervise certain of its registered salesmen in their communication of material information concerning auction rate securities.

3. By reason of the matters described in the Findings of Fact, Respondent Credit Suisse through the activities of certain of its registered salesmen violated 23 S. C. Code Reg. 13-501 (Supp. 2009) by failing to adequately state complete facts concerning auction rate securities.



4. Action by the Securities Commissioner against Respondent Credit Suisse pursuant to the cited provisions of the Act is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act.

### III.

## ORDER

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

**IT IS HEREBY ORDERED:**

1. This Order terminates the investigation by the Securities Commissioner with respect to Respondent Credit Suisse's marketing and sale of auction rate securities to Individual Investors. However, nothing herein limits the ability of the Securities Commissioner, individually or jointly with other States, in pursuing any investigation with respect to any individual concerning Respondent Credit Suisse's marketing and sale of auction rate securities, whether that individual is associated with Respondent Credit Suisse or otherwise; and specifically excluded from and not covered by this paragraph are any claims by the Securities Commissioner arising from or relating to the Order provisions contained herein.

2. This Order is entered into solely for the purpose of resolving the previously referenced multistate investigation, and is not intended to be used for any other purpose.

3. Respondent Credit Suisse will Cease and Desist from violating the Act and will comply with the provisions of the Act.

4. Within ten (10) days following the entry of this Order, Respondent Credit Suisse shall pay the sum of thirty-two thousand nine hundred eighty-three dollars and eighty-six cents (\$32,983.86) to the State of South Carolina. That amount constitutes the State of South Carolina's

1 allocated share of the total settlement payment that Respondent Credit Suisse has agreed to make to  
2 those states and territories that enter administrative or civil consent orders approving the terms of the  
3 NASAA settlement and to the State of New York, allocated according to a formula determined and set  
4 by NASAA and the State of New York.

5 5. In the event another state securities regulator determines not to accept Respondent  
6 Credit Suisse's offer of settlement and does not enter an administrative or civil consent order  
7 approving the terms of the NASAA settlement, the total amount of the State of South Carolina's  
8 allocated payment shall not be affected, and shall remain at thirty-two thousand nine hundred  
9 eighty-three dollars and eighty-six cents (\$32,983.86).

10 6. Respondent Credit Suisse shall not claim, assert, or apply for a tax deduction or tax  
11 credit with regard to any state, federal, or local tax for any administrative monetary payment that  
12 Respondent Credit Suisse shall pay pursuant to this Order.

13 7. Respondent Credit Suisse shall fully and fairly comply with all of the following  
14 requirements:  
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16 A. As soon as practicable after September 23, 2008, Respondent Credit Suisse  
17 will have offered to purchase at par auction rate securities that since February 14, 2008,  
18 have not been successfully auctioning from Individual Investors who purchased those  
19 auction rate securities from or through a Respondent Credit Suisse account prior to  
20 February 14, 2008;

21 B. Respondent Credit Suisse shall have purchased such securities from  
22 investors who accepted this offer prior to December 11, 2008, by that date;

23 C. Respondent Credit Suisse shall keep such offer open until December 31,  
24 2009, and promptly shall purchase such securities from any Individual Investor who accepts  
25 the offer between December 11, 2008, and December 31, 2009;  
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1 D. Respondent Credit Suisse promptly will have provided notice to customers  
2 of the settlement terms publicly announced on September 16, 2008, and Respondent Credit  
3 Suisse promptly will have established a dedicated telephone assistance line, with  
4 appropriate staff, to respond to questions from customers concerning the terms of the  
5 settlement;

6 E. No later than December 11, 2008, any Individual Investor that Respondent  
7 Credit Suisse could reasonably identify who sold auction rate securities in a Credit Suisse  
8 account below par between February 14, 2008, and September 16, 2008, will have been  
9 paid by Respondent Credit Suisse the difference between par and the price at which the  
10 Individual Investor sold those auction rate securities;

11 F. No later than December 11, 2008, Respondent Credit Suisse shall have  
12 notified all Individual Investors that a public arbitrator (as defined by section 12100(u) of  
13 the *NASD Code of Arbitration Procedure for Customer Disputes*, effective April 16, 2007),  
14 under the auspices of the Financial Industry Regulatory Authority ("FINRA"), will be  
15 available for the exclusive purpose of arbitrating any Individual Investor's consequential  
16 damages claim. Arbitration shall be conducted by public arbitrators and Respondent Credit  
17 Suisse will pay all applicable forum and filing fees. Any Individual Investors who choose  
18 to pursue such claims shall bear the burden of proving that they suffered consequential  
19 damages and that such damages were caused by investors' inability to access funds  
20 consisting of investors' auction rate securities holdings in Credit Suisse accounts.  
21 Respondent Credit Suisse shall be able to defend itself against such claims; provided,  
22 however, that Respondent Credit Suisse shall not contest in these arbitrations liability  
23 related to the sale of auction rate securities; and further provided that Respondent Credit  
24 Suisse shall not be able to use as part of its defense an Individual Investor's decision not to  
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1 borrow money from Respondent Credit Suisse. Punitive damages, or any other type of  
2 damages other than consequential damages, shall not be available in the arbitration  
3 proceedings;

4 G. Respondent Credit Suisse shall endeavor to work with issuers and other  
5 interested parties, including regulatory and governmental entities, to expeditiously provide  
6 liquidity solutions for Institutional Investors;

7 H. Beginning December 11, 2008, and then quarterly after that, Respondent  
8 Credit Suisse shall submit a written report to the representative specified by NASAA  
9 outlining the efforts in which Respondent Credit Suisse has engaged and the results of those  
10 efforts with respect to Respondent Credit Suisse's Institutional Investors' holdings in  
11 auction rate securities;

12 I. Respondent Credit Suisse shall confer with the representative specified by  
13 NASAA no less frequently than quarterly to discuss Respondent Credit Suisse's progress to  
14 date;

15 J. Such quarterly reports shall continue until no later than December 31, 2009;

16 K. Following every quarterly report, the representative specified by NASAA  
17 will advise Respondent Credit Suisse of any concerns and, in response, Respondent Credit  
18 Suisse shall discuss with the representative specified by NASAA how it plans to address  
19 such concerns;  
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21 L. Respondent Credit Suisse shall make its best efforts to identify Individual  
22 Investors who took out loans from Respondent Credit Suisse, between February 14, 2008,  
23 and December 11, 2008, that were secured by auction rate securities that were not  
24 successfully auctioning at the time the loan was taken out from Respondent Credit Suisse,  
25 and who paid interest associated with the auction-rate-securities-based portion of those  
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1 loans in excess of the total interest and dividends received on the auction rate securities  
2 during the duration of the loan. Respondent Credit Suisse shall reimburse such customers  
3 for the excess expense, plus reasonable interest, of the loan. Such reimbursement shall  
4 occur no later than March 31, 2009. This paragraph does not apply to margin loans;

5 M. Respondent Credit Suisse shall, upon request by the Administrator, provide  
6 all documentation and information reasonably necessary for the Administrator to verify  
7 compliance with this Order;

8 N. Respondent Credit Suisse shall not take any action, or make or permit to be  
9 made any public statement, denying, directly or indirectly, any finding in this Order or  
10 creating the impression that this Order is without factual basis. Nothing in this paragraph  
11 affects Respondent Credit Suisse's (a) testimonial obligations; or (b) right to take legal or  
12 factual positions in defense of litigation or other legal proceedings to which the  
13 Administrator is not a party; and  
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15 O. Respondent Credit Suisse shall cooperate fully and promptly with the  
16 Administrator and shall use its best efforts to ensure that all of the current and former  
17 officers, directors, trustees, agents, members, partners, and employees of Respondent Credit  
18 Suisse (and of any of Respondent Credit Suisse's parent companies, subsidiaries, or  
19 affiliates) cooperate fully and promptly with the Securities Commissioner in any pending or  
20 subsequently initiated investigation, litigation, or other proceeding relating to auction rate  
21 securities and/or the subject matter of this Order. Such cooperation shall include, without  
22 limitation, and on a best efforts basis:  
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24 (1) production, voluntarily and without service of subpoena, upon the  
25 request of the Securities Commissioner, of all documents or other tangible evidence  
26 requested by the Securities Commissioner and any compilations or summaries of

1 information or data that the Securities Commissioner requests that Respondent  
2 Credit Suisse (or Respondent Credit Suisse's parent companies, subsidiaries, or  
3 affiliates) prepare, except to the extent such production would require the disclosure  
4 of information protected by the attorney-client and/or work product privileges;

5 (2) without the necessity of a subpoena, having the current (and making  
6 all reasonable efforts to cause the former) officers, directors, trustees, agents,  
7 members, partners, and employees of Respondent Credit Suisse (and of any of  
8 Respondent Credit Suisse's parent companies, subsidiaries, or affiliates) attend any  
9 proceedings, in the State of South Carolina or elsewhere, at which the presence of  
10 any such persons is requested by the Securities Commissioner, and having such  
11 current (and making all reasonable efforts to cause the former) officers, directors,  
12 trustees, agents, members, partners, and employees answer any and all inquiries that  
13 may be put by the Securities Commissioner to any of them at any proceedings or  
14 otherwise, except to the extent such production would require the disclosure of  
15 information protected by the attorney-client and/or work product privileges;  
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17 (3) fully, fairly, and truthfully disclosing all information and producing  
18 all records and other evidence in its possession, custody, or control (or the  
19 possession, custody, or control of Respondent Credit Suisse's parent companies,  
20 subsidiaries, or affiliates) relevant to all inquiries made by the Securities  
21 Commissioner concerning the subject matter of this Order, except to the extent such  
22 inquiries call for the disclosure of information protected by the attorney-client  
23 and/or work product privileges; and  
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25 (4) making outside counsel reasonably available to provide  
26 comprehensive presentations concerning any internal investigation relating to all

1 matters in this Order and to answer questions, except to the extent such  
2 presentations or questions call for the disclosure of information protected by the  
3 attorney-client and/or work product privileges.

4 8. The cooperation provisions set forth in Paragraph III.7.O, above are not intended,  
5 nor is it a reasonable construction of such provisions, to require Respondent Credit Suisse (or any  
6 of its parent companies, subsidiaries, or affiliates, or any of their current or former officers,  
7 directors, or employees) to violate any foreign or domestic law or regulation in complying with  
8 those provisions. Respondent Credit Suisse shall promptly notify the Securities Commissioner if  
9 any request under those cooperation provisions has been construed to require that Respondent  
10 Credit Suisse (or any of its parent companies, subsidiaries, or affiliates, or any of their current or  
11 former officers, directors, or employees) violate any foreign or domestic law or regulation. In such  
12 circumstances, the Securities Commissioner shall act in cooperation with Respondent Credit Suisse  
13 towards reaching a resolution that would not require a violation of such laws or regulations.

15 9. In consideration of Respondent Credit Suisse's agreement to resolve the previously  
16 referenced multistate investigation relating to its marketing and sales practices for auction rate  
17 securities, and its agreement to fully comply with all the terms of this Order, the Securities  
18 Commissioner will have refrained from taking legal action against Respondent Credit Suisse with  
19 respect to its Institutional Investors until at least December 11, 2008, and will not seek additional  
20 monetary payments from Respondent Credit Suisse relating to Respondent Credit Suisse's  
21 marketing and sale of auction rate securities to Institutional Investors.

23 10. If payment is not made timely by Respondent Credit Suisse, or if Respondent Credit  
24 Suisse defaults in any of its obligations set forth in this Order, the Securities Commissioner may  
25 vacate this Order, at its sole discretion, upon ten (10) days notice to Respondent Credit Suisse and  
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1 without opportunity for administrative hearing, or may refer this matter for enforcement as  
2 provided in S.C. Code Ann. § 35-1-604 (Supp. 2009).

3 11. Nothing herein shall preclude the State of South Carolina, its departments, agencies,  
4 boards, commissions, authorities, political subdivisions, and corporations (collectively, "State  
5 Entities"), other than the Securities Commissioner and then only to the extent set forth in Paragraphs  
6 III.1 and III.9, and the officers, agents, or employees of State Entities from asserting any claims,  
7 causes of action, or applications for compensatory, nominal and/or punitive damages, administrative,  
8 civil, criminal, or injunctive relief against Respondent Credit Suisse in connection with the marketing  
9 and sale of auction rate securities by Respondent Credit Suisse.

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

16 13. For any person or entity not a party to this Order, this Order does not limit or create  
17 any private rights or remedies against Respondent Credit Suisse including, without limitation, the use  
18 of any e-mails or other documents of Respondent Credit Suisse or of others for auction rate securities  
19 practices, limit or create liability of Respondent Credit Suisse, or limit or create defenses of or for  
20 Respondent Credit Suisse to any claims.

21 14. This Order shall not disqualify Respondent Credit Suisse or any of its affiliates or  
22 current or former employees from any business that they otherwise are qualified or licensed to  
23 perform under applicable state law and this Order is not intended to form the basis for any  
24 disqualification.  
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1           15. This Order and any dispute related thereto shall be construed and enforced in  
2 accordance with, and governed by, the laws of the State of South Carolina without regard to any  
3 choice of law principles.

4           16. This Order shall be binding upon Respondent Credit Suisse and its affiliates, its  
5 successors and assigns as well as the successors and assigns of relevant affiliates, with respect to  
6 all conduct subject to the provisions above, and all future obligations, responsibilities,  
7 undertakings, commitments, limitations, restrictions, events, and conditions under the above  
8 provisions.

9           17. This Order contains, constitutes, and embodies the entire agreement between the  
10 undersigned, there being no agreement of any kind, verbal or otherwise, which varies, alters, or  
11 adds to this Order; and this Order supersedes any prior communication, understanding, or  
12 agreement, whether written or oral, concerning the subject matter of this Order.

13           18. In the event that one or more provisions contained in this Order shall for any reason  
14 be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or  
15 unenforceability shall not affect any other provision of this Order.

16           19. By its consent to and execution of this Order, Respondent Credit Suisse  
17 affirmatively represents that it freely agrees to the signing of this Order by the Securities  
18 Commissioner, and that no threats, promises, representations, inducements, or offers of any kind,  
19 other than as stated in this document, have been made by the Securities Commissioner, any  
20 member of the staff of the Securities Commissioner, or any agent or employee of the Securities  
21 Commissioner in connection with the negotiation and signing of this Order.  
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20. This Order shall become final upon entry.

Dated this 25 day of February, 2010

BY ORDER OF THE SECURITIES COMMISSIONER



HENRY D. McMASTER  
SECURITIES COMMISSIONER  
STATE OF SOUTH CAROLINA

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**CONSENT TO ENTRY OF FINAL ORDER  
BY CREDIT SUISSE SECURITIES (USA) LLC**

Credit Suisse Securities (USA) LLC (hereinafter "Credit Suisse") hereby acknowledges that it has been served with a copy of this Administrative Consent Order ("Order") has read this Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

Credit Suisse admits the jurisdiction of the Securities Commissioner, 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.

Credit Suisse 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.

Credit Suisse 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 payment that Credit Suisse shall pay pursuant to this Order.

Pierre M. Gentin represents that he/she is the Managing Director of Credit Suisse and that, as such, has been authorized by Credit Suisse to enter into this Order for and on behalf of Credit Suisse.

Dated this the 17<sup>th</sup> day of February, 2010.

**CREDIT SUISSE SECURITIES (USA) LLC**

By: [Signature]

Title: Managing Director

STATE OF New York

COUNTY OF New York

SUBSCRIBED AND SWORN TO before me this 17<sup>th</sup> day of February, 2010.

[Signature]  
Notary Public

My commission expires: May 18, 2010

JOHN J. MacDONALD  
Notary Public, State Of New York  
No. 01MA6007204  
Qualified In New York County  
Commission Expires May 18, 2010